

**Title: Early Warning Report Filed Pursuant to National Instrument 62-103**

**Toronto, Canada – December 2, 2020 – EARLY WARNING REPORT REGARDING THE SALE OF SHARES OF AYR STRATEGIES INC., FORMERLY KNOWN AS CANNABIS STRATEGIES ACQUISITION CORP.**

**Item 1 – Security and Reporting Issuer**

This press release relates to subordinate voting shares (the “**Subordinate Voting Shares**”) of Ayr Strategies Inc., formerly known as Cannabis Strategies Acquisition Corp. (the “**Issuer**”). The early warning report this press release refers to is an update to a previously filed early warning report dated May 29, 2019 (the “**Prior Report**”).

The Issuer’s head office address is:

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

The transaction that triggered the requirement to issue this press release 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 – The Transaction**

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

The transaction occurred on December 1, 2020. 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.

This press release 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.

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**

#### *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 is 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.

### **Item 4 – Purpose of the Transaction**

As of the date of this press release, 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) below, 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 press release, 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) below, 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:

- (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.

**For further details please contact:**

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