

FORM 62-103F1

REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS

State if the report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

This current report (this “**Report**”) is an update to a previously filed early warning report dated May 29, 2019 (the “**Prior Report**”).

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.

This Report relates to subordinate voting shares (the “**Subordinate Voting Shares**”) of Ayr Strategies Inc., formerly known as Cannabis Strategies Acquisition Corp. (the “**Issuer**”).

The Issuer’s head office address is:

199 Bay Street, Suite 5300
Commerce Court West
Toronto, Ontario
M5L 1B9

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.

The transaction that triggered the requirement to file this Report was a sale that took place through the facilities of the Canadian Stock Exchange (“**CSE**”) or other marketplaces in Canada, or through the facilities of the OTCQX over-the-counter market in the United States.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

The Prior Report was filed on behalf of: Craig Effron (“**Effron**”), Curtis Schenker (“**Schenker**”), Scoggin Management LP (the “**Manager**”), Scoggin International Fund Ltd. (the “**Fund**”), Dev Chodry (“**Chodry**”), and certain other individuals (such other individuals together being the “**Additional Holders**”). Effron and Schenker each has control or direction over the Subordinate Voting Shares beneficially owned by the Fund by virtue of having control or direction over the Manager, which in turn has control or direction over the Subordinate Voting Shares beneficially owned by the Fund. Each of Effron and Schenker also beneficially owns additional Subordinate Voting Shares personally. Schenker is the general partner of CJS Partners LP (“**CJS**”) and of Carolyn Partners LP (“**Carolyn**”, and together with Effron, Schenker, the Manager, the Fund,

Chodry, the Additional Holders and CJS, the “**Investor**”) and as such has control or direction over additional Subordinate Voting Shares beneficially owned by CJS and Carolyn. Chodry is the Chief Investment Officer for Distressed Credit Strategies of the Manager and beneficially owns his Subordinate Voting Shares personally.

The address of the Investor is:

c/o Scoggin Management LP
660 Madison Avenue, 20th Floor
New York, NY 10065
USA

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.

This Report is being made to report the Investor’s holdings of Subordinate Voting Shares as of the close of trading on December 1, 2020. On an aggregate basis, the Investor currently holds the following securities of the Issuer:

- 2,317,940 Subordinate Voting Shares that are actually issued and outstanding; and
- 1,428,800 warrants, each entitling the holder to acquire an additional Subordinate Voting Share at an exercise price of Cdn. \$11.50 per Subordinate Voting Shares, exercisable until May 24, 2024, subject to acceleration of the expiry date in certain circumstances (the “**Warrants**”).

As a result, on an aggregate basis the Investor holds or is deemed to hold a total of 3,746,740 Subordinate Voting Shares.

According to its Management’s Discussion and Analysis for the quarter ended September 30, 2020, as filed on SEDAR by the Issuer, there were 17,969,201 Subordinate Voting Shares actually issued and outstanding on that date. The Issuer’s interim financial statements for the quarter ended September 30, 2020, as filed on SEDAR by the Issuer, also disclose that subsequent to September 30, 2020 there were 1,140,315 additional shares issued on the exercise of certain outstanding warrants, resulting in a total of 19,109,516 Subordinate Voting Shares currently being issued and outstanding. After giving effect to the deemed exercise of the Warrants held by the Investor entitling it to acquire additional Subordinate Voting Shares within 60 days, there are a total of 20,538,316 Subordinate Voting Shares deemed to be outstanding, representing a deemed ownership percentage of 18.24%.

As disclosed in the Prior Report, five days after the Qualifying Transaction described therein, the Investor held or was deemed to hold beneficial ownership of, or control or direction over, 3,752,740 of the 15,137,890 Subordinate Voting Shares then outstanding or deemed to be outstanding, representing an ownership percentage of approximately 24.79%.

As a result of the sale of 500 Subordinate Voting Shares, offset by the increase in the number of Subordinate Voting Shares actually issued and outstanding, the Issuer’s

holdings of Subordinate Voting Shares have decreased by 6.55% since the holdings disclosed in the Prior Report.

2.3 State the names of any joint actors.

Scoggin Management LP is the investment manager of the Fund and has direction or control over the Subordinate Voting Shares and Warrants of the Issuer beneficially owned by the Fund. Scoggin GP LLC controls and is the general partner of Scoggin Management LP and as a result also has direction or control over the Subordinate Voting Shares and Warrants of the Issuer beneficially owned by the Fund. Each of Effron and Schenker has control or direction over the Manager and as a result also has direction or control over the Subordinate Voting Shares and Warrants beneficially owned by the Fund. As the general partner of each of CJS and Carolyn, Schenker has control or direction over both CJS and Carolyn and the Subordinate Voting Shares and Warrants beneficially owned by those entities. Neither Effron or Schenker has control or direction over, or beneficial ownership of, any Subordinate Voting Shares or Warrants that are beneficially owned by or are under the control or direction of the other, except with respect to the Subordinate Voting Shares and Warrants that are beneficially owned by the Fund.

Chodry beneficially owns and has control and direction over his Subordinate Voting Shares, but does not have control or direction over, or beneficial ownership of, any of the Subordinate Voting Shares and Warrants that are beneficially owned by or are under the control or direction of Effron, Schenker or the Fund.

The Additional Holders beneficially own and have control and direction over their respective Subordinate Voting Shares and Warrants but do not have control or direction over, or beneficial ownership of, any of the Subordinate Voting Shares or Warrants that are beneficially owned by or are under the control or direction of Effron, Schenker or the Fund. The Additional Holders are employees of the Manager and may be viewed as acting jointly or in concert with the Manager.

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.

The Investor's Interests on an Aggregate Basis

In the Prior Report, the Investor reported a securityholding percentage of approximately 24.79% after giving effect to and five days following the Qualifying Transaction. As a result of the sale of 500 Subordinate Voting Shares, the Investor holds or is deemed to hold a total of 3,746,740 Subordinate Voting Shares. This decrease in the number of Subordinate Voting Shares is offset by the increase in the number of Subordinate Voting Shares actually issued and outstanding. The Investor's holdings of Subordinate Voting Shares on an aggregate basis are currently 18.24%, representing a decrease of 6.55% from the holdings disclosed in the Prior Report.

The Fund's and the Manager's Interests

The Fund currently holds 1,640,180 Subordinate Voting Shares, and is also deemed to own 960,500 Subordinate Voting Shares issuable upon the exercise of Warrants held by it, for a total actual and deemed ownership of 2,600,680 Subordinate Voting Shares. This decrease in the number of Subordinate Voting Shares held is offset by the increase in the number of Subordinate Voting Shares actually issued and outstanding. The Fund's holdings of Subordinate Voting Shares are currently 12.96%, representing a decrease of 4.82% from the holdings disclosed in the Prior Report. The Subordinate Voting Shares held by the Fund are beneficially owned by the Fund and under the control and direction of the Manager.

Effron's Interests

Effron has control or direction over the Subordinate Voting Shares owned or deemed to be owned by the Fund. In addition, Effron currently personally owns 270,000 Subordinate Voting Shares, and is also deemed to own 225,100 Subordinate Voting Shares issuable upon the exercise of Warrants held by him personally. As a result, Effron is deemed to beneficially own or have control or direction over 3,095,780 Subordinate Voting Shares. This decrease in the number of Subordinate Voting Shares held is offset by the increase in the number of Subordinate Voting Shares actually issued and outstanding. Effron's holdings of Subordinate Voting Shares are currently 15.25%, representing a decrease of 5.56% from the holdings disclosed in the Prior Report.

Schenker's Interests

Schenker has control or direction over the Subordinate Voting Shares owned or deemed to be owned by the Fund. In addition, Schenker currently personally owns 199,910 Subordinate Voting Shares, and is also deemed to own or have control or direction over an additional 61,850 Subordinate Voting Shares held by Carolyn and 62,500 Subordinate Voting Shares held by CJS. In addition, Schenker is deemed to own 165,500 Subordinate Voting Shares issuable upon the exercise of Warrants held by him personally, 16,350 Subordinate Voting Shares issuable upon the exercise of Warrants held by Carolyn and 16,350 Subordinate Voting Shares issuable upon the exercise of Warrants held by CJS. As a result, Schenker is deemed to beneficially own or have control or direction over 3,123,140 Subordinate Voting Shares. This decrease in the number of Subordinate Voting Shares held is offset by the increase in the number of Subordinate Voting Shares actually issued and outstanding. Schenker's holdings of Subordinate Voting Shares are currently 15.41%, representing a decrease of 5.65% from the holdings disclosed in the Prior Report.

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.

See Item 3.1 above.

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.**

See Item 3.1 above.

- 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 2.3 and Item 3.1 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**

None.

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

See Item 2.3 and Item 3.1 above.

- 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.**

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.

The Investor sold an aggregate of 500 Subordinate Voting Shares at a price of U.S. \$21.28 per share, or Cdn. \$27.56 per share based on the Bank of Canada's daily exchange rate of U.S. \$1.00 = Cdn. \$1.2952, for total consideration received of U.S. \$10,640 or Cdn. \$13,780.93.

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.

As of the date of this Report, none of Effron, Schenker, the Manager or the Fund have any specific current plan or future intention to participate in a transaction which would relate to or result in the occurrence of item (a) of Item 5 above, but may or may not purchase or sell securities of the Issuer in the future on the open market or in private transactions in the ordinary course, depending on market conditions and other factors material to their investment decisions.

As of the date of this report, none of Effron, Schenker, the Manager or the Fund have any specific current plan or future intention to participate in a transaction or other material change which would relate to or result in the occurrence of any of items (b) through (k) of Item 5 above, but may decide to do so in the event that a firm proposal for a transaction or other material change is advanced by the Issuer, or any other party, on terms satisfactory to them.

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.

Not applicable.

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.

Not applicable.

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.

Item 9 – Certification

Each of the undersigned certifies that to the best of its knowledge, information and belief, that the statements made in this report are true and complete in every respect.

DATED this 2nd day of December, 2020.

**SCOGGIN MANAGEMENT LP,
by its General Partner Scoggin GP LLC**

By: /s/ Craig Effron
Name: Craig Effron
Title: Managing Member of Scoggin GP
LLC

**SCOGGIN INTERNATIONAL FUND LTD.
by its Manager, Scoggin Management LP,
by its General Partner Scoggin GP LLC**

By: /s/ Craig Effron
Name: Craig Effron
Title: Managing Member of Scoggin GP
LLC

 /s/ Craig Effron
CRAIG EFFRON

 /s/ Curtis Schenker
CURTIS SCHENKER