

Ayr Strategies Inc.
(the “Corporation”)

Notice of Conversion of Rights

This is not intended to be legal advice to any Holder and is being provided for informational purposes only.

The attached Notice of Conversion of Rights (the “**Rights Notice**”) is being made available to holders (the “**Holder**s”) of the Corporation’s rights (the “**Rights**”) in connection with the closing of the Corporation’s proposed qualifying transaction, which occurred on May 24, 2019. The Rights were issued pursuant to a Rights Agreement dated December 21, 2017, between the Corporation and Odyssey Trust Company, as rights agent (the “**Rights Agent**”), as amended (the “**Rights Agreement**”).

Each Right is convertible for one-tenth (1/10th) of one Subordinate Vote share of the Corporation (each, a “**Subordinate Voting Share**”), subject to adjustment in certain circumstances in accordance with the terms and conditions of the Rights Agreement.

In order to convert the Rights, the Holders will be required to complete the attached Rights Notice and provide any applicable documentation to CDS Clearing and Depository Services Inc. (“**CDS**”) or to the Rights Agent (at www.odysseycontact.com or 587.885.0960), as applicable. Holders are encouraged to consult with their brokers and/or the Rights Agent, as applicable, for further instructions, and with their legal counsel for legal advice.

In particular, Holders that are U.S. Persons (as such term is defined in the attached Rights Notice), referred to herein as “**U.S. Rightsholders**”, may only convert their Rights if an exemption is available from the registration requirements of the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”). In order to convert, U.S. Rightsholders will be required to, among other things, complete the relevant sections of the attached Rights Notice, withdraw their Rights from CDS and convert their Rights through the Rights Agent. Holders are encouraged to consult with their brokers and/or the Rights Agent, as applicable, regarding the mechanics of withdrawing their Rights from CDS. Following conversion of their Rights, Holders are expected to become registered holders of the applicable number of restricted Subordinate Voting Shares.

Holders that are an original United States “qualified institutional buyer”, within the meaning of Rule 144A under the U.S. Securities Act, and who are able to check the 1st box in the attached Rights Notice, would be permitted to convert their Rights through CDS or the Rights Agent, as applicable.

Holders that are non-U.S. Persons, and who are able to check the 3rd box in the attached Rights Notice, would be permitted to convert their Rights through CDS or the Rights Agent, as applicable.

Notice of Conversion of Rights

TO: AYR STRATEGIES INC. (the “Corporation”)

TO: ODYSSEY TRUST COMPANY (“Odyssey”)

Reference is made to the Rights of the Corporation (“Rights”) to convert into Subordinate Voting Shares of the Corporation (the “Securities”) issued pursuant to the Rights Agreement, dated December 21, 2017, between the Corporation and Odyssey, as amended (the “Rights Agreement”).

(1) The undersigned hereby irrevocably converts his or her right to be issued the number of Securities set forth below, such Securities being issuable upon conversion of the Rights pursuant to the terms specified in the Rights and the Rights Agreement. Capitalized terms not herein defined shall have the meanings ascribed to them in the Rights Agreement.

(2) The undersigned represents, warrants and certifies as follows (one (only) of the following must be checked):

a. On the date hereof (check one of the boxes below):

The undersigned holder (a) is the original United States “qualified institutional buyer”, within the meaning of Rule 144A under the U.S. Securities Act (a “Qualified Institutional Buyer”), that acquired the Rights pursuant to the Corporation’s Offering and delivered the certificate of Qualified Institutional Buyer attached to the U.S. Private Placement Memorandum in connection with its purchase of Class A Restricted Voting Units (an “Original Purchaser”), (b) is converting the Rights for its own account or for the account of the Qualified Institutional Buyer with respect to which it exercises sole investment discretion and for which it acquired the Rights, and (c) is, and such principal, if any, is, a Qualified Institutional Buyer at the time of conversion of these Rights and the representations and warranties of the holder made in the original U.S. Private Placement Memorandum including the certificate of Qualified Institutional Buyer remain true and correct as of the date of conversion of these Rights.

The undersigned holder is a U.S. Person (as such term is defined in Schedule 1, a “U.S. Person”) that is not an Original Purchaser and is electing to convert the Rights to acquire the number of Securities indicated below. The undersigned holder is making the representations and warranties contained in Appendix A with the intent that the Corporation and Odyssey as well as counsel to the Corporation and Odyssey rely on such representations and warranties in issuing Securities to the undersigned and the provision of any legal opinions required in connection therewith.

The undersigned holder (i) at the time of conversion of the Rights is not in the United States and did not execute and deliver this conversion form in the United States, and (ii) is not a U.S. Person, and is not converting the Rights for the account or benefit of a U.S. Person.

DATED as of this _____ day of _____, 20____.

Number of Securities: _____

Name (full legal name of Subscriber) and Address of Subscriber:

By:

(signature)

(please print name)

(official capacity)

(telephone number)

(email address)

Appendix A
U.S. Investor Representations

- a. I acknowledge that on conversion of the Rights, I will be receiving newly issued Securities that will be exempt from the registration requirements of the United States Securities Act of 1933, as amended (the “Act”), and applicable state securities laws, and I consent to receiving such Securities.
- b. I have such knowledge and experience in financial and business matters that I am capable of evaluating the merits and risks of acquiring the Securities on conversion of the Rights.
- c. I understand that an investment in the Securities involves certain risks and I understand and accept such risks; I have, to the extent I believe necessary, obtained independent tax, legal and financial advice in making my investment decision in the Securities and have determined that the Securities are a suitable investment for me in light of such risks.
- d. I understand that the financial statements of the Corporation have been prepared in accordance with international financial reporting standards, which differ in some respects from United States generally accepted accounting principles, and thus may not be comparable to financial statements of United States companies.
- e. I have had access to such information concerning the Corporation as I have considered necessary or appropriate in connection with my investment decision to acquire the Securities.
- f. I acknowledge that the Securities have not been registered under the Act or any state securities acts and are instead being offered and sold in reliance on federal and state exemptions for private offerings. The Securities for which I hereby subscribe are being acquired solely for my own account, for investment and not with a view to or for the resale, distribution, subdivision or fractionalization thereof, and I have no plans to enter into, and has not entered into, any contract, undertaking, agreement or arrangement to such end. I understand and acknowledge that the Corporation has no obligation or present intention of with the United States Securities and Exchange Commission or with any state securities administrator or commission any registration statement in respect of resales of the Securities in the United States.
- g. I understand and acknowledge that the Securities are “restricted securities” within the meaning of Rule 144 (“Rule 144”) under the Act, and that, if in the future I decide to offer, resell, pledge or otherwise transfer any of the Securities, such securities may be offered, sold, pledged or otherwise transferred only (a) to the Corporation; (b) in accordance with Rule 144, if available, and in compliance with any applicable state securities laws of the United States; or (c) in another transaction that does not require registration under the Act or any applicable state securities laws of the United States. I understand and acknowledge that (i) if the Corporation is deemed to have been at any time previously an issuer with no or nominal operations and no nominal assets other than cash and cash equivalents, Rule 144 under the Act may not be available for resales of the Securities and (ii) the Corporation is not obligated to make Rule 144 under the Act available for resales of the Securities.
- h. I acknowledge and agree that the Securities will bear a legend substantially in the following form indicating that the resale of such securities is restricted from transfer:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933,

AS AMENDED (THE “U.S. SECURITIES ACT”), OR STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF THE ISSUER THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE ISSUER, (B) IN ACCORDANCE WITH RULE 144 UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (C) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS”

[Remainder of Page Intentionally Left Blank]

SCHEDULE 1
DEFINITION OF U.S. PERSON

A “U.S. Person” means:

- (i) Any natural person resident in the United States;
- (ii) Any partnership or corporation organized or incorporated under the laws of the United States;
- (iii) Any estate of which any executor or administrator is a U.S. person;
- (iv) Any trust of which any trustee is a U.S. person;
- (v) Any agency or branch of a foreign entity located in the United States;
- (vi) Any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
- (vii) Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
- (viii) Any partnership or corporation if:
 - (A) Organized or incorporated under the laws of any foreign jurisdiction; and
 - (B) Formed by a U.S. person principally for the purpose of investing in securities not registered under the Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Schedule 1) who are not natural persons, estates or trusts.