

Acreage Announces Initial Close of Previously Announced Credit Facility and Loan Transaction

New York, NY – March 17, 2020 – Acreage Holdings, Inc. (“Acreage”) (CSE: ACRG.U) (OTCQX: ACRGF) (FSE: OVZ), one of the largest vertically integrated, multi-state operators of cannabis licenses and assets in the U.S., today announced (i) the first closing and drawdown of \$21 million on the previously announced \$100 million credit facility (the “Credit Facility”), with net proceeds of approximately \$20.2 (excluding placement fees) to Acreage, and (ii) the borrowing of \$22 million (the “Borrowed Amount”) by an Acreage subsidiary (“IP Borrower”) from IP Investment Company, LLC (the “Lender”) in a transaction that represents the initial borrowing under the previously announced loan transaction (the “Loan Transaction”). All dollar amounts referred to herein are in U.S. dollars.

ADDITIONAL TRANSACTION DETAILS

Credit Facility

An Acreage subsidiary (the “Borrower”) borrowed \$21 million from an institutional lender (the “Institutional Lender”) under the Credit Facility (the “first advance”).

Interest under the Credit Facility advances is payable monthly as follows: (a) for the first year, 3.55% per annum on the first advance, 1.85% per annum on the second advance, 1.55% per annum on the third advance, and a rate to be negotiated for the fourth advance; and (b) for the second year, a rate to be negotiated. Advances made pursuant to the Credit Facility will be secured by a guarantee from the IP Borrower and security over the US\$22 million of the proceeds from the Loan Transaction (the “Cash Collateral”) which is being held in blocked account for the benefit of the Institutional Lender.

The Borrower may draw down on the remaining US\$78,000,000 of the Credit Facility if such additional advances are secured by cash collateral equal to the additional amounts borrowed plus US\$1,000,000 and subject to satisfaction of certain other customary closing conditions. The Institutional Lender does not and will not hold security in any of Acreage’s or its subsidiaries’ other property or assets. The Credit Facility has a two-year term and matures, subject to acceleration in certain limited instances, on the date that is two years from the date of the first advance.

Acreage expects to use the net proceeds of approximately \$20.2 (excluding placement fees) million from the first advance for working capital and general corporate purposes.

Loan Transaction

In order to fund the Cash Collateral, Acreage also announced that it closed on the initial borrowing under its previously announced Loan Transaction. The financial terms of the Loan Transaction are substantially similar to those previously disclosed in Acreage’s prospectus supplement dated February 25, 2020 filed under Acreage’s profile on www.sedar.com (the “Prospectus Supplement”). The maturity date for borrowings under the Loan Transaction, subject to acceleration in certain instances, will be 366 days from the closing date of the Loan Transaction.

Kevin Murphy, Acreage's Chief Executive Officer, loaned US\$21 million of the Borrowed Amount to the Lender in connection with the Lender's loan to the IP Borrower. Acreage has been advised that Mr. Murphy will not be a member, an officer nor a director of the Lender and that Mr. Murphy will be entitled to receive, assuming full repayment of the Borrowed Amount at maturity, \$23.1 million along with up to 304,001 Acreage subordinate voting shares. Mr. Murphy's indirect participation in the Loan Transaction constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 of the Canadian Securities Administrators, details of which were previously disclosed in the Prospectus Supplement.

As of the closing of the initial borrowing, the previously described provisions of the Loan Transaction relating to the requirement to: (i) raise debt or equity capital of at least an additional \$65 million; and (ii) grant security in Acreage's Connecticut assets, are not applicable. Such provisions may become applicable upon the closing of the second borrowing under the Loan Transaction.

ABOUT ACREAGE HOLDINGS

Headquartered in New York City, Acreage is one of the largest vertically integrated, multi-state operators of cannabis licenses and assets in the U.S., according to publicly available information. Acreage is dedicated to building and scaling operations to create a seamless, consumer-focused branded cannabis experience. Acreage debuted its national retail store brand, *The Botanist* in 2018 and its award-winning consumer brands, *The Botanist* and *Live Resin Project* in 2019.

On June 27, 2019 Acreage implemented an arrangement under section 288 of the Business Corporations Act (British Columbia) (the "Arrangement") with Canopy Growth Corporation ("Canopy Growth"). Pursuant to the Arrangement, the Acreage articles were amended to provide Canopy Growth with an option to acquire all of the issued and outstanding shares in the capital of Acreage, with a requirement to do so, upon a change in federal laws in the United States to permit the general cultivation, distribution and possession of marijuana (as defined in the relevant legislation) or to remove the regulation of such activities from the federal laws of the United States (the "Triggering Event"), subject to the satisfaction of the conditions set out in the arrangement agreement entered into between Acreage and Canopy Growth on April 18, 2019, as amended on May 15, 2019 (the "Arrangement Agreement"). Acreage will continue to operate as a stand-alone entity and to conduct its business independently, subject to compliance with certain covenants contained in the Arrangement Agreement. Upon the occurrence or waiver of the Triggering Event, Canopy Growth will exercise the option and, subject to the satisfaction or waiver of certain conditions to closing set out in the Arrangement Agreement, acquire (the "Acquisition") each of the Subordinate Voting Shares (following the automatic conversion of the Class B proportionate voting shares and Class C multiple voting shares of Acreage into Subordinate Voting Shares) in exchange for the payment of 0.5818 of a common share of Canopy Growth per Subordinate Voting Share (subject to adjustment in accordance with the terms of the Arrangement Agreement). If the Acquisition is completed, Canopy Growth will acquire all of the Acreage Shares, Acreage will become a wholly owned subsidiary of Canopy Growth and Canopy Growth will continue the operations of Canopy Growth and Acreage on a combined basis. For more information about the Arrangement and the Acquisition please see the respective information circulars of each of Acreage and Canopy Growth dated May 17, 2019, which are available on Canopy Growth's and Acreage's respective profiles on SEDAR at www.sedar.com. For additional information regarding Canopy Growth, please see Canopy Growth's profile on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

This news release and each of the documents referred to herein contains “forward-looking information” within the meaning of applicable Canadian and United States securities legislation. All statements, other than statements of historical fact, included herein are forward-looking information, including, for greater certainty, statements regarding the use of Credit Facility proceeds, further closings under the Credit Facility and Loan Transaction and the proposed transaction with Canopy Growth, including the anticipated benefits and likelihood of completion thereof.

Generally, forward-looking information may be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “proposed”, “is expected”, “budgets”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. There can be no assurance that such forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking information. This forward-looking information reflects Acreage’s current beliefs and is based on information currently available to Acreage and on assumptions Acreage believes are reasonable. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Acreage to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: the ability of the parties to receive, in a timely manner and on satisfactory terms, the necessary regulatory approvals; the available funds of Acreage and the anticipated use of such funds; the availability of financing opportunities; the ability of Acreage and Canopy Growth to satisfy, in a timely manner, the conditions to the completion of the Acquisition; the likelihood of completion of the Acquisition; other expectations and assumptions concerning the transactions contemplated between Acreage and Canopy Growth; legal and regulatory risks inherent in the cannabis industry; risks associated with economic conditions, dependence on management and currency risk; risks relating to U.S. regulatory landscape and enforcement related to cannabis, including political risks; risks relating to anti-money laundering laws and regulation; other governmental and environmental regulation; public opinion and perception of the cannabis industry; risks related to contracts with third-party service providers; risks related to the enforceability of contracts; reliance on the expertise and judgment of senior management of Acreage; risks related to proprietary intellectual property and potential infringement by third parties; the concentrated voting control of Acreage’s founder and the unpredictability caused by Acreage’s capital structure; risks relating to the management of growth; increasing competition in the industry; risks inherent in an agricultural business; risks relating to energy costs; risks associated to cannabis products manufactured for human consumption including potential product recalls; reliance on key inputs, suppliers and skilled labor; cybersecurity risks; ability and constraints on marketing products; fraudulent activity by employees, contractors and consultants; tax and insurance related risks; risks related to the economy generally; risk of litigation; conflicts of interest; risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effect service outside of Canada; risks related to future acquisitions or dispositions; sales by existing shareholders; and limited research and data relating to cannabis. A description of additional assumptions used to develop such forward-looking information and a description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in Acreage’s disclosure documents, including the Circular and Acreage’s Annual Information Form for the year ended December 31, 2018 filed on April 29, 2019, on the SEDAR website at www.sedar.com. Although Acreage has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking

information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this news release is expressly qualified by this cautionary statement. The forward-looking information contained in this news release represents the expectations of Acreage as of the date of this news release and, accordingly, is subject to change after such date. However, Acreage expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

Neither the Canadian Securities Exchange nor its Regulation Service Provider has reviewed and does not accept responsibility for the adequacy or accuracy of the content of this news release.

Media Contact:

Howard Schacter
Vice President of Communications
h.schacter@acreageholdings.com
646-600-9181

Investor Contact:

Steve West
Vice President, Investor Relations
Investors@acreageholdings.com
646-600-9181