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PRESENTATION

Operator

Good morning, everyone. And thank you for joining Ayr Strategies conference call to discuss the acquisition of Liberty Health Sciences and GSD.

Joining us today are Ayr's CEO, Jonathan Sandelman; the company's CFO, Brad Asher; and the company's COO, Jennifer Drake. The company will discuss forward-looking matters on this call, including targets for revenues and adjusted EBITDA. This forward-looking information is subject to the assumptions and risks are described in the company's management discussion and an analysis for the quarter ended September 30, 2020. As well, we remind you that the adjusted EBITDA is a non IFRS measure.

We refer you to the reconciliation to IFRS measures and other disclosures concerning non-IFRS measures contained in a management discussion and analysis for the quarter ended September 30, 2020.

I will now turn the call to Ayr's CEO, Jonathan Sandelman. Please go ahead.

Jonathan Everett Sandelman - *Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary*

Good morning, and thanks for joining us on our call today. It's an exciting day for Ayr. This morning, we are announcing 2 transformational acquisitions, entering both New Jersey and Florida markets, and bringing our total footprint to 7 states covering 73 million people, with 4 of these states slated for adult-use sales in 2021.

Upon closing these and other previously announced deals, Ayr will be the fourth largest MSO in terms of expected 2022 adjusted EBITDA. Today, we're announcing the acquisition of a publicly listed Liberty Health Science, a vertically integrated operator in Florida, in stock-for-stock transaction, valued at \$290 million.

Florida is a fantastic medical market with over 450,000 patients, and Liberty is 1 of the largest retailers in the state with 28 stores currently open and a further 14 stores cited and slated to open in 2021. It also has 387-acre cultivation and production campus in Gamesa with roughly 300,000 square feet of cultivation and production space already in operations.

In New Jersey, we are acquiring a vertical license for an upfront payment of \$101 million in a combination of cash, stock and promissory notes. The licensed GSD New Jersey, holds 1 of the original 12 New Jersey cannabis licenses, which provides for the ability to open 3 dispensaries and cultivation canopy of up to 150,000 square feet, which will be the largest canopy license in the state.

GSD is the only 1 of the original 12 licenses to have 3 dispensaries open and is currently growing 12,000 square feet of Canopy. With a further 50,000 square feet of Canopy under development. Ayr's assets in our existing markets are the most productive in the industry. We intend to bring the same operational excellence to Florida and New Jersey.

We see an incredible opportunity to elevate Liberty's cultivation to the level of quality, production and breadth of consumer choice that we have consistently achieved in our existing markets.

We see the opportunity to more than Triple Liberty's cultivation yield from 20 grams per square foot currently to bring it in line with our average yields of close to 70 grams per square foot. We have a deep bench of talent and know-how already in place to make these gains possible. And more productivity means more products in the stores to sell. We expect to significantly improve the dispensaries productivity in Florida, which currently stands at a run rate revenue of about \$2 million a year, well below the top performance in this state at \$4 million to \$10 million.

Based on our success at retail in Massachusetts and Nevada, where we are consistently the top performers in terms of revenue per store, we believe Florida will be no exception. In New Jersey, the medical dispensaries are already averaging \$10 million on an annual run rate. We are very optimistic about the potential to grow further from there, particularly with the introduction of adult-use in the state in 2021.

2021 will be a year of material growth per Ayr, especially in the adult-use market. In Massachusetts, Ayr is already a market leader in the wholesale, and we'll open 3 adult-use stores in the underserved Greater Boston area. Now 2 of our newest states, New Jersey and Arizona, will roll out adult-use for the first time, and we're excited to be a part of that transition. Our experience in Nevada where we have successfully built some of the most productive retail dispensaries in the state, will prove invaluable as we roll out our recreational offerings in New Jersey, Arizona and Massachusetts.

Our strategy has always been to go deep in the best markets, targeting attractive assets in limited license dates with large populations where we can build a vertically integrated presence and have a significant edge.

We have identified 10 or 12 states that met those standards. We have now entered 7 of them. We continue to target the right assets at the right time at the right price, and we are thrilled that our disciplined and targeted approach to expansion has enabled us to build this terrific footprint from a position of strength with a team that has consistently demonstrated operational excellence and great support from our debt and equity investors.

Operator, I'll open it up for questions now.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). The first question comes from Russell Stanley from Beacon Securities.

Russell Stanley - Beacon Securities Limited, Research Division - MD & Research Analyst

And congrats on entry in to excellent states. First question with respect to Liberty. I'm wondering with respect to the plan to drive yield improvement. I guess, have you identified the major initiatives required to do that? And your thoughts, I guess, as to -- obviously, what -- can you provide color on what those initiatives are, what needs to happen there and the time lines to actually implement those changes?

Jonathan Everett Sandelman - *Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary*

Yes. Thank you, Russ, for the question. This was a competitive situation and what was very important to the Board was our plan. For improvement on the cultivation side. Today, Liberty's cultivation is so massively underperforming the numbers I quoted at 20 grams per square foot versus ours, which is north of 70. It creates a problem on the retail side, Russ, is because they only have Flower 4 days a week. In fact, they have more stores sited the 28 today. They simply couldn't open them because then they would have Flower 2 days a week. So this is 1 of these very typical kind of assets that Ayr is extremely excited about and sees as an enormous opportunity. There's a real value proposition.

If we simply do what we do every day there is tremendous upside to this. Now the company says, they'll have 42 stores opened publicly by the end of the year, and that will make us maybe the #2 player, roughly the #2 player in this state.

Russell Stanley - *Beacon Securities Limited, Research Division - MD & Research Analyst*

Great. And if I could just ask 1 follow-up with respect to both transactions, I think at least 1 of them, if not both may be subject to review under HSR. I guess you're closing time lines bake in time for that? Is that baked into the closing time lines? And if not, I guess, your thoughts on the likelihood of a request for second question information.

Jonathan Everett Sandelman - *Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary*

So Russ, you know there's no overlap with these new acquisitions with our existing portfolio of states. So yes, this is baked into our time line. We expect a request, but we don't think it's an issue at this time.

Operator

The next question comes from Matt Bottomley from Canaccord Genuity.

Matt Bottomley - *Canaccord Genuity Corp., Research Division - Analyst*

Again, congrats on the both announced deals here. I just wanted to pivot to New Jersey. And if you can give us any color on your expectations of how this market is going to ramp up from an adult use. You've had some of your peers note they think it might be a midyear implementation date. Obviously, no 1 really knows. But has there been any communications with the local operator there since the valve initiative passed? And can you glean any sort of quantum of investment you think will need to go into that market? Obviously, I think 3 is the maximum right now from all the operators. Where you see that going? And how much sort of dry powder you're leaving to carve out a meaningful market share in that state?

Jonathan Everett Sandelman - *Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary*

So as I said, the 3 stores that we have where the -- now that we've acquired this company will be the only original license holder, which is special. Remember, only the original license holders get to build 150,000 square feet of cultivation. All licenses that came grants that came after that are substantially smaller. This company is the only 1 of the original the House 3 stores already open and built, okay? So there's no CapEx there.

Where does the CapEx come from what we talked about on the call, right? It's the expansion of the cultivation and our contribution to that is \$15 million.

Matt Bottomley - *Canaccord Genuity Corp., Research Division - Analyst*

Got it. No, that's helpful. And then has there been any sort of communication on what the rules might look like? I know what the existing ones are in the medical market, and certainly, there's an advantage to being the first 6 of the 12, but has anything changed or moved along in preparation for rolling it out that the operators might have gleaned some information on what this market might look like in the first year?

Jonathan Everett Sandelman - *Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary*

Well, we're very excited. We can just -- it's not New Jersey specific when we look at what the opportunity set when estate converts from medical to recreational. It's not specific to New Jersey. But we do have a lot of data in other states we have been in, what tends to happen in the marketplace. And we think it's typically triple in terms of the consumer demand. And we'd expect to see that in New Jersey.

Matt Bottomley - *Canaccord Genuity Corp., Research Division - Analyst*

Got it. And just last for me, are you able to provide a pro forma cash balance as of today, netting out the cash component for New Jersey and then maybe just the near-term CapEx, where you guys are currently sitting, pro forma, all your deals?

Jonathan Everett Sandelman - *Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary*

Yes. We could do that off-line. Brad is happy to -- he's on the call now. He's happy to walk you through that.

Operator

The next question comes from Matt McGinley from Needham.

Matthew Robert McGinley - *Needham & Company, LLC, Research Division - Senior Analyst*

In Florida to reach that 2022 EBITDA estimate, what do you assume in terms of the rough retail footprint and how much production capacity you'll need to have to reach that target?

Jonathan Everett Sandelman - *Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary*

I didn't hear you very well. Can you just ask the question again, please?

Matthew Robert McGinley - *Needham & Company, LLC, Research Division - Senior Analyst*

Sure. Yes. And my question was in Florida, to reach the 2022 EBITDA estimate that you provided, which I think implied around \$60 million in EBITDA, what do you assume in terms of the retail footprint in terms of number of dispensaries and how much in production capacity would you need to add to reach that 2022 target?

Jonathan Everett Sandelman - *Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary*

Brad, do you want to walk through that?

The 1 thing I want to focus you on is, today, the retail revenues are less than half of the average retail revenues in the state, right?

And that is a function, to your question, are not having enough. There is no wholesale market in Florida, right? Not having an underperforming on the cultivation side.

So Brad, what numbers are you using per square foot to get to that number?

Brad Asher - *Ayr Strategies Inc. - CFO*

Yes. So starting with the retail stores, right, we have 28 today. We're assuming that we add about 1 store a month. So from now until the end of '22, we continue with that a store per month. In terms of the biomass feeding those stores, we have a similar kind of gradual increase in terms of square feet going from 20 to about 70 over that period of time, which is more than enough to feed those stores.

Matthew Robert McGinley - *Needham & Company, LLC, Research Division - Senior Analyst*

Okay. And in New Jersey, when would you expect that cultivation addition to be completed? And can that location be expanded beyond the 105,000 square feet that you have under that current project? Is there anything zoning or anything that would limit you from extending that facility beyond the 105,000 square feet presently contemplated?

Jennifer Adele Drake - *Ayr Strategies Inc. - COO*

So we have -- the cultivation facility is expected to come online at the end of 2021, beginning of 2022. So the full expansion will have its first sales into the market at that time. And regarding expansion, I think one of the things that was attractive about this acquisition, and I'll let John speak about it more, but 1 of the things that was extremely attractive about this acquisition was the cultivation expansion potential that we have in this new site.

Jonathan Everett Sandelman - *Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary*

So one of the things we look at when we acquire a company that has cultivation, which is very important to Ayr, is the piece of land lock such that you can't grow it as demand grows, the cultivation side.

In New Jersey, where we're cited, we can be at maximum capacity. And remember, there's a maximum capacity. You can't go and pass that.

One other point back to Florida, while the production and the yields have been significantly lower than of what we are currently doing, and that is all upside.

Additionally, Florida allows for gummy bears and concentrates. And frankly, Liberty didn't produce them. So we know how to do concentrate, and we now have to do edibles because we do it every day in large scale, simply bringing those products in the marketplace create an enormous revenue opportunity.

Operator

The next question comes from Scott Fortune from ROTH Capital Partners.

Scott Thomas Fortune - *ROTH Capital Partners, LLC, Research Division - Director & Research Analyst*

Congratulations on transactions. Real quick just on Florida, there a capital expense outlay there that you guys are targeting for Florida that's needed to expand here into 2022 with the cultivation improvements in stores?

Jonathan Everett Sandelman - *Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary*

Yes, \$15 million.

Scott Thomas Fortune - *ROTH Capital Partners, LLC, Research Division - Director & Research Analyst*

Okay. And then, John, what about Florida? What are you hearing as it opening up to wholesale sales potentially and timing there? And then also the adult-use potentially in 2022 on the adult side? Any any updates on the timing for regulations in Florida there?

Jonathan Everett Sandelman - *Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary*

So I wouldn't say I have any particular edge or insight on to exactly what the politics is. But this week, Head of the Department of Agriculture announced pushing a ballot initiative in November. The governor has not been supportive to this point. But if it gets on the ballot, it will be the people's choice. And so we're encouraged by those comments.

Scott Thomas Fortune - *ROTH Capital Partners, LLC, Research Division - Director & Research Analyst*

And then last question for me. Do you see Florida as a local market because it's been vertically integrated, obviously, to sell in there. From a brand standpoint? Or as you bring in other brands that you've cultivated in the different states, how do you picture the Florida market from a brand and product standpoint?

Jonathan Everett Sandelman - *Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary*

So we -- I think we've said this to the analysts before, we have 477 SKUs. We have a very deep brand portfolio, which we will share that IP in every state we go in.

So we move in with a big portfolio of brands. If you look at our example in Massachusetts on how we, in the last 12 months, took our medical stores, repositioned them to look like recreational stores and the lift that affected in terms of consumer volumes and revenues, we'll do the exact same thing here.

We don't treat medical stores that we only let medical patients in like a medical store. We make it way more exciting, way more product selection. The shelves are full with choices for the consumer. And that resulted in a double in our revenue. We will do the same thing in Liberty.

Liberty right now serves very limited amount of products on their shelves. We will bring all our brands produced in Florida and create a much more exciting environment for the consumer.

It's all about choice, giving the consumer choice not dictating to the consumer, consumer dictating to us what they want, listening and producing those products. That hasn't occurred in Florida at Liberty at this point.

And I think for the most part, in the state, that really hasn't happened. And that's something we're excited about bringing to the state. Frankly, the state doesn't have very high-quality flower at this point. We will bring a bud to the state of Florida, which will completely differentiate our stores from every other store in Florida today because it doesn't exist. And we grow it in our other states. So we're capable of growing it, and we will grow it here.

Operator

The next question comes from Andrew Semple from Echelon Capital Partners.

Andrew Semple - *Echelon Wealth Partners Inc., Research Division - Special Situations Associate*

Congrats on the acquisition announcements, appears to be 2 good deals in 2 very excellent markets. So congrats on that.

First question here is just on the New Jersey Milestone award, how confident are you feeling on that being awarded in full? And what do you -- what kind of milestones have to be achieved before that is issued in full?

Jonathan Everett Sandelman - *Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary*

Brad, do you want to take that?

Brad Asher - *Ayr Strategies Inc. - CFO*

Yes. So the milestone for New Jersey is a revenue-based target, right? So it's based on revenue in '22. Right now, we're modeling that they're going to be definitely in the money for that milestone. That's how we see the business. So we can talk more off-line in terms of the dollars for that period of time, but it's a net revenue based milestone.

Andrew Semple - *Echelon Wealth Partners Inc., Research Division - Special Situations Associate*

Okay. That's helpful. I also want to ask on the consideration paid for Liberty. I believe this is 1 of your first all-stock transactions in previous M&A deals. Tend to use a mix of cash, debt and stock. Can you just perhaps speak to why the consideration mix was a little bit different for the Liberty transaction-based on what we've seen historically.

Jonathan Everett Sandelman - *Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary*

So again, what I talked about...

Jennifer Adele Drake - *Ayr Strategies Inc. - COO*

Go ahead, John.

Jonathan Everett Sandelman - *Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary*

Let me finish it. So what I talked about earlier, the company had choices to who to sell this asset to. And when they did their own due diligence, it was the Ayr management team that they wanted to be in business with. And they, frankly, wanted an all-stock deal.

And I think when they did their due diligence on us, and saw that we had some #1 or #2 of free cash flow in the industry, #2 or #3, EBITDA in the industry, and they saw our performance metrics sales per square foot, operating margin, all industry-leading numbers, they felt the most comfortable. And when they got comfortable, they wanted to own our stock. And it was a real commitment to the operational skills that the Ayr management team brings. And that's how that came about.

Andrew Semple - Echelon Wealth Partners Inc., Research Division - Special Situations Associate

Okay. Understood. That's good color. I just also want to ask, is there any break fee associated with the Liberty transaction, given your comments that it was a competitive process?

Jonathan Everett Sandelman - Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary

Yes. \$13 million.

Andrew Semple - Echelon Wealth Partners Inc., Research Division - Special Situations Associate

Okay. And just a final question here. Do you have a targeted closing date for each of the transactions that you're able to share today?

Jonathan Everett Sandelman - Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary

Yes. So Liberty, we expect to close at the end of the first quarter, maybe early second quarter, and New Jersey we'll close in and around June.

Operator

The next question comes from Howard Penney from Hedgeye.

Howard Wells Penney - Hedgeye Risk Management LLC - MD & Sector Head of Restaurants

Do you think of your -- the competitive conditions in Florida and your ability to deliver the improved profitability? And then if you could add to that understanding you transfer, or not transfer, but the need to bring the human assets from Nevada and Massachusetts in to Florida to execute that? So can you just explain how that process works?

Jonathan Everett Sandelman - Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary

Okay. So this is how I've been thinking about Florida. I've been talking to this company for 18 months. And the reason why I thought it was crucial to Dave to get this transaction done. Florida is about a land grab. If you think about it, most municipalities aren't going to allow 20 cannabis companies into their tank. They've already started limiting the number of stores they actually want, the number of brands.

So it was crucial to find a platform that could produce 42 retail stores, through '21 to make sure you're locked in because if you're not there today, and ours are already excited, the ones we don't have are sized already, right? Up to about 42, right? If you're not in today, you're probably going to get locked out in the future.

Okay? So the land grab was significant. If you're not there today, it's unlikely, in our view, you will get in in the future.

Brad Asher - Ayr Strategies Inc. - CFO

That was a big part of the motivation for moving now.

Jonathan Everett Sandelman - Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary

Yes. Liberty comes with 350 people. There are people there. There is improvement on the cultivation side. Reasonably, Liberty hired a head cultivator, who is a close colleague with 1 of our head cultivators, and he is an expert. But he's only been there a month.

So we think with the sharing of our IP on the cultivation side, with his extensive industry knowledge and cultivation, knowledge and experience. What we are quoting is extremely achievable.

And remember, however, it just falls in place. If you start making gummy bears for some reason, they haven't been making them, make them, they sell. You haven't been making concentrates at all, they will sell. And if you grow the flower, Liberty sells out everything in its retail. It's never left with inventory. It just can only sell Flower 4 days a week. If we can simply just get that to 7 days a week, as I said, they're doing \$2 million of revenue a store, the average is \$4.5 million and it goes all the way up to \$10 million a store, there's a tremendous amount of upside here in this asset. We have the expertise. They hired a great expert. They have 350 people. We have the brand portfolio to bring in the marketplace, and we think that this is absolutely achievable and a great, great asset. But it's the land grab. I think the market is enough focus on that.

If you're not in certain municipalities, you're probably never going to get there, and that's why it's crucial to do this transaction now.

Howard Wells Penney - Hedgeye Risk Management LLC - MD & Sector Head of Restaurants

Does that explain why you were willing to pay a little bit more relative to your prior acquisitions on the EBITDA multiple?

Jonathan Everett Sandelman - Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary

So the way I think about this is you can think about an acquisition, if this was fully up to speed and operating industry average, as you would say, hey, John, this is slightly more than you normally pay. If you think about it the way I do, no one grows 20 grams per square foot. That's that's just not a number that exists in the industry. If we simply get it to what we do or even to 50 grams a square foot, this investment looks so inexpensive. So the question is when I look at an asset, I look at it and I go, what is achievable from this? Sometimes you can increase it 30%, 40%, 50%. Here, we're talking about growing grams per square foot that is 60% less than what we do. We're talking about stores that don't have flower in them. We're talking about they don't make gummy bears.

So we think just by simply growing the flower the way we do, simply making gummy bears simply making concentrate, that we bought this so well. We still pay, Brad, about 4.4 x 22. Is that correct?

Jennifer Adele Drake - Ayr Strategies Inc. - COO

Yes. 4.8.

Brad Asher - Ayr Strategies Inc. - CFO

About -- yes, it's above that.

Jonathan Everett Sandelman - Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary

So I think it's going to look, Howard, in my view, it's going to look very inexpensive in 9 months from now. Very inexpensive. Because it's such a massively underperforming asset with a terrific footprint with cultivation building already built, and it just needs to be tweaked.

Jennifer Adele Drake - *Ayr Strategies Inc. - COO*

And all of these are medical numbers, to say nothing of the upside from recreation in 1 of the biggest states in the country, one of the most important states in the country.

Operator

The next question comes from Greg Gibas from Northland Securities.

Gregory Thomas Gibas - *Northland Capital Markets, Research Division - VP & Senior Research Analyst*

Congrats on these transactions here. Sorry if I missed this, but what assumptions are going into those forward-looking multiple estimates on those 2 transactions? Just noticed you used 2022 estimates and I think just actually in the last question, you were saying, Jen, it assumes kind of medical. But any assumptions that you can share there?

Jennifer Adele Drake - *Ayr Strategies Inc. - COO*

Yes, I'll let Brad walk through some of the specifics, but I think the biggest highlight is that we aren't assuming any medical -- sorry, any recreational contribution to Florida. I think that's to be determined.

We're assuming in Florida that, as John and Brad said earlier, we get basically towards the average of revenues on a dispensary by dispensary basis, which is only about just under \$4 million per store per year for those medical dispensaries in Florida. That's well under what we get in our medical dispensaries in Massachusetts, for example, which is about \$10 million currently. So we feel like we -- and our recreational dispensaries in Nevada are well double -- more than double that. So we have lots of retail skills to bring to bear to push that to happen. And I don't think the move just moving to the average, we don't think is an incredibly heroic ask on our part. And it's really all about having the capacity at cultivation and production. So having the flower, having the gummies, having the concentrates to go into the store. That will drive -- and having them be very high-quality as well, having the quality and availability and choice be what drives that retail growth.

Jonathan Everett Sandelman - *Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary*

Think about it. If your consumer can't depend on you because you only have Flower 4 days a week, and they don't know what day you're going to have it. They are not going to drive to your store. They're going to drive to a store that they know the flower exists.

We just haven't had -- or Liberty hasn't had consistent inventory. It confuses the consumer. But what they have, they sell out. And that's why we think it's tremendous upside. Just deliver a consistent consumer experience so that they can depend on you when they come in the store that you'll have what they want. It's so basic, what we have to do here.

Gregory Thomas Gibas - *Northland Capital Markets, Research Division - VP & Senior Research Analyst*

Right. I mean, it's hard to argue with that, John. I appreciate the color, Jen as well. And I wanted to follow-up on the expansion on the cultivation side. How should, I guess, we think about the timing? And sorry if I missed this as well, but going from that 30,000 to the 105,000. Is that going to be in multiple phases?

Jonathan Everett Sandelman - Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary

So it's not an expansion it's just turning on rooms with the new systems and the new processes, right? So it's room by room. We changed the environment. We changed the airflow we've changed the genetics that they've been planting. They've been planting the wrong genetics for their environment. And we're just taking it room by room and that, as Brad said, we'll bring on more capacity each month.

Jennifer Adele Drake - Ayr Strategies Inc. - COO

And that takes us from that...

Jonathan Everett Sandelman - Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary

Think about this. Jen stop. I think about -- they have, Brad, correct me if I'm wrong, north of 25% crop failures in testing. We have less than 5%.

If we just pass when we put it in to have it analyzed, right? Tested. If we just take it from 25% to our current average there's tremendous upside.

The highest cost you can have in your cultivation is not passing TAF, 25% of the harvest sales. You just take that to our average, that's tremendous upside. And that's what I want to really stress here. The easy wins just by doing the stuff we do every day, makes this a tremendously attractive acquisition, simply doing what we do routinely.

Increasing production, adding the concentrates in Gummy bear, filling our stores 7 days a week and extending out to 42 stores by the end of the year. That's the program. That's why it's great value for the Ayr shareholders next -- sorry, go ahead.

Operator

The next question comes from Pablo Zuanic from Cantor Fitzgerald.

Pablo Ernesto Zuanic - Cantor Fitzgerald & Co., Research Division - Research Analyst

Jon, a very, very simple question. Obviously, 2 very strategic acquisitions, very attractive states. When do you think you have a full plate, right? You've obviously said you're looking at 10 total states. Now you're in 7 I mean pretty much, we assume that nothing else happens for the next 2 years. You have a lot to absorb. Can you comment on that briefly?

Jonathan Everett Sandelman - Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary

So I don't know where you came up with 2 years. But what I would say is that Ayr at this point, is done in acquisitions, except for very small trends, actually, that's a tuck-in in 1 of our states.

Pablo Ernesto Zuanic - Cantor Fitzgerald & Co., Research Division - Research Analyst

Right. Okay. And you talked about the bidding process in Florida has been a little more competitive in New Jersey. I don't know if in words in your mouth, but what are you surprised by the type of bidders that you were competing with in Florida?

I mean, was it more than just the usual suspects in terms of MSOs. Can you just give some color there, if you can?

Jonathan Everett Sandelman - *Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary*

I can't really comment on who the other bidders are but -- so I just can't comment on that question. I'm sorry.

Operator

This concludes the question-and-answer session. I would like to turn the conference back over to John Sandelman for any closing remarks.

Jonathan Everett Sandelman - *Ayr Strategies Inc. - Chairman, President, CEO & Corporate Secretary*

Well, thank you all for listening to us this morning. Hopefully, you can hear in our voices, how enthusiastic and excited we are about creating this footprint.

Again, we bought our original 5 companies we had a view on the market, we paused, we were disciplined. We moved the industry moved from cannabis 1.0 to 2.0 And it's a small cohort of people that can raise over \$100 million there. It's been included that as you see by our recent debt deal, very attractive prices, very good for the Ayr shareholders. Are now has expanded its footprint.

We're following our discipline on the states we want to be in. We talked about 10% or 12%. We're now at 7%. We will pause now we will optimize these assets, bringing the Ayr procedures, the Ayr talent to get the most out of these assets. And we really appreciate the analytical support that's on this phone and the shareholders who have supported us since our existence. And we thank you, happy holiday, and we'll see you next year.

Operator

This concludes today's conference call. You may disconnect your lines. Thank you for participating, and have a pleasant day.

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