



12/9/2024

Chicago Atlantic R.E.F. (REFI)

Company Update: Overweight

Key Highlights:

- Potentially, the most attractive “MJ finco” stock, given its near 14% dividend yield, quality of the loan book, and growth outlook (new loans YTD represent 32% growth over the YE23 loan book balance).
- Also, this is a less volatile way to get exposure to the cannabis sector (MSOS ETF -36% in the last 90 days vs.+2% for REFI).
- We attach our updates estimates post 3Q24.



ADE/share \$	CY23a	CY24e	CY25e	CY26e
1Q	0.62 A	0.49 A	0.57	0.61
2Q	0.55 A	0.49 A	0.58	0.62
3Q	0.57 A	0.56 A	0.59	0.63
4Q	0.52 A	0.56 E	0.60	0.64
FY	2.26 A	2.10 E	2.34	2.49
Reg Div/share	CY23a	CY24e	CY25e	CY26e
1Q	0.47 A	0.47 A	0.47	0.52
2Q	0.47 A	0.47 A	0.47	0.52
3Q	0.47 A	0.47 A	0.47	0.52
4Q	0.47 A	0.47 E	0.47	0.52
FY	1.88 A	1.88 E	1.88	2.08
Share price (\$)	\$16.01		Rating	Overweight
Share count (mn)	18.2		Price target	No PT
Market Cap (\$Mn)	291		Fiscal Year	Dec
Ticker	REFI		Div yield	13.6%

BVPS \$	CY23a	CY24e	CY25e	CY26e
1Q	15.04 A	14.97 A	15.18	15.51
2Q	15.06 A	14.92 A	15.26	15.58
3Q	15.17 A	15.05 A	15.35	15.66
4Q	14.94 A	15.11 E	15.45	15.74
FY	14.94 A	15.11 E	15.45	15.74
Debt/Equity	CY23a	CY24e	CY25e	CY26e
1Q	14% A	28% A	24%	33%
2Q	16% A	26% A	26%	35%
3Q	23% A	18% A	28%	37%
4Q	24% A	22% E	30%	40%
FY	24% A	22% E	30%	40%
Performance		REFI	MSOS	S&P500
30d		5%	-40%	5%
90d		2%	-36%	13%
1yr		3%	-46%	34%

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Company Update

We rate REFI Overweight. REFI has a loan portfolio that is diversified (29 loans) and high yielding (>18% YTM), with only 4.6% in non-accrual (one loan), and provisions of 1.2% of the book (with reversals of about \$0.63/share in the last two quarters). While there has been some degree of turnover due to early repayments, REFI's growth potential is evidenced by YTD new fundings equivalent to almost one third of the YE23 loan principal base. The regular quarterly dividend of 47c per share is well covered (118% in 3Q and on 4Q, as per our estimates), and we expect REFI to pay an extraordinary dividend of 29c in Dec again (for the 3rd straight year in a row), which makes for an attractive 13.6% dividend yield. All this, in a growing and well-managed loan portfolio. The stock trades mostly in line with book value. In terms of the growth outlook, REFI claims a deal pipeline of \$559Mn. Potential legalization of adult-use cannabis in states like PA and VA over the next 18 months (OH began non-med sales on 8/6, and demand should ramp once AU rules are enacted), plus new medical programs in states like KY and AL, and expanded ones in states like GA, bode well for credit demand. REFI has room to lever the B/S (18% gross debt to equity as of Sep'24; could go as high as 100%), although we expect it to remain prudent given regulatory uncertainty (\$54Mn utilized of a US\$150Mn credit facility). Capital for cannabis operators remains constrained, especially with the timing of 280E relief still unclear (ALJ hearing on rescheduling due to start the testimony phase on 1/21/25), which makes for attractive economics for operators like REFI.

Growth potential being realized, albeit partly muted by early repayments. Factoring loans booked subsequent to 3Q24 amounting to \$36.5Mn (\$25Mn to an IL operator; plus loans to existing borrowers and advances on unfunded commitments), and \$75Mn in new fundings for the Jan-Sep period, REFI has funded close to \$112Mn in new loans in 2024 (thru 11/7), which represents a 32% increase on the YE23 base. Clearly, this shows the company's growth potential being realized. Management points to a \$559Mn near-term pipeline under evaluation. On the other hand, some borrowers have chosen to refinance and or move their business elsewhere; factoring loan #11, which was fully paid in Oct (\$28Mn balance, of which \$6Mn was sold), and \$64Mn repayments thru Sep, more than a quarter of the YE23 book has been repaid (most of it earlier than scheduled). In addition, REFI sold \$19Mn in loans in 3Q23.

Brief 3Q24 recap.

- **Book:** During 3Q, new funding amounted to \$32.7Mn, \$42.6Mn in loans were repaid, and \$19Mn in loans were sold (in terms of principal). As a result, the loan book (loans held for investment at carrying value before CECL provisions) dropped by \$27Mn qoq (+\$16Mn yoy) to \$355Mn at the end of 3Q24. YTD (Jan-Sep) new fundings amount to \$76Mn, so about 21% of the book's principal balance as of Sep'24 has been funded this year. As of the end of Sep'24, 39% of the loan book had real estate collateral coverage of less than 1x compared with only 19% at end of CY22 (and 69% of the book was below 1.25x vs. only



17% in 1Q22). The % of the book with risk ratings of 1-2 was 71% in 3Q24 (1: 18%; 2: 53%) vs. 66% in 1Q22 (all 2).

- **Leverage:** The revolving loan balance decreased by ~\$23Mn qoq to \$54Mn (accounting for all the debt). Net debt was \$47Mn. In terms of leverage, gross debt to equity was 18% at the end of 3Q24 vs. 24% YE23 and 22% YE22. So, REFI at present is only tapping about a third of its revolving credit facility of \$150Mn (which was increased from \$100Mn back in Feb'24); the facility carries rate of prime plus a range of 0% - 1.25% (prime is at 7.75%), with a prime rate floor of 3.25%. With the book YTM >18%, this makes for a 900bp spread.
- **Earnings power:** Adjusted distributable earnings of \$11.2Mn (56c per basic share) were up 12% seq. Interest income of \$16.3Mn was 17.7% of the book's average quarterly balance vs. 15.9% in 2Q24. Recurring cash opex (i.e., ex provisions for CECL and other non-cash items) as % of net interest income dropped to 23.5% in 3Q24 vs. 26.1% in 2Q24 (CY23: 28.3%; CY22: 25.1%). Provisions for CECL have been declining, with a reversal in 3Q24 of \$990K; 2Q24 also saw a reversal of \$275K (CY23 -\$940K; CY22 -\$3,887K).
- **Dividend:** At 47c, the current regular dividend per share has been stable since 2Q22. The regular cash dividend in 3Q24 was about 85% of distributable earnings vs. 95% on average in 1H24. In addition to the regular cash dividend, REFI has paid a special cash dividend in the last two Decembers (2022 and 2023) of 29c each time. Altogether, these dividends amount to \$2.17 per annum (0.47c x 4 + 29c), representing a yield of 13.6% (11.7% ex the special dividend) on the current share price of \$16.01, or 9pt above 10-year Treasuries (at 4.15%).

More color on the loan book. At the end of Sep 2024, loans held for investment at carrying value (before CECLR) were \$355Mn for REFI, and \$351Mn after CECLR.

- CECL: The current expected credit loss (CECL) reserve was \$4.1Mn, or 1.2% of the book.
- Past dues and non-accruals: Of the \$355Mn book, \$16.4Mn is in non-accruals (past due more than 90 days); in total, this (loan #9) represented 4.6% of the book. Loan #9 relates to an operator in PA (25K sq ft plus three dispensary licenses). We expect PA to approve rec sales sometime in the next 12 months (see [video link](#) of a call we hosted recently with two State Senators and a State Representative), potentially with rec sales starting by July 2025.
- Loan concentration: REFI disclosed a total of 29 loans outstanding as of Sep 2024 (27 borrowers). In terms of the carrying value balance, four loans accounted for 30% of the book (in order of size: #11 in MD; #2 in MI; #25 in NY; #1 in various states). Seven loans made up for close to 50% of the book, and 11 for close to 80%. Of the 29 loans outstanding as of Sep'24, five were issued in 2024 (\$42Mn).



- **Regional concentration:** The REFI portfolio was spread across 17 states as of Sep'24, with the top 5 states accounting for 61% of the book (MD 14%, PA 12%, MO and OH each 10%, MI 9%). We realize operator quality will vary even within a same state market, but if we define higher risks markets based on below average wholesale prices and subpar retailer economics (rev/store; spreads), we calculate only 17% of the book is in what we deem markets with challenging economics (24% if we include FL, albeit economics there are still well above average given the vertical model, even after the rec ballot not reaching the 60% threshold).
- **Book so far in 4Q24:** After the end of 3Q24 thru 11/7, REFI funded \$36.5Mn in new loans (\$5.5Mn to existing borrowers; advanced \$6Mn from unfunded commitments to loan #32; advanced \$25Mn of a new \$27Mn facility with an IL operator). Separately, loan #11 (\$27.8Mn as of sep'24) was paid in full (\$6Mn was sold, and the remainder was fully repaid). REFI also swapped loan balances with an affiliate (loan #1 -\$6Mn, while #7 increased \$4.5Mn and #20 went up by \$1.5Mn). *Note: Chicago Atlantic BDC (ticker LIEN), the result of a transaction between SSIC and Chicago Atlantic group, is a separate entity from REFI (although part of the same group, hence the term "affiliate" used in the 10-Q).*

Stock performance and valuation. For projection purposes we assume DPS of 47c thru 4Q25, only increasing by 1Q26 to 52c; throughout we assume continued one-time dividends of 29c per share.

- **Performance:** Mortgage REITS in general (see appendix) are flat in the past 90 days (up 2% in the last 30d), while REFI is up 2% (+5%). During the last 90d, the MSOS ETF is down 36% (-40% last 30d) and the S&P500 is up 13% (+5%). Industrial REITS are down 13% in the last 90d (-5% 30d), with IIPR -12% (-19%) and NLCP -3% (+2%).
- **Valuation:** At \$16.01, REFI trades at a 6% premium to PAR (BV \$15.05 for 3Q24), and the regular cash dividend yield is 11.7% (13.6% including the likely 29c special dividend we expect in Dec). The regular dividend coverage (110% taking the average of the last four quarters of distributable earnings per share), plus the portfolio YTM of 18.2% (and spread of 900bp on borrowing costs), makes us think the dividend is secured. About 64% of the portfolio is on variable rates.
- **Comps - Cannabis capital providers:** REFI's most direct comp is AFCG (see our [12/4 report](#)), which has a similar dividend yield and also trades near par. While we also rate AFCG OW, we recognize REFI's loan book is in much better shape (less than 5% in non-accruals) vs. AFCG. Other "MJ finco" comps may be less direct. Sale lease back operators like IIPR and NLCP, pay 7-8% dividend yields (per FactSet), with IIPR trading at 57% premium to BVPS and NLCP trading at par. The MJ BDC (LIEN) pays a 7.8% dividend yield, per FactSet. All in, on track record, growth outlook, and dividend yield, REFI may be the most attractive MJ finco play
- **Comps - mREITs not in cannabis:** According to FactSet, as shown in the appendix, most of these stocks trade at a discount to NAV of 21% on average (Arbor Realty being the main

exception with a 12% premium), while REFI trades at a 6% premium. The average dividend yield for mREITS is 11.7%, per FactSet, which is in line with REFI (before factoring the 29c “standard” extraordinary Dec dividend). We think the REFI relative premium to them (on PBPS) is due to a stronger growth track record, potential for better growth opportunities (given the cannabis industry sales outlook), and much higher YTM (14pt above 10-year Treasuries).

Table 1: Stocks mentioned in this report

Company name	Ticker	Ticker	Rating
US MSOs			
4Front Ventures		FFNTF	not rated
Acreage Holdings		ACRDF	not rated
Ascend Wellness		AAWH	not rated
AYR Wellness		AYRWF	not rated
Cannabist		CCHWF	not rated
Cansortium		CNTMF	will cover
Cresco Labs		CRLBF	Overweight
Curaleaf Holdings		CURLF	will cover
GlassHouse Brands		GLASF	not rated
Gold Flora		GRAM	Overweight
Goodness Growth		GDNSF	not rated
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
StateHouse Holdings Inc		STHZF	not rated
TerrAscend		TSNDF	not rated
TILT Holdings		TLLTF	Neutral
Trulieve Cannabis		TCNNF	will cover
Verano Holdings		VRNOF	Overweight
Vext Science, Inc.		VEXTF	Overweight
Tech			
Leafly		LFLY	not rated
Springbig		SBIG	not rated
WM Technology		MAPS	Neutral
Canada LPs			
Aurora Cannabis		ACB	Neutral
Auxly Cannabis Group		CBWTF	will cover
Avant Brands		AVTBF	will cover
Avicanna		AVCN	not rated
BZAM		BZAMF	not rated
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
Finance Companies			
AFC Gamma		AFCG	Overweight
Chicago Atlantic BDC		LIEN	will cover
Chicago Atlantic REFC		REFI	Overweight
Innovative Industrial Properties		IIPR	not rated
New Lake Capital Partners		NLCP	Overweight
RIV Capital		CNPOF	not rated
SHF Holdings		SHFS	not rated
Other			
Intercure		INCR	not rated
LFTD Partners Inc.		LIFD	Overweight
Ispire Technology		ISPR	will cover
Smoores International		SMORF	will cover

Source: Z&A ratings



Appendix I: Company Financials

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Chicago Atlantic Real Estate Finance: Company Update

Exhibit 1: Financial Highlights

US\$ 000s	Dec FY22	Dec FY23	Mar 1Q24	Jun 2Q24	Sep 3Q24	Dec 4Q24e	Dec FY24e	Mar 1Q25e	Jun 2Q25e	Sep 3Q25e	Dec 4Q25e	Dec FY25e	Dec FY26e
Net interest	48,858	57,147	13,240	13,183	14,459	14,133	55,016	14,365	14,575	14,794	15,022	58,757	62,407
qoq ch %	na	na	-11%	0%	10%	-2%	na	2%	1%	2%	2%	na	na
yoy ch %	na	17%	-11%	-4%	5%	-5%	-4%	9%	11%	2%	6%	7%	6%
<i>guidance</i>													
<i>consensus</i>						13,969	54,590	13,813	14,004	14,259	14,368	56,464	55,950
Profit metrics													
Expenses	-16,565	-18,617	-4,506	-3,999	-3,248	-3,675	-15,428	-3,735	-3,790	-3,773	-3,831	-15,128	-15,914
as % of inv inc		-33%	-34%	-30%	-22%	-26%	-28%	-26%	-26%	-26%	-26%	-26%	-25%
Income from ops	32,292	38,530	8,733	9,184	11,212	10,459	39,588	10,630	10,786	11,022	11,191	43,629	46,493
as % of inv inc		67%	66%	70%	78%	74%	72%	74%	74%	75%	75%	74%	75%
<i>consensus</i>						9,299	37,140	9,583	9,630	9,765	9,617	38,594	39,564
EPS													
EPS	1.82	2.11	0.47	0.46	0.56	0.53	2.02	0.54	0.55	0.56	0.57	2.22	2.37
<i>consensus</i>						0.51	2.07	0.52	0.53	0.54	0.52	2.11	2.13
DPS - regular	1.81	1.88	0.47	0.47	0.47	0.47	1.88	0.47	0.47	0.47	0.47	1.88	2.08
<i>consensus</i>						0.54	1.96	0.48	0.48	0.48	0.56	1.99	2.03
Distributable earnings/share (DEPS)	2.11	2.29	0.50	0.51	0.57	0.56	2.14	0.57	0.58	0.59	0.60	2.34	2.49
Div coverage (DEPS/DPS)	116%	122%	106%	108%	121%	120%	114%	121%	123%	126%	128%	125%	120%
BS & CF highlights													
Equity	264,033	271,853	285,961	292,725	295,467	296,697	296,697	298,099	299,657	301,450	303,414	303,414	309,067
Net cash (debt)	-52,284	-58,102	-74,346	-69,679	-47,240	-54,683	-54,683	-61,566	-68,482	-75,356	-82,261	-82,261	-113,182
cash	5,716	7,898	6,904	7,071	6,760	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
gross debt	58,000	66,000	81,250	76,750	54,000	64,683	64,683	71,566	78,482	85,356	92,261	92,261	123,182
debt to equity	22%	24%	28%	26%	18%	22%	22%	24%	26%	28%	30%	30%	40%
NAV per share	14.86	14.94	14.97	14.92	15.05	15.11	15.11	15.18	15.26	15.35	15.45	15.45	15.74
<i>consensus</i>					15.05	14.96	14.96	15.09	15.11	15.29	15.15	15.15	0.00
NAV per share inc cum. DPS						15.58	15.58	16.12	16.67	17.23	17.80	17.80	20.17
future cumulative DPS						0.47	0.47	0.94	1.41	1.88	2.35	2.35	4.43

Source: Z&A estimates, company reports

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Chicago Atlantic Real Estate Finance: Company Update

Exhibit 2: Income Statement

US\$000s													
INCOME STATEMENT	FY22	FY23	1Q24	2Q24	3Q24	4Q24e	FY24e	1Q25e	2Q25e	3Q25e	4Q25e	FY25e	FY26e
Revenues	48,858	57,147	13,240	13,183	14,459	14,133	55,016	14,365	14,575	14,794	15,022	58,757	62,407
(+) Interest income	51,472	62,900	15,344	15,022	16,259	15,617	62,242	15,898	16,263	16,638	17,020	65,819	72,087
(-) Interest expense	-2,614	-5,753	-2,104	-1,839	-1,799	-1,484	-7,226	-1,533	-1,688	-1,843	-1,998	-7,062	-9,680
(+) Fee and reimbursables													
Expenses	-16,565	-18,617	-4,506	-3,999	-3,248	-3,675	-15,428	-3,735	-3,790	-3,773	-3,831	-15,128	-15,914
(-) Management and incentive fees, net	-6,562	-8,783	-1,755	-1,775	-1,669	-1,625	-6,824	-1,652	-1,676	-1,627	-1,652	-6,608	-6,865
(-) General and administrative expenses	-3,528	-5,260	-1,390	-1,255	-1,254	-1,201	-5,100	-1,221	-1,239	-1,258	-1,277	-4,994	-5,305
(-) Professional fees	-2,152	-2,154	-450	-409	-469	-424	-1,752	-431	-437	-444	-451	-1,763	-1,872
(-) Stock-based compensation	-436	-1,480	-531	-836	-846	-424	-2,637	-431	-437	-444	-451	-1,763	-1,872
(-) Organizational expense	0	0	0	0	0	0	0	0	0	0	0	0	0
(-) Provisions for current expected credit loss	-3,887	-940	-380	275	990	0	885	0	0	0	0	0	0
Income from operations	32,292	38,530	8,733	9,184	11,212	10,459	39,588	10,630	10,786	11,022	11,191	43,629	46,493
(+) Interest income	0	76	-76	0	0	0	-76	0	0	0	0	0	0
(-) Interest expense	0	105	72	0	0	0	72	0	0	0	0	0	0
(-) Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit before tax	32,292	38,710	8,730	9,184	11,212	10,459	39,584	10,630	10,786	11,022	11,191	43,629	46,493
(-) Income tax provision expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Net income	32,292	38,710	8,730	9,184	11,212	10,459	39,584	10,630	10,786	11,022	11,191	43,629	46,493
(-) preferred stock dividends	0	0	0	0	0	0	0	0	0	0	0	0	0
(-) non-controlled/non-affiliate investments	0	0	0	0	0	0	0	0	0	0	0	0	0
Net income attributable to common stockholders	32,292	38,710	8,730	9,184	11,212	10,459	39,584	10,630	10,786	11,022	11,191	43,629	46,493
Basic EPS	1.83	2.14	0.48	0.51	0.62	0.58	2.18	0.58	0.59	0.61	0.62	2.40	2.56
FD EPS	1.82	2.12	0.48	0.51	0.62	0.58	2.18	0.58	0.59	0.61	0.62	2.40	2.56
basic share count (Mn)	17.7	18.1	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2
diluted share count (Mn)	17.7	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2
Regular cash dividend	1.81	1.88	0.47	0.47	0.47	0.47	1.88	0.47	0.47	0.47	0.47	1.88	2.08

Source: Z&A estimates, company reports

Exhibit 3: Adj Distributable Earnings

US\$000s													
INCOME STATEMENT	FY22	FY23	1Q24	2Q24	3Q24	4Q24e	FY24e	1Q25e	2Q25e	3Q25e	4Q25e	FY25e	FY26e
Net income	32,292	38,710	8,730	9,184	11,212	10,459	39,584	10,630	10,786	11,022	11,191	43,629	46,493
Adjustments to net income													
non-cash equity compensation expense	436	1,480	138	836	846	424	2,244	431	437	444	451	1,763	1,872
depreciation and amortization	563	551	167	92	92	150	501	150	150	150	150	600	600
provision for current expected credit loss	3,887	940	96	-275	-990	0	-1,168	0	0	0	0	0	0
change in unrealized (gain) on debt securi	0	-76	0	0	0	0	0	0	0	0	0	0	0
Distributable earnings	37,179	41,501	9,132	9,837	11,159	11,033	41,161	11,211	11,373	11,616	11,792	45,992	48,965
Adjustments to distributable earnings	-1	0	-1	0	0	0	-1	0	0	0	0	0	0
Adj distributable earnings	37,178	41,501	9,131	9,837	11,159	11,033	41,160	11,211	11,373	11,616	11,792	45,992	48,965
Basic - per share	2.11	2.29	0.50	0.51	0.57	0.56	2.14	0.57	0.58	0.59	0.60	2.34	2.49
Diluted - per share	2.09	2.26	0.49	0.49	0.56	0.56	2.10	0.57	0.58	0.59	0.60	2.34	2.49

Source: Z&A estimates, company reports

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Chicago Atlantic Real Estate Finance: Company Update

Exhibit 4: Cash Flow

US\$000s													
SUMMARY CASH FLOW	FY22	FY23	1Q24	2Q24	3Q24	4Q24e	FY24e	1Q25e	2Q25e	3Q25e	4Q25e	FY25e	FY26e
Net income	32,292	38,710	8,730	9,184	11,212	10,459	39,584	10,630	10,786	11,022	11,191	43,629	46,493
(+) adjustments ex PIK	2,012	-67					0					0	0
(-) paid-in-kind interest	-6,920	-6,344					0					0	0
(+) changes in assets and liabilities	-10,379	-58,117	-7,537	4,030	-6,192	-3,248	-12,947	-22	-20	-21	-22	-86	891
(+) other		57,412	12,929	6,292	-235	2,557	21,544	-683	-683	-683	-683	-2,730	-3,021
Net cash provided in operating activities	17,005	31,595	14,122	19,506	4,785	9,768	48,181	9,925	10,083	10,318	10,487	40,813	44,364
(-) net uses	-125,244	-6,173	-21,820	-6,294	26,201	-8,666	-10,580	-8,263	-8,453	-8,647	-8,846	-34,209	-37,466
Net cash used in investing activities	-125,244	-6,173	-21,820	-6,294	26,201	-8,666	-10,580	-8,263	-8,453	-8,647	-8,846	-34,209	-37,466
(-) debt	58,000	8,000	15,250	-4,500	-22,750	10,683	-1,317	6,883	6,915	6,875	6,905	27,578	30,921
(-) dividends	-28,174	-39,112	-8,546	-8,546	-8,546	-8,546	-34,183	-8,546	-8,546	-8,546	-8,546	-34,183	-37,819
(+) share issuance (repurchase)	4,506	7,222	0	0	0	0	0	0	0	0	0	0	0
(+) other	-626	-397					0					0	0
(-) stock options/warrants		0					0					0	0
Net cash provided from financing activities	33,706	-24,286	6,704	-13,046	-31,296	2,137	-35,500	-1,663	-1,630	-1,671	-1,641	-6,605	-6,898
Increase in cash and cash equivalents	-74,533	2,182	-994	167	-310	3,240	2,102	0	0	0	0	0	0
Cash at start of year	80,249	5,716	7,898	6,904	7,071	6,760	7,898	10,000	10,000	10,000	10,000	10,000	10,000
Cash at end of year	5,716	7,898	6,904	7,071	6,760	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Net (debt) cash	-52,284	-58,102	-74,346	-69,679	-47,240	-54,683	-54,683	-61,566	-68,482	-75,356	-82,261	-82,261	-113,182
Cash	5,716	7,898	6,904	7,071	6,760	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Debt	58,000	66,000	81,250	76,750	54,000	64,683	64,683	71,566	78,482	85,356	92,261	92,261	123,182

Source: Z&A estimates, company reports. Note: we assume that under a better cannabis industry landscape, REFI may be willing to take on more leverage.

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Chicago Atlantic Real Estate Finance: Company Update

Exhibit 5: Balance Sheet

US\$000s													
BALANCE SHEET	FY22	FY23	1Q24	2Q24	3Q24	4Q24e	FY24e	1Q25e	2Q25e	3Q25e	4Q25e	FY25e	FY26e
Loans held for investment at carrying value,	335,333	348,668	370,488	376,782	350,582	359,248	359,248	367,510	375,963	384,610	393,456	393,456	430,922
(+) Loans held for investment not related related party	339,274	353,641	375,844	381,863	354,673	363,348	363,348	371,705	380,254	389,000	397,947	397,947	435,840
(-) Current expected credit loss reserve	-3,941	-4,973	-5,356	-5,081	-4,091	-4,100	-4,100	-4,194	-4,291	-4,389	-4,490	-4,490	-4,918
Cash and cash equivalents	5,716	7,898	6,904	7,071	6,760	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Interest receivable	1,204	1,004	927	1,170	484	473	473	481	488	496	503	503	535
Other receivables and assets, net	1,018	706	5,143	629	615	601	601	611	620	629	639	639	679
Related party receivables	0	107	192	839	1,472	1,438	1,438	1,462	1,483	1,506	1,529	1,529	1,624
Other assets	0	0	0	0	6,000	5,865	5,865	5,961	6,048	6,139	6,233	6,233	6,623
Debt securities at fair value	0	842	0	0	0	0	0	0	0	0	0	0	0
TOTAL ASSETS	343,271	359,226	383,655	386,490	365,913	377,625	377,625	386,025	394,602	403,379	412,360	412,360	450,382
Revolving loan	58,000	66,000	81,250	76,750	54,000	64,683	64,683	71,566	78,482	85,356	92,261	92,261	123,182
Dividend payable	13,619	13,867	9,007	9,257	9,268	9,228	9,228	9,228	9,228	9,228	9,228	9,228	10,210
Management and incentives fees payable	3,296	3,244	1,755	1,775	1,669	1,631	1,631	1,658	1,683	1,708	1,734	1,734	1,842
Related party payables	1,398	2,052	1,819	1,950	1,571	1,535	1,535	1,560	1,583	1,607	1,632	1,632	1,733
Accounts payable and other liabilities	1,058	1,135	1,343	1,542	1,358	1,327	1,327	1,349	1,369	1,389	1,411	1,411	1,499
Interest reserve	1,868	1,075	2,520	2,492	2,581	2,523	2,523	2,564	2,602	2,641	2,681	2,681	2,849
Other liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0
Payable for investment purchase	0	0	0	0	0	0	0	0	0	0	0	0	0
Total liabilities	79,238	87,372	97,694	93,765	70,446	80,928	80,928	87,926	94,946	101,929	108,947	108,947	141,315
Preferred stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Common stock	177	182	182	182	182	182	182	182	182	182	182	182	182
Additional paid in capital	268,996	276,946	276,946	276,946	276,946	276,946	276,946	276,946	276,946	276,946	276,946	276,946	276,946
Accumulated deficit	-5,140	-491	-306	332	2,998	4,911	4,911	6,996	9,236	11,712	14,358	14,358	23,032
Total stockholders equity	264,033	276,637	276,822	277,460	280,126	282,039	282,039	284,124	286,364	288,840	291,486	291,486	300,160
Non controlling interest	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL LIABILITIES AND EQUITY	343,271	364,009	374,516	371,225	350,572	362,967	362,967	372,049	381,309	390,769	400,432	400,432	441,475
Total net assets	264,033	276,637	276,822	277,460	280,126	282,039	282,039	284,124	286,364	288,840	291,486	291,486	300,160
NET ASSET VALUE PER SHARE	14.86	15.21	15.22	15.26	15.41	15.51	15.51	15.63	15.75	15.89	16.03	16.03	16.51
debt/equity	22%	24%	29%	28%	19%	23%	23%	25%	27%	30%	32%	32%	41%

Source: Z&A estimates, company reports



Appendix II: Valuation Comps

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Chicago Atlantic Real Estate Finance: Company Update

Exhibit 6: mREITs and Lenders to the Cannabis Industry

US\$Mn			12/6/24				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				0.79x	11.7%								2%	0%	-8%
Arbor Realty Trust Inc	ABR	NYSE	14.31	1.12x	12.0%	188.5	2,698	503%	-10,532	13,230	21.2x	N/A	-4%	7%	9%
Ares Commercial Real Estate Corporatic	ACRE	NYSE	7.06	0.68x	15.3%	54.1	382	289%	-1,507	1,889	27.7x	19.0x	12%	1%	-27%
Advanced Flower Capital Inc.	AFCG	NASDAQ	9.55	1.01x	18.5%	20.5	195	67%	-8	204	3.9x	N/A	-3%	-8%	-18%
Apollo Commercial Real Estate Finance	ARI	NYSE	9.08	0.67x	14.3%	140.6	1,277	366%	-6,729	8,006	30.0x	N/A	2%	-12%	-16%
Blackstone Mortgage Trust, Inc. Class A	BXMT	NYSE	18.74	0.84x	12.4%	173.2	3,246	501%	-18,936	22,182	47.3x	18.6x	2%	3%	-9%
Claros Mortgage Trust, Inc.	CMTG	NYSE	6.17	0.41x	13.8%	138.7	856	271%	-5,463	6,319	27.1x	37.1x	-7%	-21%	-51%
Granite Point Mortgage Trust Inc.	GPMT	NYSE	3.30	0.25x	13.6%	50.6	167	289%	-1,752	1,919	46.5x	N/A	10%	26%	-40%
KKR Real Estate Finance Trust, Inc.	KREF	NYSE	11.32	0.76x	0.0%	69.3	785	589%	-5,924	6,709	40.2x	17.3x	-5%	-7%	-8%
Ladder Capital Corp. Class A	LADR	NYSE	11.80	0.98x	7.8%	126.9	1,498	250%	-2,790	4,288	14.0x	N/A	4%	-1%	7%
Chicago Atlantic Real Estate Finance, Inc.	REFI	NASDAQ	16.01	1.06x	11.7%	18.2	291	24%	-58	349	6.1x	N/A	5%	2%	3%
Starwood Property Trust, Inc.	STWD	NYSE	20.08	1.04x	9.6%	313.4	6,292	322%	-19,244	25,536	13.2x	15.1x	2%	2%	2%
TPG RE Finance Trust, Inc.	TRTX	NYSE	8.98	0.65x	10.7%	77.9	699	281%	-2,832	3,532	22.2x	31.2x	2%	4%	53%
Cannabis "Fincos"															
Advanced Flower Capital Inc.	AFCG	NASDAQ	9.55	1.01x	18.5%	20.5	195	67%	-8	204	3.9x	N/A	-3%	-8%	-18%
Innovative Industrial Properties Inc	IIPR	NYSE	106.68	1.57x	7.0%	28.1	3,002	16%	-139	3,141	9.8x	12.2x	-19%	-12%	25%
NewLake Capital Partners, Inc.	NLCP	US OTC	19.00	0.98x	8.2%	20.5	390	1%	24	366	7.0x	N/A	2%	-3%	42%
Chicago Atlantic BDC, Inc.	SSIC	NASDAQ	12.79	0.96x	7.8%	6.2	79	0%	33	47	1.1x	N/A	-1%	12%	33%
SHF Holdings Inc Class A	SHFS	NASDAQ	0.42	0.59x	NA	54.6	23	43%	-12	34	N/A	N/A	10%	-29%	-56%
Chicago Atlantic Real Estate Finance, Inc.	REFI	NASDAQ	16.01	1.06x	11.7%	18.2	291	24%	-58	349	6.1x	N/A	5%	2%	3%

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

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Chicago Atlantic Real Estate Finance: Company Update

Exhibit 7: Industrial REITs and Lenders to the Cannabis Industry

US\$Mn			12/6/24				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			1.69x										-5%	-13%	-1%
Americold Realty Trust, Inc.	COLD	NYSE	23.13	1.95x	3.8%	283.7	6,562	104%	-3,432	9,994	3.6x	15.2x	-12%	-21%	-19%
EastGroup Properties, Inc.	EGP	NYSE	168.00	2.92x	3.1%	47.7	8,014	62%	-1,663	9,676	13.6x	19.4x	-3%	-9%	-3%
First Industrial Realty Trust, Inc.	FR	NYSE	51.56	2.59x	2.8%	132.3	6,821	86%	-2,214	9,035	13.2x	18.8x	-3%	-8%	4%
Innovative Industrial Properties Inc	IIPR	NYSE	106.68	1.57x	7.0%	28.1	3,002	16%	-139	3,141	9.8x	12.2x	-19%	-12%	25%
Industrial Logistics Properties Trust	ILPT	NASDAQ	3.55	0.40x	1.1%	65.8	234	742%	-4,083	4,317	9.6x	12.8x	-2%	-25%	-11%
LXP Industrial Trust	LXP	NYSE	9.14	1.28x	5.7%	293.4	2,682	86%	-1,461	4,144	12.4x	15.2x	-2%	-10%	0%
NewLake Capital Partners, Inc.	NLCP	US OTC	19.00	0.98x	8.8%	20.5	390	1%	24	366	7.0x	N/A	2%	-3%	42%
Prologis, Inc.	PLD	NYSE	112.00	1.96x	3.3%	924.4	103,532	60%	-31,275	134,806	16.4x	21.0x	-2%	-12%	-6%
Plymouth Industrial REIT, Inc.	PLYM	NYSE	18.54	1.93x	5.1%	45.3	839	203%	-858	1,697	8.3x	12.0x	-9%	-19%	-18%
Rexford Industrial Realty, Inc.	REXR	NYSE	40.03	1.11x	4.1%	212.3	8,500	31%	-2,349	10,849	10.3x	14.6x	-8%	-19%	-23%
STAG Industrial, Inc.	STAG	NYSE	35.79	1.98x	4.1%	181.7	6,503	82%	-2,666	9,168	11.3x	15.3x	-4%	-9%	-1%
Terreno Realty Corporation	TRNO	NYSE	59.37	1.62x	3.1%	87.5	5,194	27%	-690	5,884	13.6x	20.6x	-2%	-13%	2%
Cannabis "Fincos"															
Advanced Flower Capital Inc.	AFCG	NASDAQ	9.55	1.01x	18.5%	20.46	195.37	67%	-8	203.76	3.88	N/A	-3%	-8%	-18%
Innovative Industrial Properties Inc	IIPR	NYSE	106.68	1.57x	7.0%	28.14	3002.07	16%	-139	3140.79	9.82	12.21	-19%	-12%	25%
NewLake Capital Partners, Inc.	NLCP	US OTC	19.00	0.98x	8.8%	20.50	389.57	1%	24	365.83	7.03	N/A	2%	-3%	42%
Chicago Atlantic BDC, Inc.	SSIC	NASDAQ	12.79	0.96x	7.8%	6.21	79.46	0%	33	46.85	1.13	N/A	-1%	12%	33%
SHF Holdings Inc Class A	SHFS	NASDAQ	0.42	0.59x	0.0%	54.56	22.74	43%	-12	34.32	N/A	N/A	10%	-29%	-56%
Chicago Atlantic Real Estate Finance, Inc	REFI	NASDAQ	16.01	1.06x	11.7%	18.20	291.34	24%	-58	349.44	6.07	N/A	5%	2%	3%

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

Exhibit 8: US MSO Valuation Multiples

US\$Mn 7-Dec-24	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			Financial Net Debt				Broadly Defined Net Debt			
							Sales		EBITDA		Sales		EBITDA	
	Current	CY24e	CY25e	Current	CY24e	CY25e	CY24	Current	CY24	Current	CY24	Current	CY24	Current
US MSOs	1.6x	1.5x	1.3x	8.1x	6.2x	5.5x								
Ascend Wellness	1.1x	1.1x	1.1x	6.1x	5.6x	5.0x	-0.4x	-0.4x	-2.2x	-2.4x	-0.9x	-0.9x	-4.7x	-5.1x
Ayr Wellness	0.9x	0.8x	0.8x	3.2x	3.6x	3.3x	-0.8x	-0.8x	-3.4x	-3.0x	-0.7x	-0.7x	-2.9x	-2.6x
Cannabist Co	0.9x	0.9x	0.9x	7.2x	7.0x	5.3x	-0.6x	-0.6x	-4.4x	-4.5x	-0.8x	-0.8x	-6.2x	-6.4x
Consortium	1.1x	1.1x	na	4.1x	4.1x	na	na	na	na	na	na	na	na	na
Cresco Labs	1.3x	1.3x	1.3x	4.7x	4.7x	4.9x	-0.5x	-0.5x	-1.8x	-1.8x	-0.7x	-0.7x	-2.3x	-2.3x
Curaleaf	1.9x	1.9x	1.8x	8.5x	8.5x	7.1x	-0.5x	-0.5x	-2.3x	-2.3x	-0.9x	-0.9x	-3.8x	-3.8x
4Front Ventures	2.0x	2.0x	na	7.5x	7.5x	na	na	-1.0x	na	-3.8x	na	-1.7x	na	-6.5x
Glass House	2.7x	3.6x	na	8.6x	19.8x	na	-0.1x	na	-0.7x	na	-0.3x	-0.2x	-1.7x	-0.8x
Gold Flora	1.0x	1.0x	0.8x	11.8x	55.0x	7.4x	na	-0.3x	na	na	na	-0.9x	na	na
Goodness Growth	1.7x	1.7x	na	-98.1x	7.0x	na	-0.5x	-0.5x	-2.1x	29.1x	-0.9x	-0.9x	-3.7x	51.1x
Green Thumb	1.9x	2.0x	1.9x	6.2x	6.2x	6.2x	-0.1x	-0.1x	-0.2x	-0.2x	-0.1x	-0.1x	-0.4x	-0.4x
Grown Rogue	3.7x	3.7x	na	5.0x	5.0x	na	na	na	na	na	na	na	na	na
iAnthus	1.1x	1.1x	na	5.3x	5.3x	na	na	-0.9x	na	-4.4x	na	-0.9x	na	-4.5x
Jushi	1.5x	1.4x	1.3x	8.8x	7.1x	6.1x	-0.6x	-0.7x	-3.2x	-4.0x	-1.2x	-1.2x	-5.9x	-7.4x
MariMed	1.0x	1.0x	0.8x	8.5x	8.0x	4.9x	-0.4x	-0.4x	-3.3x	-3.5x	-0.5x	-0.5x	-4.2x	-4.5x
Planet 13	1.1x	1.2x	na	26.6x	29.1x	na	0.2x	0.1x	4.0x	3.7x	-0.1x	-0.1x	-1.7x	-1.5x
Schwazze	1.1x	1.1x	na	7.9x	5.3x	na	-0.9x	-0.9x	-4.2x	na	-1.1x	-1.1x	-5.2x	na
TerrAscend	2.0x	1.9x	1.9x	10.7x	9.9x	9.4x	-0.6x	-0.6x	-2.9x	-3.1x	-1.0x	-1.0x	-5.3x	-5.7x
TILT	1.0x	1.0x	1.0x	-17.7x	-17.7x	87.7x	-0.5x	-0.6x	13.0x	9.9x	-0.9x	-1.0x	22.7x	17.3x
Trulieve	1.5x	1.5x	1.4x	4.5x	4.3x	4.4x	-0.3x	-0.3x	-0.7x	-0.8x	-0.6x	-0.6x	-1.8x	-1.8x
Verano	1.3x	1.3x	1.2x	4.5x	4.3x	4.1x	-0.4x	-0.4x	-1.3x	-1.4x	-0.7x	-0.8x	-2.5x	-2.5x
Vext	1.8x	1.8x	na	5.7x	7.5x	na	-0.9x	-0.9x	-3.6x	-2.8x	-0.9x	-0.9x	-3.6x	-2.7x

1) We take FactSet consensus estimates for CY24e and CY25e multiples; 2) By "current", we mean the latest reported qtr annualized

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

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Chicago Atlantic Real Estate Finance: Company Update

Exhibit 9: Stock Performance

7-Dec-24			
	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
US MSOs			
Ascend	-47%	-52%	-69%
Ayr	-77%	-72%	-80%
Cannabist	-53%	-54%	-74%
Consortium	-39%	-45%	-14%
Cresco	-29%	-33%	-42%
Curaleaf	-45%	-40%	-60%
4Front	-49%	-52%	-82%
GlassHouse	-11%	-21%	46%
Gold Flora	-66%	-62%	-70%
Vireo Growth	-21%	-28%	40%
Grown Rogue	8%	15%	161%
Green Thumb	-20%	-11%	-26%
iAnthus	-46%	-64%	-84%
Jushi	-31%	-37%	-58%
MarlMed	-12%	-11%	-51%
Planet13	-30%	-30%	-54%
Schwazze	-49%	-81%	-92%
StateHouse	MM/A	-32%	-18%
Trulieve	-53%	-44%	-9%
TerrAscend	-23%	-33%	-50%
Vext	0%	-24%	-34%
Verano	-57%	-57%	-70%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
Canadian LPs			
Aurora	-27%	-17%	-9%
Avant	-31%	-51%	-87%
Auxly	-21%	-14%	112%
Cannara	1%	17%	-15%
Canopy	-36%	-20%	-48%
Cronos	-8%	-5%	-1%
Decibel	-22%	-4%	-56%
Entourage	13%	7%	-33%
High Tide	16%	76%	111%
Nova	MM/A	MM/A	MM/A
OGI	-14%	-9%	14%
Rubicon	-2%	-25%	-23%
SNOL	-21%	-4%	30%
Tilray	-28%	-21%	-30%
VFF	-14%	-22%	-5%
CBD			
CVSI	-18%	-22%	11%
CWEB	-19%	-18%	-41%
LFID	5%	18%	-76%
International			
InterCure	-16%	-22%	11%
PharmaCielo	34%	63%	169%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
MJ Fincos			
AFCG	-3%	-8%	-18%
CNPOF	-29%	-13%	21%
IIIPR	-19%	-12%	25%
NLCP	2%	-3%	42%
SHFS	10%	-29%	-56%
LIEN	-1%	12%	33%
REFI	5%	2%	3%
Tech			
LFLY	-30%	-32%	-76%
SBIG	-11%	0%	-45%
MAPS	75%	57%	59%
Vape parts			
GNLN	-36%	-66%	-73%
ISPR	0%	-12%	-46%
SMORF	-6%	7%	62%
TLLTF	-46%	-52%	-74%
Index			
S&P 500	5%	13%	34%
S&P 477	3%	1%	21%
Nasdaq	7%	13%	45%
MSOS ETF	-40%	-36%	-46%
YOLO ETF	-22%	-18%	-18%

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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