

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 (the “**Multiple Voting Shares**”),
Subordinate, restricted and limited voting shares (the “**Subordinate Shares**”),
Warrants (which are each exercisable for one Restricted Share for a price of Cdn. \$11.50), and
Rights (which are each automatically convertible into one-tenth (1/10) of one Restricted share without additional consideration).

Ayr Strategies Inc. (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.

The transaction that triggered the requirement to file this press release represents a grant (the “**Incentive Awards**”) of incentive compensation by the Corporation in favor of Mr. Jonathan Sandelman, the President and Chief Executive Officer of the Corporation and the indirect controlling shareholder of Mercer Park CB, L.P.

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

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.

In a press release issued as of the date hereof, the Filer announced its beneficial ownership or control in the Corporation following the grant of the Incentive Awards. Jonathan Sandelman has been granted an award of 1,044,000 restricted exchangeable shares of CSAC Acquisition Inc., each of which is exchangeable for one Subordinate Share of Ayr Strategies Inc. The awards will, subject to certain exceptions, become vested as to one-half on each of the first two anniversary dates of the grant date. Notwithstanding the foregoing, if a relevant anniversary date falls within a “blackout period”, the applicable award will not vest until the expiration thereof.

The Incentive Awards represent beneficial ownership and control over an aggregate of 1,044,000 Subordinate Shares, representing approximately 3.8% of the issued and outstanding Subordinate Shares as at December 31, 2020.

The Filer holds its Multiple Voting Shares, Subordinate Shares, Warrants and Rights for investment purposes. The Filer may acquire further securities of the Corporation or dispose of its holdings of securities of the Corporation, both as investment conditions warrant.

After the grant of the Incentive Awards, the Filer has beneficial ownership and control over (i) 3,677,626 Multiple Voting Shares, representing 99.4% of the issued and outstanding Multiple Voting Shares, (ii) 2,884,058 Warrants, representing 27.5% of the issued and outstanding Warrants, (iii) 262,188 Rights, representing 18.9% of the issued and outstanding Rights, and (iv) the Incentive Awards, representing the right to acquire 1,894,250 Subordinate Shares, representing 6.6% of the issued and outstanding Subordinate Shares.

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.

See Item 2.2 above.

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 2.2 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.

Before the grant of the Incentive Awards, the Filer has beneficial ownership and control over (i) 3,677,626 Multiple Voting Shares, representing 99.4% of the issued and outstanding Multiple Voting Shares, (ii) 2,884,058 Warrants, representing 27.5% of the issued and outstanding Warrants, (iii) a grant of incentive compensation by the Company in favor of Mr. Sandelman on May 24, 2019 representing the right to acquire 850,250 Subordinate Shares, representing 3.1% of the issued and outstanding Subordinate Shares and (iv) 262,188 Rights, representing 18.9% of the issued and outstanding Rights.

After the grant of the Incentive Awards, the Filer has beneficial ownership and control over (i) 3,677,626 Multiple Voting Shares, representing 99.4% of the issued and outstanding Multiple Voting Shares, (ii) 2,884,058 Warrants, representing 27.5% of the issued and outstanding Warrants, (iii) 262,188 Rights, representing 18.9% of the issued and outstanding Rights, and (iv) the right to acquire 1,894,250 Subordinate Shares, representing 6.6% of the issued and outstanding Subordinate Shares.

Assuming the exercise or conversion by the Filer of all rights to acquire Subordinate Shares, which total 8,482,153, and without assuming the exercise of any rights held by any persons other than the Filer to acquire Subordinate Shares, then, based on the 27,620,071 Subordinate Shares that were issued and outstanding on December 31, 2020 (which would be 36,102,224 if the Filer's rights were all exercised or converted), the Filer would hold approximately 23.5% of the Subordinate Shares.

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 2.2 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

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

Not applicable.

3.9 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.

See item 1.2 above.

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.

The Sponsor is currently party to a voting agreement which limits its right to vote its Multiple Voting Shares. This agreement is currently anticipated to be terminated in the near future.

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 January 7, 2021.

(Signed) Jonathan Sandelman

Jonathan Sandelman

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

By: *(Signed) Jonathan Sandelman*

Authorized Signatory