

Form 62-103F1

REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

Multiple Voting Shares, Warrants and Rights of the Corporation
Ayr Strategies Inc. (“**Ayr**” or the “**Corporation**”)
590 Madison Avenue, 26th Floor
New York, NY 10022

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Not applicable.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

Mercer Park CB, L.P. (the “**Sponsor**”, and together with Jonathan Sandelman and Mercer Park CB GP, LLC (the general partner of the Sponsor), the “**Filer**”)
590 Madison Avenue, 26th Floor, New York, NY 10022
Jurisdiction of organization: Delaware
Principal business: Investment holding

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

Ayr announced that it had requested the Sponsor to agree to contractually limit the voting rights attached to its multiple voting shares of the Corporation (the “**Ayr Multiple Voting Shares**”) in respect of the election of directors. Subject to the foregoing, the Sponsor retains the right to vote its Ayr Multiple Voting Shares on all other matters. While Ayr believes that these contractual limitations will be effective for such purposes, as they are similar to the result that would be obtained using convertible share capital methods, there can be no assurance of this.

Pursuant to a voting agreement (the “**Voting Agreement**”) dated June 26, 2019, the Sponsor has agreed, subject to certain terms and conditions, not to exercise any voting rights attached to its Ayr Multiple Voting Shares in respect of the election of directors during a specified term (provided that voting rights in respect of such number of its Ayr Multiple Voting Shares may be exercised to the extent that the parties mutually agree that it would not result in Ayr ceasing to qualify as a foreign private issuer). The term will expire on the second anniversary, but is subject to early termination in various circumstances. A copy of the Voting Agreement has been filed on www.sedar.com under Ayr’s profile.

2.3 State the names of any joint actors.

See item 2.1 above.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror's securityholding percentage in the class of securities.

Not applicable.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.

Not applicable.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

The Filer acquired beneficial ownership or control over an aggregate of 3,677,626 Ayr Multiple Voting Shares in connection with the completion of the qualifying transaction of the Corporation under which the Corporation concurrently acquired the target businesses of Washoe Wellness, LLC, The Canopy NV, LLC, Sira Naturals, Inc., LivFree Wellness, LLC and Cannapunch of Nevada LLC (collectively, the "**Qualifying Transaction**"), pursuant to which the Sponsor's existing Class B shares of the Corporation were converted on a one-for-one basis into Ayr Multiple Voting Shares. Such Ayr Multiple Voting Shares represent approximately 99.4% of the issued and outstanding Ayr Multiple Voting Shares and 21.4% of the issued and outstanding shares of the Corporation. In addition, the Filer beneficially owns or controls (i) 2,894,058 warrants (the "**Ayr Warrants**") of the Corporation (each of which entitles the holder to acquire one subordinate voting share of the Corporation ("**Ayr Subordinate Voting Shares**")), representing approximately 17.7% of the issued and outstanding Ayr Warrants, (ii) 262,188 rights ("**Ayr Rights**") of the Corporation (each of which entitles the holder to receive one-tenth of an Ayr Subordinate Voting Share), representing approximately 1.9% of the issued and outstanding Ayr Rights, and (iii) 850,250 restricted exchangeable shares of the Corporation, which are exchangeable when vested in accordance with their terms into Ayr Subordinate Voting Shares and are subject to certain vesting conditions.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

See Item 3.4 above.

(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

Not applicable.

(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Not applicable.

3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Not applicable.

3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

Not applicable.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

Not applicable.

Item 4 – Consideration Paid

4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

Not applicable.

4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

Not applicable.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

Not applicable.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;
- (f) a material change in the reporting issuer's business or corporate structure;
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;
- (j) a solicitation of proxies from securityholders;
- (k) an action similar to any of those enumerated above.

See Item 2.2 above.

Item 6 – Agreements, Arrangements, Commitments or Understandings with Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

See Item 2.2 above.

Item 7 – Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

See Item 2.2 above.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

[Remainder of page intentionally left blank. Certification follows.]

**Item 9 – Certification
Certificate**

I, as the Filer, certify, or I, as the agent filing the report on behalf of the Filer, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

DATED June 28, 2019.

**MERCER PARK CB, L.P., by its general
partner, MERCER PARK CB GP, LLC**

By: (Signed) Jonathan Sandelman

Authorized Signatory