

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

Toronto, Canada – December 11, 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**”), restricted voting shares (the “**Restricted Voting Shares**”) and limited voting shares (the “**Limited 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 December 9, 2020 (the “**Prior Report**”).

Pursuant to an exemption order issued on December 3, 2020 by the Ontario Securities Commission (the “**Exemption Order**”), also applicable in all other provinces and territories of Canada, the Subordinate Voting Shares, Restricted Voting Shares and Limited Voting Shares of the Issuer are now permitted to be treated as a single class of shares for reporting purposes (the “**Non-Multiple Voting Shares**”).

The Issuer’s head office address is:

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

The transactions that triggered the requirement to issue this press release were sales 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 Transactions

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 Non-Multiple 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 Non-Multiple Voting Shares beneficially owned by the Fund. Each of Effron and Schenker also beneficially owns additional Non-Multiple 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 Non-Multiple 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 Non-Multiple Voting Shares personally.

The address of the Investor is:

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

This press release is being made to report the Investor's holdings of Non-Multiple Voting Shares as of the close of trading on December 10, 2020, following sales of 14,000 Non-Multiple Voting Shares and 2,200 Warrants (defined below) made on that date. The Investor sold an aggregate of 14,000 Non-Multiple Voting Shares at an average price of Cdn. \$26.4812, and an aggregate of 2,200 Warrants at a price of Cdn. \$15.00, for total consideration received of Cdn. \$403,066.94.

On an aggregate basis, the Investor currently holds the following securities of the Issuer:

- 2,080,680 Non-Multiple Voting Shares that are actually issued and outstanding; and
- 1,087,960 warrants, each entitling the holder to acquire an additional Non-Multiple Voting Share at an exercise price of Cdn. \$11.50 per Non-Multiple Voting Share, 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 3,168,640 Non-Multiple Voting Shares.

According to the Issuer's press release dated December 9, 2020, the number of Non-Multiple Voting Shares outstanding has increased by 3,000,000 as a result of the closing of a program to provide an incentive to holders to exercise 3,000,000 of the Issuer's share purchase warrants (the "**Warrant Exercise Incentive Program**").

In connection with the Warrant Exercise Incentive Program, the Investor tendered 705,500 Warrants to be exercised under the program of which its pro-rated share of 338,640 Warrants were exercised.

As a result of the Warrant Exercise Incentive Program, as of December 9, 2020, there were 23,875,997 Non-Multiple Voting Shares actually issued and outstanding on that date. After giving effect to the deemed exercise of the Warrants held by the Investor entitling it to acquire additional Non-Multiple Voting Shares within 60 days, there are a total of 24,963,957 Non-Multiple Voting Shares deemed to be outstanding, representing a deemed ownership percentage of 12.69%.

At the time of the Prior Report, the Investor held or was deemed to hold beneficial ownership of, or control or direction over, 3,284,840 of the 20,875,997 Non-Multiple Voting Shares then outstanding or deemed to be outstanding, representing an ownership percentage of approximately 14.73%.

As a result of the sale of Non-Multiple Voting Shares and Warrants since the time of the Prior Report, including the sale 14,000 Non-Multiple Voting Shares and 2,200 Warrants on December 10, 2020, and the increase in the number of Non-Multiple Voting Shares actually issued and outstanding as a result of the Warrant Exercise Program, the Investor's holdings of Non-Multiple Voting Shares have decreased by 2.04% 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 Non-Multiple 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 Non-Multiple 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 Non-Multiple 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 Non-Multiple Voting Shares and Warrants beneficially owned by those entities. Neither Effron or Schenker has control or direction over, or beneficial ownership of, any Non-Multiple Voting Shares or Warrants that are beneficially owned by or are under the control or direction of the other, except with respect to the Non-Multiple Voting Shares and Warrants that are beneficially owned by the Fund.

Chodry beneficially owns and has control and direction over his Non-Multiple Voting Shares, but does not have control or direction over, or beneficial ownership of, any of the Non-Multiple 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 Non-Multiple Voting Shares and Warrants but do not have control or direction over, or beneficial ownership of, any of the Non-Multiple 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 14.73%. As a result of the sale of 14,000 Non-Multiple Voting Shares and 2,200 Warrants, the Investor holds or is deemed to hold a total of 3,168,640 Non-Multiple Voting Shares. As a result of this decrease in the number of Non-Multiple Voting Shares held, and the increase in the number of Non-Multiple Voting Shares actually issued and outstanding, the Investor's holdings of Non-Multiple Voting Shares on an aggregate basis are currently 12.69%, representing a decrease of 2.04% from the holdings disclosed in the Prior Report.

The Fund's and the Manager's Interests

The Fund currently holds 1,410,780 Non-Multiple Voting Shares, and is also deemed to own 720,500 Non-Multiple Voting Shares issuable upon the exercise of Warrants held by it, for a total actual and deemed ownership of 2,131,280 Non-Multiple Voting Shares. As a result of this decrease in the number of Non-Multiple Voting Shares held, and the increase in the number of Non-Multiple Voting Shares actually issued and outstanding, the Fund's holdings of Non-Multiple Voting Shares are currently 8.66%, representing a decrease of 1.13% from the holdings disclosed in the Prior Report. The Non-Multiple 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 Non-Multiple Voting Shares owned or deemed to be owned by the Fund. In addition, Effron currently personally owns 280,000 Non-Multiple Voting Shares, and is also deemed to own 165,100 Non-Multiple 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 2,576,380 Non-Multiple Voting Shares. As a result of this decrease in the number of Non-Multiple Voting Shares held, and the increase in the number of Non-Multiple Voting Shares actually issued and outstanding, Effron's holdings of Non-Multiple Voting Shares are currently 10.40%, representing a decrease of 1.54% from the holdings disclosed in the Prior Report.

Schenker's Interests

Schenker has control or direction over the Non-Multiple Voting Shares owned or deemed to be owned by the Fund. In addition, Schenker currently personally owns 188,550 Non-Multiple Voting Shares, and is also deemed to own or have control or direction over an additional 61,850 Non-Multiple Voting Shares held by Carolyn and 62,500 Non-Multiple Voting Shares held by CJS. In addition, Schenker is deemed to own 126,860 Non-Multiple Voting Shares issuable upon the exercise of Warrants held by him personally, 16,350 Non-Multiple Voting Shares issuable upon the exercise of Warrants held by Carolyn and 16,350 Non-Multiple 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 2,603,740 Non-Multiple Voting Shares. As a result of this decrease in the number of Non-Multiple Voting Shares held, and the increase in the number of Non-Multiple Voting Shares actually issued and outstanding, Schenker's holdings of Non-Multiple Voting Shares are currently 10.52%, representing a decrease of 1.56% from the holdings disclosed in the Prior Report.

Item 4 – Purpose of the Transactions

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 the 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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