



2/4/2025

New Lake Capital Partners (NLCP)

Company update: Overweight

Key Highlights:

- Fall in the stock price due to the IIPR/PharmaCann saga is overdone, in our view. NLCP now 16% disc to NAV.
- NLCP's rental rates (much lower than the \$70 ABR/sq ft paid by PharmaCann to IIPR), and generally a stronger book, makes us expect minimal "ripple effects".
- We see as much as 30% upside a year from now, with the stock back at par and further DPS (120% covered) increases.
- We rate NLCP Overweight.



AFFO/share \$	CY23	CY24e	CY25e	CY26e
1Q	0.45 A	0.52 E	0.52 E	0.52 E
2Q	0.46 A	0.53 E	0.52 E	0.52 E
3Q	0.47 A	0.51 E	0.52 E	0.53 E
4Q	0.51 E	0.52 E	0.52 E	0.52 E
FY	1.89 E	2.09 E	2.08 E	2.10 E
Div/share \$	CY23	CY24e	CY25e	CY26e
1Q	0.39 A	0.40 E	0.43 E	0.45 E
2Q	0.39 A	0.41 E	0.43 E	0.45 E
3Q	0.39 A	0.43 E	0.43 E	0.45 E
4Q	0.39 E	0.43 E	0.45 E	0.45 E
FY	1.56 E	1.67 E	1.74 E	1.80 E
Share price (\$)	\$16.46			
Share count (mn)	20.6			
Market Cap (\$Mn)	338			
Ticker	NLCP			
Rating	Overweight			
Price target	No PT			
Fiscal Year	Dec			

BVPS \$	CY23	CY24e	CY25e	CY26e
1Q	20.06 A	19.70 A	19.66 E	19.27 E
2Q	20.02 A	19.61 A	19.54 E	19.15 E
3Q	19.89 A	19.72 A	19.48 E	19.03 E
4Q	19.78 E	19.73 E	19.39 E	18.89 E
FY	19.78 E	19.73 E	19.39 E	18.89 E
Debt/Eqty	CY23	CY24e	CY25e	CY26e
1Q	0.0% A	0.5% A	1.0% E	2.8% E
2Q	0.7% A	0.5% A	1.9% E	2.8% E
3Q	0.7% A	0.5% A	1.9% E	2.8% E
4Q	0.7% E	0.5% E	2.7% E	2.8% E
FY	0.7% E	0.5% E	2.7% E	2.8% E
Performance	NLCP	MSOS	S&P500	
30d	-7%	-11%	2%	
90d	-13%	-51%	5%	
1yr	-2%	-66%	22%	

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Read for NLCP from IIPR/PharmaCann Saga

We rate NLCP Overweight. We believe the drop in NLCP shares since the IIPR/PharmaCann dispute was disclosed on 12/19/24 has been excessive (NLCP -16%; IIPR -23%). The stock now trades 16% below NAV and pays a 10% dividend yield (120% covered). Factoring a potential increase in the dividend by end of 2025, NLCP shares could represent close to 30% upside (assuming a return to par). As we explain here, while the US cannabis industry is not without challenges, the NLCP book (unlevered mostly) quality is more robust than IIPR's, and its leases have better cash flow coverage (a sign of NLCP's discipline). Also, we note PharmaCann was paying steep rates (\$70 ABR per sq ft) while NLCP's tenants are mostly in the \$30-40 range, so we see low risk of "ripple effects". For more company background, see our [prior note on NLCP released on 12/9/24](#).

On 1/30/25, IIPR disclosed it had reached an agreement with PharmCann (its largest tenant). First, some background, on 12/19/24, IIPR disclosed PharmaCann (see our [note of 12/23/24](#)) had defaulted on six of its 11 leases (the six were cultivation sites in IL, MA, MI, NY, OH, PA); due to cross default provisions, it was also in default on five dispensaries leases in CO. As we noted in our 12/23 report, PharmaCann (IIPR's largest tenant) was paying on average \$70 in annualized rent per sq ft vs. \$36 for its other nine largest tenants. The latter is partly explained by the longevity of some of the PharmaCann leases (steeper terms back then, plus the effect of annual escalation clauses). As per the 1/30/25 press release, the revised terms are as follows:

- Security deposits were used to cover in full the defaulted rent for Dec'24 and Jan'25, on all the properties that were on default.
- Rental rents for nine properties (NY, IL, PA, OH, and CO) reduced by 7% (starting 2/1/25) to \$2.6Mn per month (in total) from \$2.8Mn. The nine properties (four cultivation sites plus the 5 CO stores) comprise 434K sq ft and represent \$223Mn in total invested and committed capital (inclusive of unfunded tenant improvement allowance in the NY lease), or >9% of IIPR's total invested capital as of 3Q24.
- IIPR increased the security deposits for these nine properties (it not disclosed by how much), but PharmaCann will top up the deposits over a 36mo period starting 2/1/27.
- In addition, rent was abated in full for two cultivation properties in MI and MA, equivalent to \$1.3Mn per month (PharmaCann will work with IIPR to transition the leases to new tenants, but after 8/1/25 it will have no further obligations and IIPR will regain full control at that point in the lases have not been transitioned).
- As of the agreement, a) PharmaCann will fortify its balance sheet by raising equity capital (not quantified); b) PharmaCann issued an interest-bearing note (due 2/1/35) to IIPR (\$ amount and rate were not disclosed); c) IIPR will have the right to approve future debt raises by PharmaCann.

- The agreement described above is subject to PharmaCann being able to refinance its existing senior secured credit facility maturing 6/30/25 (\$ amount not disclosed).
- *Note: In total, IIPR's 11 leases with PharmaCann represented 17% of total rental revenues for the three and nine months ended September 30, 2024.*

Our take: Despite IIPR supposedly having most of the negotiating leverage, PharmaCann was able to win some concessions (a 7% cut in the rental rates of four industrial properties and five stores; it also gets to walk away from two tough markets in MA and MI). That said, while we would not minimize those concessions, PharmaCann will still be paying rental rates well above other tenants in the IIPR book (~\$73 ABR per sq ft vs. \$36 on average for its other nine largest tenants). Re IIPR, there could be ripple effects (in folks exiting MA/MI leases, for example), and the whole saga has hurt investment sentiment on the stock.

- We calculate the four industrial properties in IL, NY, OH, and PA, were paying \$78.5 ABR per sq ft (\$2.8Mn per month for the four combined: NY 234K sq ft; IL 66K; OH 58; PA 56K), while the MA/MI properties were paying \$59 (\$1.3Mn: MI 205K sq ft; MA 58K). Assuming the 7% cut does not apply to the CO stores, then the new ABR for the remaining four industrial properties (IL, NY, OH, PA) will now be around \$73. *Note: The NY lease was booked on 12/19/16; the MA lease is from 5/31/18; the other four leases (IL, MI, OH, PA) are from 2019.*
- Given PharmaCann will still be paying much higher ABR, we do not expect an avalanche of rate renegotiations for IIPR with its other tenants. That said, given challenges in markets like MA and MI, we wonder if other tenants may also seek to give up their leases (and their production in those states). But not everyone will walk away, we assume. Other cultivation tenants of IIPR in MA include 4Front Ventures, Ascend, Curaleaf, Curran Highway, and Trulieve... Or maybe some of these will negotiate to walk away? In the case of MI, the IIPR cultivation tenants include Ascend, Cresco, Emerald Growth, Lume Cannabis, and Mitten Extracts.
- In our view, the main damage to IIPR is on investor sentiment. While the stock moved up from \$66 to \$73 once the news broke on 1/30/25, it is still well below the \$95 of 12/19/24 (and well of the \$132 on 11/5/24, before the Presidential election). IIPR loses \$18Mn in annual rental revenue (\$1.3Mn/mo from the MA/MI leases and \$0.2Mn/mo for the cut in the IL, NY, OH, and PA leases), or about 6% of total annualized revenue. Sure, it could have lost 16% of its rental revenue. The dividend seems secure; proforma the 80% payout ratio is now 85% vs. 80% in 3Q24 (it would have been 99% if it had lost all the PharmaCann revenue).



Read across for NLCP. The company stock has taken about a 15% hit since the 12/19/24 IIPR news broke, and moved little on the 1/30/25 IIPR press release. While sectoral sentiment on the MJ sale lease back operators has been impacted from the IIPR/PharmaCann saga, we believe the NLCP stock reaction is overdone (with the stock down -16% since 12/19/24 vs. -23% for IIPR). We say so for several reasons.

- We see less risk in the NLCP book vs. IIPR – more exposure to license-restricted states; more exposure to public companies than private: more exposure to larger operators. Curaleaf, Cresco, and Trulieve are NLCP’s largest tenants, accounting for close to half of rental income.
- As we indicated in our 12/23/24 report, rental rates at NLCP are well below the IIPR average, with most NLCP ABR per sq ft in the \$20-40 range, with the only exceptions being Cannabist (\$48 ABR per sq ft) and Acreage \$43 per sq ft. As of 3Q24 disclosure, the two most expensive leases in the IIPR book were PharmaCann (\$70/sq ft) and Holistic (\$56).
- NLCP focuses on property cash flow before entering lease agreements (this is why NLCP discloses what it calls property EBITDA coverage). On the whole, it could be said NLCP has been more disciplined in structuring leases and has walked away from high cost deals that have poor cash flow coverage.
- At NLCP, PharmaCann only represents 1% of the net real estate value (leases for three stores in MA, OH, and PA).
- There are much older leases in the IIPR book, and those started at much higher cap rates and had larger annual escalators. Yes, IIPR had a first mover advantage 8-9 years ago, but some of their rates are now untenable. In relative terms, the NLCP leases are newer.
- Re NLCP’s two “problem” leases: It was able to execute a workout with Calypso and the company did not miss rent payments. In the case of Revolutionary Clinics, the company went into receivership (even though it had been able to bring in new capital) and NLCP is working with the receiver re next steps (sell/liquidate the asset or, if necessary, re-tenanting the building). In this sense, NLCP believes that by trying to be part of the solution, and working with all parties, it can generally get better value for its shareholders.

NLCP valuation and upside. On the back of strong operating performance, NLCP had been able to erase its discount to NAV pretty much. But since 12/19/24, the stock trades at a discount again (16% discount to NAV compared with a 5% premium for IIPR). On the other hand, the company’s dividend yield of 10.4% is mostly in line with IIPR (10%). Given the lower risk we see in the NLCP book, we would expect the discount to NAV to narrow. A year from now, the dividend and NLCP back to par, could represent >25% upside for shareholders, or close to 30% if the dividend is increased (we model 45c by 4Q24 vs. 43c now). Also, the company has \$10Mn left on its share buyback program (quiet period right now).

- Stocks Performance: Industrial REITS in general (see appendix) are down 7% in the last 90d (and up 3% in the last 30 days), with NLCP -12% (-6%) and IIPR -43% (-8%). Mortgage REITS in general are down 10% in the past 90 days (-3% in the last 30d), while REFI is up 2% (-1%) and AFCG -15% (-1%). During the last 90d, the MSOS ETF is down 51% (-11% last 30d) and the S&P500 is up 5% (+2%).
- Valuation: After trading at par before the IIPR/PharmaCann news broke, at \$16.46 NLCP now trades at a 16% discount to par (BVPS \$19.48 3Q24), and the cash dividend yield is 10.4% (43c x 4), almost 6pt above 10-year Treasuries. The dividend is well covered (120% in 3Q24; the 43c dividend was 84% of AFFO in 3Q24), especially considering the NLCP spread (rental yield close to 13% vs. debt cost of 5.65%), and what we think is a book at less risk of renegotiations (vs. IIPR given the high rates PharmaCann was paying). The weighted average yield is 11.9% (the book has 2.6% annual rent escalations).
- Direct Comps: Post the recent fallout, IIPR, the most direct comp, now pays 10% dividend yield (4 x \$1.80 over \$68.70) and trades at a 5% premium to par (3Q BVPS \$68) vs. a 16% discount to par for NLCP. The two mortgage REITs may not be direct comps (AFCG pays a 16% dividend yield and trades at a 17% discount to par; REFI pays 12% and trades at a 1% premium), but the question remains whether they (i.e., the MJ mortgage REITs) represent better value, especially given the lingering question for the MJ sale lease back operators: without more states going rec (TBD) or big states going med, for the time being, there may be less expansion to fund for the sale leaseback operators (with the mortgage REITs better placed to lend against existing unencumbered real estate assets and BDCs lending against cash flow).
- Non MJ Comps – Industrial REITs not in cannabis: According to FactSet, as shown in the appendix, industrial REITs on average trade at a 63% premium to par (some like EastGroup Properties at ~200%), with very few exceptions below par (Industrial Logistics Properties being one). On average, industrial REITs pay dividend yields of 4.9%.
- Note: Since mid-Sep'24, 10-year Treasury Bill yields have increased from 3.65% to 4.52% (peaked at 4.80% in mid Jan), and this has weighed on "finco" stocks, especially those levered and with mostly fixed rate structures for their tenants. But NLCP only has \$7Mn in debt (\$389Mn in net real estate investments), so this is not a factor for the company, relative to peers.

Table 1: Stocks mentioned in this report

Company name	Ticker	Ticker	Rating
US MSOs			
4Front Ventures		FFNTF	not rated
Ascend Wellness		AAWH	will cover
AYR Wellness		AYRWF	not rated
Cannabist		CCHWF	not rated
Consortium		CNTMF	will cover
Cresco Labs		CRLBF	Overweight
Curaleaf Holdings		CURLF	will cover
GlassHouse Brands		GLASF	not rated
Gold Flora		GRAM	Overweight
Green Thumb Industries		GTBIF	Overweight
Grown Rogue		GRUSF	not rated
Jushi Holdings		JUSHF	Overweight
MariMed		MRMD	Overweight
Planet 13 Holdings		PLNHF	Overweight
Schwazze		SHWZ	will cover
TerrAscend		TSNDF	not rated
TILT Holdings		TLLTF	Neutral
Trulieve Cannabis		TCNNF	not rated
Verano Holdings		VRNOF	Overweight
Vext Science, Inc.		VEXTF	Overweight
Vireo Growth		VREOF	will cover
Finance (MJ) Companies			
AFC Gamma		AFCG	Overweight
Chicago Atlantic BDC		LIEN	will cover
Chicago Atlantic REAF		REFI	Overweight
Innovative Industrial Properties		IIPR	not rated
New Lake Capital Partners		NLCP	Overweight
SHF Holdings		SHFS	not rated

Company name	Ticker	Rating
Canada LPs		
Aurora Cannabis	ACB	Neutral
Auxly Cannabis Group	CBWTF	will cover
Avant Brands	AVTBF	will cover
Avicanna	AVCN	not rated
Ayurcann Holdings	AYURF	will cover
Cannara Biotech	LOVFF	not rated
Canopy Growth Corporation	CGC	will cover
Cronos Group	CRON	not rated
Decibel Cannabis Co	DBCCF	Overweight
Organigram Holdings	OGI	will cover
Rubicon Organics	ROMJF	not rated
SNDL	SNDL	not rated
Tilray Brands	TLRY	Neutral
Village Farms Intl	VFF	Overweight
Other		
Agrify	AGFY	not rated
Cannapresso	TBD	not rated
Cantourage AG	HIGH:FF	not rated
Flora Growth	FLGC	not rated
Grow Generation	GRWG	not rated
Intercure	INCR	not rated
Ispire Technology	ISPR	will cover
Leafly	LFLY	not rated
LFTD Partners Inc.	LIFD	Overweight
Smoores International	SMORF	will cover
Springbig	SBIG	not rated
Urban-gro	UGRO	not rated
WM Technology	MAPS	Neutral

Source: Z&A ratings



Appendix I: Company Financials

4 February 2024

NLCP: Read Across from IIPR/PharmaCann Outcome

Exhibit 1: Balance Sheet

US\$000s														
BALANCE SHEET	CY22	CY23	1Q24	2Q24	3Q24	4Q24e	CY24e	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e
Net real estate	379,738	380,309	385,136	389,481	388,848	385,906	385,906	383,460	384,006	384,520	384,201	384,201	387,799	391,542
Real estate - gross	399,474	412,308	420,202	427,672	430,265	430,765	430,765	431,765	435,765	439,765	442,965	442,965	460,951	479,668
Land	21,427	21,397	21,397	21,717	21,717	0	0	0	0	0	0	0	0	0
Buildings and improvements	378,047	390,911	398,805	405,955	408,548	0	0	0	0	0	0	0	0	0
(-) Accumulated depreciation	-19,736	-31,999	-35,066	-38,191	-41,417	-44,859	-44,859	-48,305	-51,759	-55,245	-58,764	-58,764	-73,153	-88,126
Cash and cash equivalents	45,192	25,843	21,546	20,687	19,833	23,732	23,732	25,043	22,504	20,802	19,903	19,903	11,535	3,000
In-place lease intangible assets, net	21,765	19,779	19,283	18,786	18,290	18,290	18,290	17,794	17,298	16,801	16,305	16,305	14,320	12,335
Loan receivable	5,000	4,833	4,848	4,859	4,872	4,872	4,872	4,872	4,872	4,872	4,872	4,872	4,872	4,872
Property held for sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other assets	2,554	2,528	2,304	2,385	2,736	2,736	2,736	2,736	2,736	2,736	2,736	2,736	2,736	2,736
TOTAL ASSETS	454,249	433,292	433,117	436,198	434,579	435,536	435,536	433,905	431,416	429,731	428,017	428,017	421,261	414,485
Accounts payable and accrued expenses	1,659	1,117	697	921	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253
Revolving credit facility	1,000	1,000	4,000	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,600
Loan payable, net	1,986	1,000	0	0	0	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,396
Dividend and distributions payable	8,512	8,385	8,577	9,009	9,009	8,820	8,820	8,820	8,000	8,000	8,000	8,000	8,000	8,000
Security deposits	7,774	8,616	8,342	8,789	8,995	8,995	8,995	8,995	8,995	8,995	8,995	8,995	8,995	8,995
Rent received in advance	1,375	990	668	784	668	668	668	668	668	668	668	668	668	668
Other liabilities	1,005	227	170	149	130	130	130	130	130	130	130	130	130	130
Interest reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total liabilities	23,311	21,335	22,454	27,252	27,655	30,466	30,466	30,466	29,646	29,646	29,646	29,646	29,646	30,041
Preferred stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Common stock	214	205	205	205	205	205	205	205	205	205	205	205	205	205
Additional paid in capital	455,822	445,289	445,590	446,006	446,466	446,466	446,466	446,466	446,466	446,466	446,466	446,466	446,466	446,466
Accumulated deficit	-32,487	-40,909	-42,479	-44,581	-47,008	-48,862	-48,862	-50,494	-52,162	-53,847	-55,561	-55,561	-62,317	-69,488
Total stockholders equity	423,549	404,585	403,316	401,630	399,663	397,809	397,809	396,177	394,509	392,824	391,110	391,110	384,354	377,183
Non controlling interest	7,389	7,372	7,347	7,316	7,261	7,261	7,261	7,261	7,261	7,261	7,261	7,261	7,261	7,261
TOTAL LIABILITIES AND EQUITY	454,249	433,292	433,117	436,198	434,579	435,536	435,536	433,905	431,416	429,731	428,017	428,017	421,261	414,485
Total net assets	423,549	404,585	403,316	401,630	399,663	397,809	397,809	396,177	394,509	392,824	391,110	391,110	384,354	377,183
NET ASSET VALUE PER SHARE	\$19.78	\$19.73	\$19.66	\$19.54	\$19.48	\$19.39	\$19.39	\$19.31	\$19.23	\$19.15	\$19.07	\$19.07	\$18.74	\$18.39

Source: Z&A estimates, company reports

4 February 2024

NLCP: Read Across from IIPR/PharmaCann Outcome

Exhibit 2: Income Statement

US\$000s														
INCOME STATEMENT	CY22	CY23	1Q24	2Q24	3Q24	4Q24e	CY24e	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e
Total revenue:	44,794	47,304	12,608	12,455	12,554	12,502	50,119	12,416	12,385	12,402	12,405	49,609	49,830	50,299
(+) Rental income	42,365	46,341	12,127	12,253	12,276	12,299	48,955	12,214	12,184	12,200	12,203	48,801	49,021	49,487
(+) Interest income from loans	2,429	521	131	134	134	134	533	134	134	134	134	536	536	536
(+) Fee and reimbursables	0	442	350	68	144	69	631	68	68	68	68	272	273	276
Expenses	-22,218	-22,482	-5,645	-5,502	-5,931	-5,167	-22,067	-5,663	-5,670	-5,702	-5,735	-22,770	-23,101	-24,088
(-) Depreciation and amortization expense	-12,825	-14,264	-3,568	-3,626	-3,726	-3,442	-14,362	-3,942	-3,950	-3,982	-4,014	-15,889	-16,374	-16,958
(-) General and administrative expenses	-9,393	-7,639	-2,055	-1,848	-2,077	-1,725	-7,705	-1,721	-1,719	-1,720	-1,720	-6,880	-6,727	-7,130
compensation expense	-4,576	-4,478	-1,235	-1,150	-1,169	-1,100	-4,654	-1,100	-1,100	-1,100	-1,100	-4,400	-4,236	-4,275
stock-based compensation	-1,493	0	0	0	0	0	0	0	0	0	0	0	0	0
professional fees	-1,575	-1,362	-402	-243	-475	-250	-1,370	-248	-248	-248	-248	-992	-997	-1,157
management internalization costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0
other general and administrative expenses	-1,749	-1,799	-418	-455	-433	-375	-1,681	-372	-372	-372	-372	-1,488	-1,495	-1,698
(-) Loss on sale of real estate	-60	0	0	0	0	0	0	0	0	0	0	0	0	0
Income from operations	22,516	24,655	6,977	6,965	6,635	7,335	28,052	6,753	6,716	6,700	6,671	26,839	26,729	26,210
(+) Interest income	113	0	0	0	0	0	0	0	0	0	0	0	0	0
(-) Interest expense	-273	-379	-83	-128	-177	-252	-640	-269	-269	-269	-269	-1,075	-1,022	-919
(-) Other	0	747	100	81	80	0	261	0	0	0	0	0	0	0
Net Income	22,356	25,023	6,994	6,918	6,538	7,083	27,412	6,484	6,447	6,431	6,402	25,764	25,707	25,291
(-) preferred stock dividends	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(-) non-controlled/non-affiliate investments	-380	-438	-125	-122	-116	-116	-479	-116	-116	-116	-116	-464	-464	-464
Net income attributable to common stockholders	21,976	24,585	6,869	6,796	6,422	6,967	26,933	6,368	6,331	6,315	6,286	25,300	25,243	24,827
Basic EPS	1.03	1.16	0.33	0.33	0.31	0.34	1.32	0.31	0.31	0.31	0.31	1.23	1.23	1.21
FD EPS	1.03	1.14	0.33	0.32	0.31	0.33	1.29	0.30	0.30	0.30	0.30	1.21	1.20	1.18
basic share count (Mn)	21.4	21.2	20.5	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6
diluted share count (Mn)	21.4	21.5	20.9	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0

Source: Z&A estimates, company reports

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NLCP: Read Across from IIPR/PharmaCann Outcome

Exhibit 3: Income statement – AFFO Analysis

US\$000s														
AFFO ANALYSIS	CY22	CY23	1Q24	2Q24	3Q24	4Q24e	CY24e	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e
Net income reconciliation to FFO and AFFO														
Net income attributable to common stockholders	21,976	24,585	6,869	6,796	6,422	6,967	27,054	6,368	6,331	6,315	6,286	25,300	25,243	24,827
Net income attributable to non controlling interests	380	438	125	122	116	116	479	116	116	116	116	464	464	464
Net income attributable to common stockholders	22,356	25,023	6,994	6,918	6,538	7,083	27,533	6,484	6,447	6,431	6,402	25,764	25,707	25,291
Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
real estate depreciation and amortization	12,825	14,264	3,563	3,622	3,722	3,442	14,349	3,942	3,950	3,982	4,014	15,889	16,374	16,958
loss on sale of real estate	60	0	0	0	0	0	0	0	0	0	0	0	0	0
FFO attributable tto common stockholders	35,241	39,287	10,557	10,540	10,260	10,525	41,882	10,426	10,397	10,413	10,416	41,654	42,081	42,249
severance	1,752	0	0	0	0	0	0	0	0	0	0	0	0	0
stock based compensation	1,493	1,439	350	424	449	379	1,602	350	424	449	379	1,602	1,602	1,602
non-cash interest expense	163	282	68	67	67	71	273	68	67	67	71	273	273	273
amortization of straight-line rent expense	12	0	-1	0	-1	0	-2	0	0	0	0	0	0	0
AFFO attributable tto common stockholders	38,661	40,653	10,960	11,019	10,763	10,975	43,755	10,844	10,888	10,929	10,866	43,529	43,956	44,124
per share	1.81	1.89	0.52	0.53	0.51	0.52	2.09	0.52	0.52	0.52	0.52	2.08	2.10	2.10
Dividend	-28,993	-33,058	-8,201	-8,409	-8,820	-8,820	-34,250	-8,000	-8,000	-8,000	-8,000	-31,999	-31,999	-31,999
per share	-1.35	-1.56	-0.40	-0.41	-0.43	-0.43	-1.67	-0.43	-0.43	-0.43	-0.45	-1.74	-1.80	-1.80
% of AFFO	75%	83%	76%	78%	84%	82%	80%	83%	83%	83%	87%	84%	86%	86%
FactSet consensus														
Total revenues														
AFFO per share	na	2.55	0.71	0.73	0.71	0.72	2.91	0.72	0.74	0.74	0.74	2.93	3.14	na
Dividend per share	na	2.11	0.55	0.58	0.60	0.60	2.36	0.61	0.62	0.62	0.62	2.46	2.66	na
payout		83%	78%	79%	84%	83%	81%	84%	84%	84%	85%	84%	85%	na
Total debt	na	3	na	na	na	na	na	na	na	na	na	na	na	na
Equity	na	546	554	552	560	563	563	566	567	570	573	563	544	na
debt/equity	na	0%	na	na	na	na	na	na	na	na	na	na	na	na

Source: Z&A estimates, company reports

Exhibit 4: Cash Flow

US\$000s														
SUMMARY CASH FLOW	CY22	CY23	1Q24	2Q24	3Q24	4Q24e	CY24e	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e
Net income	22,356	25,023	6,994	6,918	6,538	6,967	27,417	6,368	6,331	6,315	6,286	25,300	25,243	24,827
(+) depreciation and amortization	12,825	14,266	3,568	3,626	3,726	3,442	14,362	3,942	3,950	3,982	4,014	15,889	16,374	16,958
(+) adjustments (ex D&A)	2,743	237	128	479	607	0	1,214	0	0	0	0	0	0	0
(-) working capital	99	753	-648	694	218	-189	75	0	-820	0	0	-820	0	0
(+) other	-1,015	-195	0	0	-128	0	-128	0	0	0	0	0	0	0
Net cash provided in operating activities	37,008	40,084	10,042	11,717	10,961	10,220	42,940	10,310	9,461	10,297	10,300	40,369	41,617	41,785
(-) acquisition of real estate	-36,969	-350	0	-3,993	0	0	-3,993	0	0	0	0	0	0	0
(-) tenants improvements	-45,245	-14,434	-7,894	-3,477	-2,593	-500	-14,464	-1,000	-4,000	-4,000	-3,200	-12,200	-17,986	-18,716
(+) other	-4,239	1,949	0	0	0	0	0	0	0	0	0	0	0	0
Net cash used in investing activities	-86,453	-12,835	-7,894	-7,470	-2,593	-500	-18,457	-1,000	-4,000	-4,000	-3,200	-12,200	-17,986	-18,716
(-) debt proceeds (payments)	-800	-1,000	2,000	3,600	0	3,000	8,600	0	0	0	0	0	0	396
(-) dividends	-28,993	-33,058	-8,201	-8,409	-8,820	-8,820	-34,250	-8,000	-8,000	-8,000	-8,000	-31,999	-31,999	-31,999
(+) share issuance (repurchase)	0	-11,807	0	0	0	0	0	0	0	0	0	0	0	0
(+) other	-2,667	-733	-244	-219	-480	0	-943	0	0	0	0	0	0	0
(-) stock options/warrants	0	0	0	-78	78	0	0	0	0	0	0	0	0	0
Net cash provided from financing activities	-32,460	-46,598	-6,445	-5,106	-9,222	-5,820	-26,593	-8,000	-8,000	-8,000	-8,000	-31,999	-31,999	-31,603
Increase in cash and cash equivalents	-81,905	-19,349	-4,297	-859	-854	3,899	-2,111	1,311	-2,539	-1,702	-899	-3,830	-8,368	-8,535
Cash at start of year	127,097	45,192	25,843	21,546	20,687	19,833	25,843	23,732	25,043	22,504	20,802	23,732	19,903	11,535
Cash at end of year	45,192	25,843	21,546	20,687	19,833	23,732	23,732	25,043	22,504	20,802	19,903	19,903	11,535	3,000
Net (debt) cash	42,206	23,843	17,546	13,087	12,233	13,132	13,132	14,443	11,904	10,202	9,303	9,303	935	-7,996
Cash	45,192	25,843	21,546	20,687	19,833	23,732	23,732	25,043	22,504	20,802	19,903	19,903	11,535	3,000
Gross debts/loans/bonds	2,986	2,000	4,000	7,600	7,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,996

Source: Z&A estimates, company reports



Appendix II: Valuation Comps

4 February 2024

NLCP: Read Across from IIPR/PharmaCann Outcome

Exhibit 5: MJ Finco Stocks per Z&A Calculations (different from FactSet)

US\$Mn		3-Feb-25		mn shares	Total Mkt Cap	Financial net debt	Book Value	Prem/Disc to BVPS	Regular DPS	Dividend Yield
		Z&A Spot EV	US\$ price							
MJ Finco Stocks										
Advanced Flower Capital	AFCG	206	\$8.20	22.0	180	-26	\$9.91	-17%	\$0.33	16.1%
Innovative Industrial Properties	IIPR	2,162	\$71.89	28.3	2,037	-125	\$68.70	5%	\$1.80	10.0%
Chicago Atlantic BDC	LIEN	228	\$11.73	22.8	268	39	\$14.15	-17%	\$0.34	11.6%
NewLake Capital Partners	NLCP	326	\$16.46	20.6	339	12	\$19.48	-16%	\$0.43	10.4%
Chicago Atlantic Real Estate Finance	REFI	347	\$15.27	19.6	300	-47	\$15.05	1%	\$0.47	12.3%

Source: FactSet, company reports, and Z&A estimates

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NLCP: Read Across from IIPR/PharmaCann Outcome

Exhibit 6: Industrial REITs and Lenders to the Cannabis Industry

US\$Mn			2/3/25				Mkt				1yF Consensus		Stock Performance		
Company name	Ticker	Listing	Price US\$	Price to BVPS	Div Yield	(mn) Shares	Cap US\$Mn	Debt to Equity	Net (Debt)	Ent Value	EV/Rev	EV/EBITDA	Last 30d	Last 90d	Last 12mo
Industrial REITs				1.63x	4.9%								3%	-7%	-12%
Americold Realty Trust, Inc.	COLD	NYSE	21.50	1.81x	4.1%	283.7	6,098	104%	-3,432	9,530	3.4x	14.3x	0%	-15%	-25%
EastGroup Properties, Inc.	EGP	NYSE	169.16	2.94x	3.2%	47.7	8,069	62%	-1,663	9,732	13.5x	19.1x	5%	-1%	-8%
First Industrial Realty Trust, Inc.	FR	NYSE	53.14	2.67x	2.8%	132.3	7,030	86%	-2,214	9,245	13.0x	19.1x	6%	1%	0%
Innovative Industrial Properties Inc	IIPR	NYSE	71.91	1.06x	10.5%	28.1	2,023	16%	-139	2,162	7.1x	9.1x	8%	-43%	-24%
Industrial Logistics Properties Trust	ILPT	NASDAQ	3.80	0.43x	1.1%	65.8	250	742%	-4,083	4,333	9.6x	N/A	4%	11%	-11%
LXP Industrial Trust	LXP	NYSE	8.27	1.16x	6.4%	293.4	2,425	86%	-1,461	3,887	11.4x	14.2x	2%	-10%	-11%
NewLake Capital Partners, Inc.	NLCP	US OTC	16.46	0.84x	10.3%	20.5	337	1%	24	314	6.2x	N/A	-6%	-12%	-1%
Prologis, Inc.	PLD	NYSE	117.79	2.06x	3.3%	924.4	108,884	60%	-31,275	140,159	16.9x	21.7x	11%	4%	-10%
Plymouth Industrial REIT, Inc.	PLYM	NYSE	16.75	1.74x	5.7%	45.3	758	203%	-858	1,616	7.4x	11.7x	-6%	-17%	-26%
Rexford Industrial Realty, Inc.	REXR	NYSE	40.09	1.11x	4.2%	212.3	8,513	31%	-2,349	10,862	10.1x	14.4x	4%	-6%	-26%
STAG Industrial, Inc.	STAG	NYSE	34.12	1.89x	4.3%	181.7	6,199	82%	-2,666	8,865	10.8x	14.7x	1%	-7%	-10%
Terreno Realty Corporation	TRNO	NYSE	65.47	1.79x	2.9%	87.5	5,728	27%	-690	6,418	14.3x	21.7x	11%	9%	7%
Cannabis "Fincos"															
Advanced Flower Capital Inc.	AFCG	NASDAQ	8.21	0.87x	19.7%	20.46	168	67%	-8	176	3.3x		-1%	-15%	-31%
Innovative Industrial Properties Inc	IIPR	NYSE	71.91	1.06x	10.5%	28.14	2023	16%	-139	2162	7.1x		8%	-43%	-24%
NewLake Capital Partners, Inc.	NLCP	US OTC	16.46	0.84x	10.3%	20.50	337	1%	24	314	6.2x		-6%	-12%	-1%
Chicago Atlantic BDC, Inc.	SSIC	NASDAQ	11.73	0.88x	9.3%	6.21	73	0%	33	40	0.9x		-4%	-10%	52%
SHF Holdings Inc Class A	SHFS	NASDAQ	0.49	0.69x	0.0%	54.56	26	43%	-12	38	na		8%	20%	-52%
Chicago Atlantic Real Estate Finance, In	REFI	NASDAQ	15.28	1.02x	12.3%	18.20	278	24%	-58	336	5.6x		-1%	2%	-5%

Source: FactSet, company reports, and Z&A estimates

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NLCP: Read Across from IIPR/PharmaCann Outcome

Exhibit 7: mREITs and Lenders to the Cannabis Industry

US\$Mn			2/3/25				Mkt				1yF Consensus		Stock Performance		
Company name	Ticker	Listing	Price US\$	Price to BVPS	Div Yield	(mn) Shares	US\$Mn Cap	Debt to Equity	Net (Debt)	Ent Value	EV/Rev	EV/EBITDA	Last 30d	Last 90d	Last 12mo
mREITS				0.71x	13.8%								-3%	-10%	-18%
Arbor Realty Trust Inc	ABR	NYSE	13.44	1.06x	12.8%	188.5	2,533	503%	-10,532	13,065	20.8x	N/A	-3%	-9%	0%
Ares Commercial Real Estate Corporatic	ACRE	NYSE	5.64	0.55x	17.7%	54.1	305	289%	-1,507	1,812	27.4x	18.0x	-4%	-11%	-41%
Advanced Flower Capital Inc.	AFCG	NASDAQ	8.21	0.87x	19.7%	20.5	168	67%	-8	176	3.3x	N/A	-1%	-15%	-31%
Apollo Commercial Real Estate Finance	ARI	NYSE	8.82	0.65x	13.6%	140.6	1,239	366%	-6,729	7,969	28.5x	N/A	2%	0%	-22%
Blackstone Mortgage Trust, Inc. Class A	BXMT	NYSE	17.88	0.80x	12.2%	173.2	3,097	501%	-18,936	22,033	46.7x	18.4x	3%	-2%	-9%
Claros Mortgage Trust, Inc.	CMTG	NYSE	3.25	0.22x	26.2%	138.7	451	271%	-5,463	5,913	26.2x	32.3x	-28%	-49%	-72%
Granite Point Mortgage Trust Inc.	GPMT	NYSE	2.78	0.21x	10.8%	50.6	141	289%	-1,752	1,893	44.4x	N/A	0%	-6%	-50%
KKR Real Estate Finance Trust, Inc.	KREF	NYSE	10.03	0.68x	10.0%	69.3	695	589%	-5,924	6,619	40.9x	17.3x	-1%	-14%	-18%
Ladder Capital Corp. Class A	LADR	NYSE	11.06	0.92x	8.3%	126.9	1,404	250%	-2,790	4,194	14.0x	N/A	-1%	-4%	0%
Chicago Atlantic Real Estate Finance, In	REFI	NASDAQ	15.28	1.02x	12.3%	18.2	278	24%	-58	336	5.6x	N/A	-1%	2%	-5%
Starwood Property Trust, Inc.	STWD	NYSE	19.23	0.99x	10.0%	313.4	6,024	322%	-19,244	25,268	13.1x	14.9x	1%	-3%	-5%
TPG RE Finance Trust, Inc.	TRTX	NYSE	8.38	0.60x	11.5%	77.9	653	281%	-2,832	3,485	22.0x	28.4x	-1%	-4%	38%
Cannabis "Fincos"															
Advanced Flower Capital Inc.	AFCG	NASDAQ	8.21	0.87x	19.7%	20.5	168	67%	-8	176	3.3x		-1%	-15%	-31%
Innovative Industrial Properties Inc	IIPR	NYSE	71.91	1.06x	10.5%	28.1	2,023	16%	-139	2,162	7.1x		8%	-43%	-24%
NewLake Capital Partners, Inc.	NLCP	US OTC	16.46	0.84x	9.5%	20.5	337	1%	24	314	6.2x		-6%	-12%	-1%
Chicago Atlantic BDC, Inc.	SSIC	NASDAQ	11.73	0.88x	8.5%	6.2	73	0%	33	40	0.9x		-4%	-10%	52%
SHF Holdings Inc Class A	SHFS	NASDAQ	0.49	0.69x	NA	54.6	26	43%	-12	38	na		8%	20%	-52%
Chicago Atlantic Real Estate Finance, In	REFI	NASDAQ	15.28	1.02x	12.3%	18.2	278	24%	-58	336	5.6x		-1%	2%	-5%

Source: FactSet, company reports, and Z&A estimates

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NLCP: Read Across from IIPR/PharmaCann Outcome

Exhibit 8: US MSO Valuation Multiples

US\$Mn 3-Feb-25	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			NET DEBT RATIOS				BROADER DEFINITION OF NET DEBT			
							Net Debt/Sales		Net Debt/EBITDA		BDND/Sales		BDND/EBITDA	
	Current	CY25e	CY26e	Current	CY25e	CY26e	Current	CY25	Current	CY25	Current	CY25	Current	CY25
US MSOs	1.4x	1.1x	0.9x	6.7x	5.3x	3.9x								
Ascend Wellness	1.0x	1.0x	1.0x	5.9x	5.0x	4.6x	-0.4x	-0.4x	-2.4x	-2.0x	-0.9x	-0.9x	-5.1x	-4.3x
Ayr Wellness	1.3x	1.2x	1.1x	5.5x	5.1x	4.8x	-0.9x	-0.8x	-3.7x	-3.4x	-1.1x	-1.1x	-4.9x	-4.6x
Cannabist Co	0.9x	0.9x	0.9x	6.9x	5.3x	4.2x	-0.6x	-0.6x	-4.5x	-3.5x	-0.8x	-0.8x	-6.4x	-4.9x
Consortium	1.1x	na	na	3.8x	na	na	-0.5x	na	-1.9x	na	-0.9x	na	-3.1x	na
Cresco Labs	1.3x	1.3x	1.3x	4.7x	5.0x	5.0x	-0.5x	-0.5x	-1.8x	-1.9x	-0.8x	-0.8x	-2.7x	-2.9x
Curaleaf	1.7x	1.6x	1.5x	7.5x	6.4x	5.8x	-0.5x	-0.5x	-2.3x	-1.9x	-0.9x	-0.8x	-3.8x	-3.2x
4Front Ventures	1.9x	na	na	7.2x	na	na	-1.0x	na	-3.9x	na	-1.8x	na	-6.7x	na
Glass House	2.3x	2.8x	2.2x	7.3x	16.5x	10.1x	-0.1x	-0.1x	-0.3x	-0.7x	-0.2x	-0.3x	-0.8x	-1.7x
Gold Flora	1.1x	0.9x	0.8x	12.9x	8.4x	4.8x	-0.3x	-0.2x	-3.6x	-2.4x	-0.9x	-0.7x	-11.0x	-7.2x
Goodness Growth	2.1x	2.1x	na	-122.5x	8.8x	na	-0.5x	-0.5x	29.1x	-2.1x	-0.9x	-0.9x	51.1x	-3.7x
Green Thumb	1.6x	1.5x	1.4x	5.1x	5.1x	4.4x	-0.1x	-0.1x	-0.2x	-0.2x	-0.1x	-0.1x	-0.4x	-0.4x
Grown Rogue	3.1x	na	na	4.1x	na	na	0.2x	na	0.3x	na	0.0x	na	0.1x	na
iAnthus	1.3x	na	na	9.5x	na	na	-1.0x	na	-7.3x	na	-1.0x	na	-7.5x	na
Jushi	1.5x	1.3x	1.2x	8.9x	6.2x	5.5x	-0.7x	-0.6x	-4.0x	-2.8x	-1.2x	-1.1x	-7.4x	-5.2x
MariMed	0.9x	0.8x	0.7x	7.8x	4.5x	3.3x	-0.4x	-0.3x	-3.5x	-2.0x	-0.5x	-0.4x	-4.5x	-2.6x
Planet 13	1.0x	0.9x	0.7x	24.2x	10.2x	5.7x	0.1x	0.1x	3.7x	1.6x	-0.1x	-0.1x	-1.5x	-0.6x
Schwazze	1.1x	1.0x	na	7.8x	3.2x	na	-0.9x	-0.8x	-6.3x	-2.6x	-1.1x	-1.0x	-7.7x	-3.2x
TerrAscend	1.7x	1.7x	1.4x	9.3x	8.3x	5.8x	-0.6x	-0.6x	-3.1x	-2.8x	-1.0x	-1.0x	-5.7x	-5.1x
TILT	1.0x	1.0x	1.0x	-17.9x	88.5x	5.6x	-0.6x	-0.6x	9.9x	-49.0x	-1.0x	-1.0x	17.3x	-85.6x
Trulieve	1.4x	1.3x	1.3x	4.2x	4.0x	3.9x	-0.3x	-0.2x	-0.8x	-0.8x	-0.6x	-0.6x	-1.8x	-1.8x
Verano	1.3x	1.2x	1.1x	4.3x	4.0x	3.7x	-0.4x	-0.4x	-1.4x	-1.3x	-0.8x	-0.7x	-2.5x	-2.4x
Vext	1.7x	1.1x	0.8x	5.4x	4.0x	3.3x	-0.9x	-0.6x	-2.9x	-2.2x	-0.9x	-0.6x	-2.9x	-2.2x

1) Current is based on the latest reported qtr annualized (Sales and EBITDA); 2) We take FactSet consensus estimates for CY25e and CY26e multiples

Source: FactSet, company reports, and Z&A estimates

4 February 2024

NLCP: Read Across from IIPR/PharmaCann Outcome

Exhibit 9: Stock Performance

3-Feb-25			
	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
US MSOs			
Ascend	-13%	-60%	-78%
Ayr	2%	-80%	-88%
Cannabist	-5%	-70%	-87%
Consortium	-7%	-55%	-66%
Cresco	-1%	-40%	-62%
Curaleaf	-17%	-56%	-77%
4Front	-15%	-71%	-90%
GlassHouse	-6%	-30%	-13%
Gold Flora	190%	-6%	-76%
Vireo Growth	-5%	19%	18%
Grown Rogue	-12%	-11%	65%
Green Thumb	-15%	-33%	-50%
iAnthus	31%	-29%	-75%
Jushi	1%	-28%	-64%
MariMed	-5%	-32%	-69%
Planet13	-5%	-35%	-56%
Schwazze	-95%	-99%	-100%
StateHouse	na	na	-74%
Trulieve	-9%	-62%	-56%
TerrAscend	-15%	-48%	-74%
Vext	2%	-17%	-59%
Verano	-2%	-64%	-81%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
Canadian LPs			
Aurora	-18%	-37%	-13%
Avant	111%	26%	-74%
Auxly	34%	7%	201%
Cannara	43%	43%	13%
Canopy	-28%	-60%	-61%
Cronos	-9%	-15%	-15%
Decibel	11%	1%	-45%
Entourage	-13%	-41%	-51%
High Tide	-15%	-9%	40%
Nova	MM/A	MM/A	MM/A
OGI	-10%	-16%	-21%
Rubicon	-28%	-15%	-35%
SNOL	-6%	-20%	21%
Tilray	-25%	-40%	-49%
VFF	-6%	-15%	-18%
CBD			
CVSI	30%	-8%	18%
CWEB	7%	-33%	-45%
LFID	-23%	-38%	-83%
International			
InterCure	1%	-8%	18%
PharmaCielo	6%	30%	152%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
MJ Fincos			
AFCG	-2%	-15%	-32%
CNPOF	0%	-43%	-18%
IIPR	8%	-43%	-24%
NLCP	-7%	-13%	-2%
SHFS	8%	20%	-52%
LIEN	-4%	-10%	52%
REFI	-1%	2%	-5%
Tech			
LFLY	-78%	-80%	-92%
SBIG	40%	-36%	-52%
MAPS	-4%	67%	52%
Vape parts			
GNLN	-17%	-50%	-74%
ISPR	-8%	-19%	-57%
SMORF	0%	8%	108%
TLLTF	77%	-21%	-71%
Index			
S&P 500	2%	5%	22%
S&P 477	3%	2%	11%
Nasdaq	6%	10%	43%
MSOS ETF	-11%	-51%	-66%
YOLO ETF	-9%	-32%	-43%

Source: FactSet



Appendix III: Bio and Disclaimers



Analyst Bio

Pablo Zuanic is a well-known and highly rated equity analyst following the cannabis and psychedelics sector. Over the past five years he launched coverage of over 40 companies in the US, Canada, and overseas (MSOs, LPs, CBD, ancillary, psychedelics), kept close track of sectoral trends, and followed the reform process in the US and elsewhere. His firm Zuanic & Associates publishes equity research on the cannabis and psychedelics sectors, both from a macro/sectoral level in a thematic manner, as well as specific reports on listed stocks. The research service is aimed at institutional investors and corporations. The firm is also available for short-term consulting and research advisory projects. At various points in his career, Pablo was II ranked and called as expert witness in industry investigations. He has a deep global background having covered stocks over the past 20 years in the US, Europe, Latin America, and Asia, across consumer sub sectors. Prior employers include JP Morgan, Barings, and Cantor Fitzgerald. An MBA graduate of Harvard Business School, he started his career as a management consultant, which brings a strategic mindset to his approach to equity research. *Pablo Zuanic can be contacted via the company's portal www.zuanicassociates.com; via email pablo.zuanic@zuanicgroup.com; or via X @420Odysseus.*



Disclosures and Disclaimers

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