

## Canopy Growth Triples Tweed's Production Potential by Acquiring 1 Hershey Drive

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Smiths Falls, ON – Canopy Growth Corporation (“Canopy Growth” or the “Company”) (TSX:CGC) has closed the acquisition of the property at 1 Hershey Drive that currently houses Canopy Growth’s headquarters and the Tweed Inc. (Tweed) production facilities.

“Increasing the scale of our cannabis production capacity is vitally important to our operations,” said Bruce Linton, Chairman and CEO of Canopy Growth. “Even as a diversified producer using greenhouse growing and indoor growing facilities, we know there will be a need for commercial processing space that can be used to convert cannabis and cannabinoids into higher margin products like edibles, as well as complimentary products such as vape pens, or sophisticated medical delivery options that may be allowed under future legal frameworks. Almost tripling the footprint of our headquarters means more potential for our business, for the economy of Smiths Falls, and for Tweed’s customers.”

The entire 472,000 sq. ft. footprint could almost triple current production and processing capacity, making it by far the largest indoor cannabis production facility in Canada and likely the world. The 42-acre site could also house hundreds of thousands of square feet of additional production and processing space, either indoors or in greenhouse growing platforms.

Tweed has already transformed 168,000 sq. ft. of licensed space into Canada’s most innovative cannabis production space. Twelve of 39 potential growing rooms are operational with another 12 multi-level growing rooms under construction and nearing completion. An R&D area has been used to drive innovation with some of Canada’s leading researchers and universities. Oil extraction capabilities, a separate Dealer’s Licence area, an in-house Quality Assurance lab, and the industry’s only seed breeding area have all been added and brought online in the last three years.

The building, property and chattels were acquired for \$6.6 million, of which \$923,980 was settled with the issuance of 94,397 common shares of Canopy Growth, based on a 5-day VWAP of \$9.7882 ending the day before closing. The remainder was paid in cash on closing. As a part owner of the facility prior to the transaction, Bruce Linton received 70,800 of the 94,397 shares issued. These shares are subject to a 4-month lockup.

The acquisition is considered a “related party transaction” within the meaning of Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”) because Bruce Linton, a director and officer of Canopy Growth is also a shareholder of the vendor Tweed Hershey Drive Inc. MI 61-101 provides that, unless exempted, an issuer proposing to undertake a related party transaction is required to prepare a formal valuation of the subject matter of the proposed transaction and to provide holders of the class of affected securities a summary of such valuation. MI 61-101 also requires that, unless exempted, the issuer seek approval of the transaction by a majority of the votes cast by the “minority” holders of the affected securities.

To ensure a fair valuation, John Bell, an independent Director of Canopy Growth led the purchase negotiation. The Company also obtained an independent appraisal to support the final price negotiated.

Canopy Growth has each relied on an exemption available pursuant to MI 61-101 from the formal valuation and minority approval requirements. MI 61-101 provides that if, at the time the transaction is agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for the transaction, insofar as it involves interested parties, exceeds 25% of the issuer's market capitalization (calculated in accordance with MI 61-101), the formal valuation and minority approval requirements do not apply to such transaction. The acquisition of 1 Hershey Drive is exempt from the formal valuation and minority approval requirements of MI 61-101 because neither the fair market value of 1 Hershey Drive nor the fair market value of the purchase price for the acquisition of 1 Hershey Drive exceeds 25% of Canopy Growth's market capitalization.

The consideration paid was provided for in the Use of Proceeds in a recently completed bought deal, which closed on December 22, 2016. The Smiths Falls facility and significant improvements completed, underway and planned will act as an important asset and security that could be viewed favourably by commercial institutional lenders to recycle the equity invested and finance future expansion plans with non-dilutive funding at competitive rates. The Company previously leased Tweed's production and office space at 1 Hershey Drive, an arrangement that permitted the Company to defer the financial burden of unused portions of the building, which have sat vacant since 2008 when Hershey Canada Inc. vacated the property, until the commercial opportunity supported the need to expand the Company's operating footprint.

"The future looks bright for Tweed and Canopy Growth's operations in this facility," continued Linton. "It might even be time to reopen the famous Visitor Centre and start training tour guides."

Here's to Future Growth.

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### **About Tweed**

Tweed is a globally recognized marijuana production brand. It has built a large and loyal following by focusing on quality products and meaningful customer relationships. Tweed doesn't just sell marijuana, it facilitates a conversation about a product we've all heard about but haven't met intimately yet. It is approachable and friendly, yet reliable and

trusted. As marijuana laws liberalize around the world, Tweed will expand its leading Canadian position around the globe. Learn more at [www.tweed.com](http://www.tweed.com).

### **About Canopy Growth Corporation**

Canopy Growth is a world-leading diversified cannabis company, offering diverse brands and curated cannabis strain varieties in dried and oil extract forms. Through its wholly-owned subsidiaries, Canopy Growth operates numerous state-of-the-art production facilities with over half a million square feet of indoor and greenhouse production capacity. Canopy Growth has established partnerships with leading sector names in Canada and abroad. For more information visit [www.canopygrowth.com](http://www.canopygrowth.com).

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This news release contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Canopy Growth Corporation, Tweed Inc., Tweed Farms Inc. or Bedrocan Canada Inc. to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include future operational and production capacity, the impact of enhanced infrastructure and production capabilities, and forecasted available product selection. The forward-looking statements included in this news release are made as of the date of this news release and Canopy Growth Corp. does not undertake an obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable securities legislation.

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