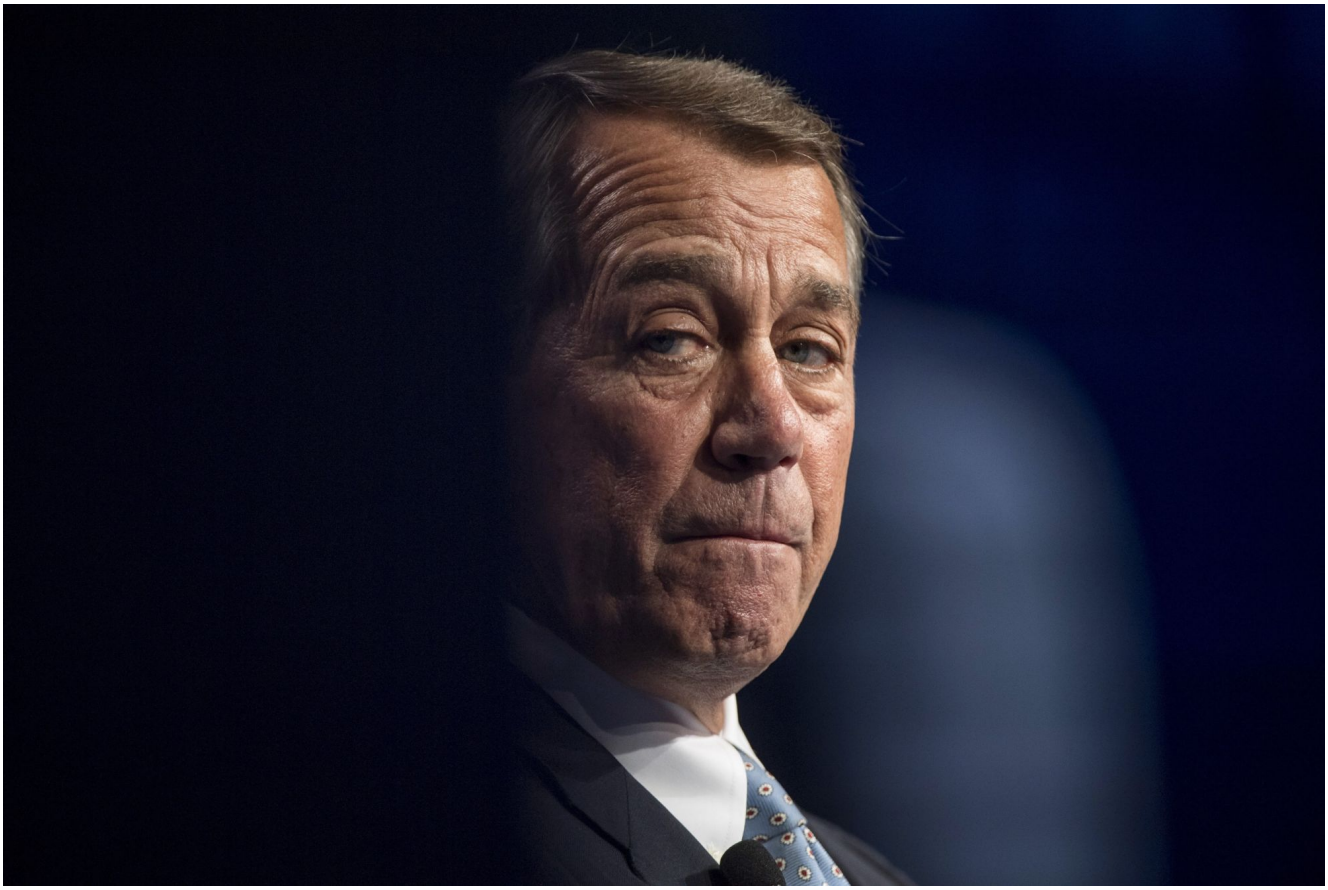
Canopy Growth Agrees to Buy Acreage When the US Ends Prohibition



The deal is a signal John Boehner and the other political insiders on the Acreage board believe US legalization will occur soon, not just eventually.

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Canopy Growth Corporation (TSX: WEED) (NYSE: CGC) is acquiring Acreage Holdings, Inc. (CSE: ACGR.U) (OTC: ACRGF) in a deal valued at $3.4 billion. However, the deal will not be consummated until cannabis is federally legal in the U.S. and assuming the shareholders approve as well as the Supreme Court of British Columbia.

Once the shareholders and the Supreme Court approve, Acreage Holders will immediately receive a payment of US$300 million or approximately US$2.55 per Acreage Subordinate Voting Share. The company also said in a statement that holders of subordinate voting shares of Acreage will get 0.5818 of a common share of Canopy Growth stock for each Acreage Subordinate Voting Share held at the time of closing of the transaction.

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“Today we announce a complex transaction with a simple objective. Our right to acquire Acreage secures our entrance strategy into the United States as soon as a federally-permissible pathway exists,” said Bruce Linton, Chairman, and co-CEO, Canopy Growth. “By combining Acreage’s management team, licenses and assets with Canopy Growth’s intellectual property and brands, there will be tremendous value creation for both companies’ shareholders.”

Complex is an understatement. These companies are based in different countries with varying levels of shareholder ownership and voting rights. Add in the inclusion of Constellation Brands (STZ) and it becomes more complicated. Plus, there is the issue of legalization in the U.S., which it seems both companies are confident will happen sooner rather than later. Shareholder approval is expected to occur in June.

Jonathan Sherman and Jamie Litchen, partners at Cassels Brock who acted on the Acreage transaction for Canopy Growth said, “Canopy Growth’s acquisition of Acreage Holders is the most complex M&A transaction completed in decades. In this deal, one company has conditionally acquired another to be able to operate outside of a jurisdiction whereby the product or service would be considered legal. Canopy Growth’s listing on the TSX and NYSE and involvement of its largest shareholder created a regulatory environment to structure a deal of this

magnitude successfully.”

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“From the first day we created our company, providing exceptional customer care and delivering shareholder value have been our top priorities. This transaction will help accomplish both,” said Acreage Holdings Chairman, CEO and President Kevin Murphy. “When the right is exercised having access to Canopy Growth’s deep resources will enable us to innovate, develop and distribute quality cannabis brands across the U.S. and continue expanding our U.S. footprint. At the same time, a confluence of factors are making it much more difficult for a multi-state operator to achieve its full potential, including the enormous amount of cash required to scale. Our Board of Directors, management team and I are pleased to deliver significantly increased liquidity to our shareholders and put ourselves in an even stronger position to deliver continued and significant upside.”

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Acreage Leadership

Acreage President, George Allen will depart the company effective immediately and Acreage Chairman and CEO Kevin Murphy will assume the duties of President.

The Acreage board has approved of the deal, but there wasn’t any information as to whether the well-known directors like former Speaker John Boehner, former Canadian Prime Minister Brian Mulroney and former Massachusetts Governor and current US presidential candidate Bill Weld will be on the new board. Acreage Holders will hold approximately 12.1 percent ownership in Canopy Growth (on a pro forma basis) and up to 16.6 percent if permitted acquisitions are completed prior to the

Trigger Event.

The companies said in the statement that they will also execute a licensing agreement granting Acreage access to Canopy Growth's award-winning line-up of brands such as Tweed and Tokyo Smoke, along with other intellectual property. Once the Right is exercised, Acreage will become part of a leading global cannabis company with access to markets beyond the U.S. Until then, the two companies will continue to operate independently.

Matt Karnes, Founder and Managing Partner of GreenWave Advisors said, "This deal positions Canopy Growth as a leader in the U.S. market while providing Acreage with near term liquidity and other strategic opportunities. It is not surprising that, within expectations of a coming end of U.S. prohibition, a Canadian LP/U.S. MSO combination would occur. We further believe that the timing and structure of this deal could facilitate similar moves by other Canadian entities as well as further consolidations among U.S. MSOs that could possibly then look towards Canadian acquisitions. We hope that a transaction of this magnitude will help increase pressure on Congress to more swiftly address changes in federal law as the US is increasingly taking a back seat to Canada and other nations in the burgeoning global cannabis market."

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