

**Report of Organizational Actions  
 Affecting Basis of Securities**

▶ See separate instructions.

**Part I Reporting Issuer**

1 Issuer's name <b>Acreage Holdings, Inc.</b>		2 Issuer's employer identification number (EIN) <b>None</b>	
3 Name of contact for additional information <b>Michael Snow, Director of Taxes</b>	4 Telephone No. of contact <b>(646) 600-9181</b>	5 Email address of contact <b>Form8937@acreageholdings.com</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <b>368 Madison Ave., 11th Floor</b>		7 City, town, or post office, state, and ZIP code of contact <b>New York, New York 10017</b>	
8 Date of action <b>November 14, 2018</b>		9 Classification and description <b>Common Shares</b>	
10 CUSIP number <b>00489Y</b>	11 Serial number(s) <b>N/A</b>	12 Ticker symbol <b>CSE: ACRG.U</b>	13 Account number(s) <b>N/A</b>

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On November 14, 2018, certain holders of units of High Street Capital Partners, LLC d/b/a Acreage Holdings ("HSCP") contributed their HSCP units ("HSCP Units", and the holders thereof, "HSCP Unitholders") to Acreage Holdings America, Inc. ("USCo") in exchange for USCo common shares (the "USCo Contribution"). Immediately thereafter, such former HSCP Unitholders contributed their USCo common shares, concurrently with contributions of cash from new investors, to Acreage Holdings, Inc. ("Acreage") (formerly Applied Inventions Management Corp.) in exchange for Acreage common shares (the "Acreage Contribution"). Certain other HSCP Unitholders contributed their HSCP Units to Acreage Holdings WC, Inc. ("USCo2") in exchange for USCo2 common shares (the "USCo2 Contribution"). Acreage is an "expatriated entity" within the meaning of Code Section 7874(b).

The USCo Contribution, Acreage Contribution and USCo2 Contribution are each described in greater detail in the Listing Statement of Acreage dated as of November 14, 2018, which is available at [www.sedar.com](http://www.sedar.com).

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ Acreage believes that the USCo Contribution and the Acreage Contribution should each qualify as a tax-deferred contribution under Code Section 351(a). As a result, each HSCP Unitholder which participated in the USCo Contribution should generally have had a tax basis in the USCo common shares received pursuant to the USCo Contribution equal to such HSCP Unitholder's aggregate tax basis in the HSCP Units surrendered in exchange therefor, increased by any gain recognized by such HSCP Unitholder in its own particular circumstances. Further, each such HSCP Unitholder should generally have a tax basis in the Acreage common shares received pursuant to the Acreage Contribution equal to such HSCP Unitholder's aggregate tax basis in the USCo common shares contributed in exchange therefor.

Acreage intends that the USCo2 Contribution qualify as a tax-deferred contribution under Code Section 351(a). Provided the USCo2 Contribution qualifies as a tax-deferred contribution under Code Section 351(a), each HSCP Unitholder which participated in the USCo2 Contribution should generally have a tax basis in the USCo2 common shares received pursuant to the USCo2 Contribution equal to such HSCP Unitholder's aggregate tax basis in the HSCP Units contributed in exchange therefor.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ In the event that the USCo Contribution or the Acreage Contribution (or both) is taxable, for purposes of calculating fair market value, the fair market value of an Acreage common share on November 14, 2018 is estimated at U.S. \$19.63, which was the average of the high and low prices for Acreage common shares on the Canadian Securities Exchange on November 15, 2018, the first day such shares traded on the Canadian Securities Exchange.

Former HSCP Unitholders should consult with their own tax advisors to determine whether they are required to recognize gain and what measure of fair market value is appropriate, including for purposes of valuing the USCo common shares or USCo2 common shares, to the extent applicable.

**Part II Organizational Action** *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Acreage believes that each of the USCo Contribution and the Acreage Contribution should qualify as a tax-deferred contribution pursuant to Code Section 351(a). Acreage intends that the USCo2 Contribution qualify as a tax-deferred contribution pursuant to Code Section 351(a). Provided each such contribution qualifies as a tax-deferred contribution pursuant to Code Section 351(a), the U.S. federal income tax consequences of each of the USCo Contribution, the Acreage Contribution and/or the USCo2 Contribution, as applicable, to former HSCP Unitholders should be determined under Code Sections 351, 358, 1001 and 1221.

18 Can any resulting loss be recognized? ▶ If each of the USCo Contribution, Acreage Contribution and the USCo2 Contribution qualifies as a tax-deferred contribution pursuant to Code Section 351(a), then, in general, each former HSCP Unitholder which received USCo common shares pursuant to the USCo Contribution and Acreage common shares pursuant to the Acreage Contribution, or which received USCo2 common shares pursuant to the USCo2 Contribution, as applicable, should not recognize any loss.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ In general, any gain recognized should be reported by former HSCP Unitholders for the tax year which includes November 14, 2018 (e.g., a calendar year unitholder would report the transaction on his, her or its federal income tax return filed for the 2018 calendar year).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ Michael J. Snow Date ▶ 12/19/18  
 Print your name ▶ Michael J. Snow Title ▶ Director of Taxes

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
<u>John Hollinrake</u>	<u>John Hollinrake</u>	<u>19 Dec 2018</u>		<u>P01568530</u>
Firm's name ▶ <u>Dorsey &amp; Whitney LLP</u>	Firm's EIN ▶ <u>41-0223337</u>		Phone no. <u>(206) 903-8812</u>	
Firm's address ▶ <u>Columbia Center, 701 Fifth Avenue, Suite 6100, Seattle, Washington 98104</u>				