



8/27/2024

Chicago Atlantic R.E.F. (REFI)

Company Update: Overweight

Key Highlights:

- We attach updated estimates post 2Q24.
- The lower interest rate outlook, ongoing cannabis industry expansion needs combined with the continued capital demand/supply imbalance, all bode well for this leading mortgage REIT.
- Also, this is a less volatile way to get exposure to the cannabis sector (today MSOS ETF was down 13.4% vs. -0.5% for REFI).
- For more color, please see our [initiation report](#).



ADE/share \$	FY22	FY23	FY24	FY25
1Q	0.45 A	0.62 A	0.49 E	0.50 E
2Q	0.50 A	0.55 A	0.49 E	0.50 E
3Q	0.58 A	0.57 A	0.51 E	0.51 E
4Q	0.57 A	0.52 A	0.51 E	0.52 E
FY	2.09 A	2.26 A	2.01 E	2.04 E
Div/share \$	FY22	FY23	FY24	FY25
1Q	0.40 A	0.47 A	0.47 E	0.50 E
2Q	0.47 A	0.47 A	0.47 E	0.50 E
3Q	0.47 A	0.47 A	0.50 E	0.53 E
4Q	0.47 A	0.47 A	0.50 E	0.53 E
FY	1.81 A	1.88 A	1.94 E	2.06 E
Share price (\$)	\$15.95		Rating	Overweight
Share count (mn)	18.2		Price target	No PT
Market Cap (\$Mn)	290		Fiscal Year	Dec
Ticker	REFI			

BVPS \$	FY22	FY23	FY24	FY25
1Q	15.17 A	15.04 A	14.97 E	14.87
2Q	15.13 A	15.06 A	14.92 E	14.85
3Q	15.23 A	15.17 A	14.92 E	14.80
4Q	14.86 A	14.94 A	14.90 E	14.76
FY	14.86 A	14.94 A	14.90 E	14.76
Debt/Equity	FY22	FY23	FY24	FY25
1Q	0% A	14% A	28% E	35%
2Q	17% A	16% A	26% E	38%
3Q	20% A	23% A	29% E	42%
4Q	22% A	24% A	31% E	45%
FY	22% A	24% A	31% E	45%
Performance		REFI	MSOS	S&P500
30d		0%	-20%	3%
90d		3%	-24%	6%
1yr		10%	24%	28%

Pablo Zuanic

ZUANIC & ASSOCIATES

pablo.zuanic@zuanicgroup.com

420Odysseus; www.zuanicassociates.com



Company Update

We attach our updated estimates post the release of 2Q24 results and follow-up calls with REFI management. Big picture, in our view, “MJ finco” stocks (paying low-mid teens dividend yields), like REFI, with attractive growth prospects and only trading at BV or only slightly above, are a way to invest in the US cannabis sector without the volatility faced by the underlying operators (today, on a day the MSOS ETF fell 13.4%, REFI fell 0.5%).

Outlook: REFI claims a deal pipeline of \$508Mn (on a current loan book of \$382Mn). Potential legalization of adult-use cannabis in states like FL and PA over the next 18 months (OH began AU on 7/1), plus new medical programs in states like KY, AL, TX, and expanded ones in states like GA, bode well for credit demand. Capital remains constrained, especially with the timing of 280E relief still unclear (ALJ hearing on rescheduling proposed rule now set for 12/2), notwithstanding some companies halting payments and provisioning without factoring 280E. REFI has room to lever the B/S (26% gross debt to equity at present; could get as high as 100%), although we expect REFI to remain prudent given regulatory uncertainty (\$77Mn utilized of a US\$105Mn credit facility, that can be expanded to \$105Mn). The potential for lower interest rates (82% of the company’s floating rate notes have interest rate floors; 24% of the book is fixed rate) will benefit REFI.

Brief 2Q24 recap. Portfolio YTD drop to 18.7% seq in 2Q24 from 19.4%, but this was in the context of a stronger book (including recent restructurings {better collateral, lower rate} and new loans). While net interest income was down 4% yoy \$13.2Mn, coverage of recurring cash opex improved to 3.3x vs. 2.7x in 2Q23. In part this reflects improved levered deployment - the loan book before credit reserves was up 21% yoy to \$382Mn and leverage increased to 26% from 16%.

- **Earnings power:** Adjusted distributable earnings of \$9.8Mn (51c per basic share) were up 8% seq, and down 3% yoy. Interest income of \$15Mn was 15.9% of the book’s average quarterly balance vs. 16.8% in 1Q24 and 19.1% in 2023. Recurring cash opex (i.e., ex provisions for CECL and other non-cash items) as % of net interest income dropped to 26.1% in 2Q24 vs. 27.2% in 1Q24 (CY23: 28.3%; CY22: 25.1%). Provisions for CECL have been declining, with a reversal in 2Q24 (\$275K vs. -\$380K in 1Q24; CY23 -\$940K; CY22 -\$3,887K).
- **Book:** The loan book (loans held for investment) grew by ~\$70Mn yoy (+\$6Mn qoq) to \$382Mn at the end of Jun’24, which is equivalent to 8% CAGR over the past 24 months. About 24% of the portfolio originated in the last 18 months (1Q23 to 2Q24). We note 34% of the loan book at end of Jun’24 had real estate collateral coverage of less than 1x compared with only 19% at end of CY22 (and 48% of the book was below 1.25x vs. only 17% in 1Q22). The % of the book with risk ratings of 1-2 was 61% in 2Q24 (1: 11%; 2: 50%) vs. 100% in 1Q22.



- **Leverage:** Net debt decreased by over \$4Mn qoq to \$70Mn but remains above the \$58Mn level of YE23 (\$52Mn YE22). In terms of leverage, gross debt to equity was 26% (23% taking net debt) at the end of 2Q24 vs. 24% YE23 and 22% YE22. The company has tapped into its revolving loan (>\$77Mn at the end of Jun'24 vs. \$43Mn in June'23). On 2/29, the company announced it had increased its revolving credit facility to \$150Mn from \$100Mn, at prime plus a range of 0%-1.25% (so, north of 9.5% at present), with a prime rate floor of 3.25%. With the book YTM >19%, this makes for an almost 10% spread.
- **Dividend:** The regular dividend has been stable at 47c per share since 2Q22 (2Q24 DPS of 47c is payable on 7/15 to shareholders of record as of 6/28). In Q24 the regular cash dividend was about 96% of distributable earnings vs. 83% on average for CY23. 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. Combined, the annualized dividends of \$2.17 (0.47c x 4 + 29c) represent a yield of 13.6% (11.8% ex the special dividend), or almost 10pt above 10-year Treasuries (at 3.84%).

Portfolio. At the end of June 2024, loans held for investment at carrying value (before CECLR) were \$382Mn for REFI, and \$377Mn after CECLR.

- CECL: The current expected credit loss (CECL) reserve was \$5.1Mn, or 1.3% of the book.
- Past dues and non-accruals: At REFI, of the \$382Mn book, \$16.5Mn had been placed in non-accruals (and was due more than 90 days) ; in total, this (loan #9) represented 4.3% 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).
- Risk rating mix: REFI had 12% of the book in category 4 (\$45Mn), and zero in 5. At the end of CY22 it had only 4% in category 4 (and none in 5). Category 3 was 27% of the book in June 2024.
- Regional concentration: The REFI portfolio was spread across 17 states as of June 2024, with the top 5 states accounting for 61% of the book (MI 15%, MD 14%, FL 12%, MO and OH each 10%). 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'd calculate only ~25% of the book is in more challenging markets (we do not include FL here, as we see it as more binary depending on the Nov ballot results).
- Loan concentration: REFI disclosed a total of 30 loans outstanding as of June 2024 (a new loan with \$6Mn in future fundings should close in 3Q24). Of the 30 loans, three have been issued in 1H24 for \$18Mn, or 5% of the book. Four loans accounted for 34% of the book (in order of size: #2 in MI; #11 in MD; #1 in various states, and #25 in NY). Seven loans made up for close to 50% of the book, and 14 for close to 80%.

- Newness: More than 23% of the REFI book (~\$89Mn) is from loans made since 1/1/23. Subsequent to end of 2Q24 thru 8/7, it funded \$0.8Mn in loans (\$0.7Mn to loan #18 and \$0.1Mn to loan #21). Loan #21 with a principal of \$6.2Mn was fully repaid.

Stock performance and valuation.

- Performance: Mortgage REITS in general (see appendix) are up 5% in the past 90 days (down 2% in the last 30d), while REFI is up 3% (0%). During the last 90d, the MSOS ETF is down 24% (-20% and the S&P500 is up 6% (3%). Industrial REITS are up 20% in the last 90d (+2% 30d), with IIPR +16% (0%) and NLCP +4% (+4%).
- Valuation: At \$15.95, REFI trades at a 7% premium to PAR (BV \$14.92 for 2Q24), and the regular cash dividend yield is 11.8%. The dividend coverage (113% taking the average of the last four quarters of distributable earnings per share, and 107% for the last two), plus the portfolio YTM of 18.7%, makes us think the dividend is secured. About 76% of the portfolio is on variable rates.
- Comps - Cannabis capital providers: Of the six publicly listed cannabis capital providers five are NASDAQ listed (NLCP is the exception). However, due to poor liquidity, size, and relative newness, some may not provide the right comp at present. AFCG trades at a 33% discount to BV, SHFS -11%, and SSIC -15% (NLCP now trades at 2% above par). IIPR trades at an 80% premium, according to FactSet. In terms of dividend yield, AFCG is the outlier at close to 19% (FactSet), followed by REFI at 11.8% (IIPR 6%; NLCP 8.2%).
- Comps - mREITs not in cannabis: According to FactSet, as shown in the appendix, most of these stocks trade at discounts to NAV (24% on average). Their dividend yields are mostly in the low/mid-teens (13.5%). So, in this sense they seem to more attractively valued than REFI. But we think the REFI relative premium to them is explained by a stronger growth track record, potential for better growth opportunities (given the cannabis industry sales outlook), and much higher YTM (15pt above 10-year Treasuries).
- Stance: We conservatively project the loan book to grow 10% per annum. That, plus the ~12% dividend yield, and a more favorable outlook for REITs in general as the Fed begins to lower interest rates, all underpin our Overweight stance. While there is no guidance, we project the regular cash dividend to increase to 50c by 2H24 (equivalent to a 13% dividend yield).



Appendix I: Company Financials

27 August 2024

Chicago Atlantic Real Estate Finance: Company Update Post 2Q Print

Exhibit 1: Financial Highlights

US\$ 000s	Dec FY22	Dec FY23	Mar 1Q24	Jun 2Q24	Sep 3Q24e	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	13,132	12,929	52,485	12,620	12,748	12,877	13,013	51,259	53,465
qoq ch %	na	na	-11%	0%	0%	-2%	na	-2%	1%	1%	1%	na	na
yoy ch %	na	17%	-11%	-4%	-4%	-13%	-8%	-5%	-3%	-2%	1%	-2%	4%
guidance consensus					14,240	14,464	55,934	14,486	14,585	14,834	14,926	58,941	62,855
Profit metrics													
Expenses	-16,565	-18,617	-4,506	-3,999	-3,611	-3,491	-15,608	-3,344	-3,378	-3,348	-3,383	-13,454	-13,901
as % of inv inc		-33%	-34%	-30%	-28%	-27%	-30%	-27%	-27%	-26%	-26%	-26%	-26%
Income from ops	32,292	38,530	8,733	9,184	9,521	9,438	36,876	9,276	9,370	9,529	9,630	37,805	39,564
as % of inv inc		67%	66%	70%	73%	73%	70%	74%	74%	74%	74%	74%	74%
consensus					9,708	9,824	38,000	9,594	9,748	9,821	9,830	40,956	46,513
EPS													
EPS	1.82	2.11	0.47	0.46	0.49	0.48	1.90	0.47	0.48	0.49	0.49	1.93	2.02
consensus					0.54	0.53	2.09	0.53	0.53	0.54	0.52	2.17	2.57
DPS - regular	1.81	1.88	0.47	0.47	0.47	0.52	1.93	0.52	0.52	0.52	0.52	2.08	1.80
consensus					0.48	0.53	1.95	0.47	0.47	0.47	0.54	1.97	2.18
Distributable earnings/share (DEPS)	2.11	2.29	0.50	0.51	0.51	0.51	2.03	0.50	0.50	0.51	0.52	2.04	2.13
Div coverage (DEPS/DPS)	116%	122%	106%	108%	109%	98%	105%	96%	97%	99%	100%	98%	119%
BS & CF highlights													
Equity	264,033	271,853	285,961	292,725	292,699	292,325	292,325	291,789	291,346	290,475	289,704	289,704	286,487
Net cash (debt)	-52,284	-58,102	-74,346	-69,679	-76,010	-81,619	-81,619	-91,218	-100,758	-110,937	-120,640	-120,640	-163,594
cash	5,716	7,898	6,904	7,071	10,000	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	86,010	91,619	91,619	101,218	110,758	120,937	130,640	130,640	173,594
debt to equity	22%	24%	28%	26%	29%	31%	31%	35%	38%	42%	45%	45%	61%
NAV per share	14.86	14.94	14.97	14.92	14.92	14.90	14.90	14.87	14.85	14.80	14.76	14.76	14.60
consensus					15.07	15.06	15.06	15.20	15.19	15.26	15.05	15.25	0.00
NAV per share inc cum. DPS					15.39	15.89	15.89	16.38	16.88	17.35	17.83	17.83	19.46
future cumulative DPS					0.47	0.99	0.99	1.51	2.03	2.55	3.07	3.07	4.87

Source: Z&A estimates, company reports

27 August 2024

Chicago Atlantic Real Estate Finance: Company Update Post 2Q Print

Exhibit 2: Income Statement

US\$000s													
INCOME STATEMENT	FY22	FY23	1Q24	2Q24	3Q24e	4Q24e	FY24e	1Q25e	2Q25e	3Q25e	4Q25e	FY25e	FY26e
Revenues	48,858	57,147	13,240	13,183	13,132	12,929	52,485	12,620	12,748	12,877	13,013	51,259	53,465
(+) Interest income	51,472	62,900	15,344	15,022	15,011	14,954	60,331	14,747	15,086	15,433	15,788	61,054	66,868
(-) Interest expense	-2,614	-5,753	-2,104	-1,839	-1,879	-2,025	-7,846	-2,127	-2,338	-2,556	-2,775	-9,795	-13,402
(+) Fee and reimbursables													
Expenses	-16,565	-18,617	-4,506	-3,999	-3,611	-3,491	-15,608	-3,344	-3,378	-3,348	-3,383	-13,454	-13,901
(-) Management and incentive fees, net	-6,562	-8,783	-1,755	-1,775	-1,576	-1,552	-6,657	-1,451	-1,466	-1,417	-1,431	-5,765	-5,881
(-) General and administrative expenses	-3,528	-5,260	-1,390	-1,255	-1,248	-1,164	-5,056	-1,136	-1,147	-1,159	-1,171	-4,613	-4,812
(-) Professional fees	-2,152	-2,154	-450	-409	-394	-388	-1,641	-379	-382	-386	-390	-1,538	-1,604
(-) Stock-based compensation	-436	-1,480	-531	-836	-394	-388	-2,149	-379	-382	-386	-390	-1,538	-1,604
(-) 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	0	0	-105	0	0	0	0	0	0
Income from operations	32,292	38,530	8,733	9,184	9,521	9,438	36,876	9,276	9,370	9,529	9,630	37,805	39,564
(+) 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	9,521	9,438	36,873	9,276	9,370	9,529	9,630	37,805	39,564
(-) 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	9,521	9,438	36,873	9,276	9,370	9,529	9,630	37,805	39,564
(-) 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	9,521	9,438	36,873	9,276	9,370	9,529	9,630	37,805	39,564
Basic EPS	1.83	2.14	0.48	0.51	0.52	0.52	2.03	0.51	0.52	0.52	0.53	2.08	2.18
FD EPS	1.82	2.12	0.48	0.51	0.52	0.52	2.03	0.51	0.52	0.52	0.53	2.08	2.18
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	0.50	0.50	1.94	0.50	0.50	0.53	0.53	2.06	2.18

Source: Z&A estimates, company reports

27 August 2024

Chicago Atlantic Real Estate Finance: Company Update Post 2Q Print

Exhibit 3: Adj Distributable Earnings

US\$000s													
INCOME STATEMENT	FY22	FY23	1Q24	2Q24	3Q24e	4Q24e	FY24e	1Q25e	2Q25e	3Q25e	4Q25e	FY25e	FY26e
Net income	32,292	38,710	8,730	9,184	9,521	9,438	36,873	9,276	9,370	9,529	9,630	37,805	39,564
Adjustments to net income													
non-cash equity compensation expense	436	1,480	138	836	394	388	1,756	379	382	386	390	1,538	1,604
depreciation and amortization	563	551	167	92	150	150	559	150	150	150	150	600	600
provision for current expected credit loss	3,887	940	96	-275	0	0	-179	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	10,065	9,976	39,010	9,804	9,902	10,066	10,170	39,942	41,768
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	10,065	9,976	39,009	9,804	9,902	10,066	10,170	39,942	41,768
Basic - per share	2.11	2.29	0.50	0.51	0.51	0.51	2.03	0.50	0.50	0.51	0.52	2.04	2.13
Diluted - per share	2.09	2.26	0.49	0.49	0.51	0.51	2.01	0.50	0.50	0.51	0.52	2.04	2.13

Source: Z&A estimates, company reports

27 August 2024

Chicago Atlantic Real Estate Finance: Company Update Post 2Q Print

Exhibit 4: Cash Flow

US\$000s													
SUMMARY CASH FLOW	FY22	FY23	1Q24	2Q24	3Q24e	4Q24e	FY24e	1Q25e	2Q25e	3Q25e	4Q25e	FY25e	FY26e
Net income	32,292	38,710	8,730	9,184	9,521	9,438	36,873	9,276	9,370	9,529	9,630	37,805	39,564
(+) 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	-2,982	510	-5,980	-120	50	50	641	621	809
(+) other		57,412	12,929	6,292	2,474	-721	20,974	-721	-721	-764	-764	-2,971	-3,144
Net cash provided in operating activities	17,005	31,595	14,122	19,506	9,012	9,227	51,868	8,434	8,698	8,815	9,507	35,455	37,230
(-) net uses	-125,244	-6,173	-21,820	-6,294	-6,252	-5,746	-40,111	-8,942	-9,148	-9,358	-9,573	-37,021	-40,546
Net cash used in investing activities	-125,244	-6,173	-21,820	-6,294	-6,252	-5,746	-40,111	-8,942	-9,148	-9,358	-9,573	-37,021	-40,546
(-) debt	58,000	8,000	15,250	-4,500	9,260	5,609	25,619	9,599	9,540	10,179	9,703	39,021	42,954
(-) dividends	-28,174	-39,112	-8,546	-8,546	-9,091	-9,091	-35,274	-9,091	-9,091	-9,637	-9,637	-37,455	-39,637
(+) 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	169	-3,482	-9,655	508	449	543	66	1,566	3,316
Increase in cash and cash equivalents	-74,533	2,182	-994	167	2,929	0	2,102	0	0	0	0	0	0
Cash at start of year	80,249	5,716	7,898	6,904	7,071	10,000	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	10,000	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	-76,010	-81,619	-81,619	-91,218	-100,758	-110,937	-120,640	-120,640	-163,594
Cash	5,716	7,898	6,904	7,071	10,000	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	86,010	91,619	91,619	101,218	110,758	120,937	130,640	130,640	173,594

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.

27 August 2024

Chicago Atlantic Real Estate Finance: Company Update Post 2Q Print

Exhibit 5: Balance Sheet

US\$000s													
BALANCE SHEET	FY22	FY23	1Q24	2Q24	3Q24e	4Q24e	FY24e	1Q25e	2Q25e	3Q25e	4Q25e	FY25e	FY26e
Loans held for investment at carrying value	335,333	348,668	370,488	376,782	383,034	388,779	388,779	397,721	406,869	416,227	425,800	425,800	466,346
(+) Loans held for investment not related related party	339,274	353,641	375,844	381,863	388,199	394,022	394,022	403,084	412,355	421,839	431,542	431,542	472,634
(-) Current expected credit loss reserve	-3,941	-4,973	-5,356	-5,081	-5,165	-5,242	-5,242	-5,363	-5,486	-5,612	-5,742	-5,742	-6,288
Cash and cash equivalents	5,716	7,898	6,904	7,071	10,000	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	1,165	1,147	1,147	1,120	1,131	1,142	1,154	1,154	1,205
Other receivables and assets, net	1,018	706	5,143	629	626	617	617	602	608	614	621	621	648
Related party receivables	0	107	192	839	836	823	823	803	811	819	828	828	864
Other assets	0	0	0	0	0	0	0	0	0	0	0	0	0
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	395,661	401,366	401,366	410,246	419,419	426,803	438,403	438,403	479,063
Revolving loan	58,000	66,000	81,250	76,750	86,010	91,619	91,619	101,218	110,758	120,937	130,640	130,640	173,594
Dividend payable	13,619	13,867	9,007	9,257	9,223	9,812	9,812	9,812	9,812	9,812	10,401	10,401	10,990
Management and incentives fees payable	3,296	3,244	1,755	1,775	1,768	1,741	1,741	1,699	1,716	1,734	1,752	1,752	1,828
Related party payables	1,398	2,052	1,819	1,950	1,943	1,913	1,913	1,867	1,886	1,905	1,925	1,925	2,009
Accounts payable and other liabilities	1,058	1,135	1,343	1,542	1,536	1,512	1,512	1,476	1,491	1,506	1,522	1,522	1,588
Interest reserve	1,868	1,075	2,520	2,492	2,482	2,444	2,444	2,385	2,409	2,434	2,460	2,460	2,567
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	102,962	109,040	109,040	118,457	128,073	138,328	148,700	148,700	192,576
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	762	1,109	1,109	1,294	1,572	1,465	1,458	1,458	1,385
Total stockholders equity	264,033	276,637	276,822	277,460	277,890	278,237	278,237	278,422	278,700	278,593	278,586	278,586	278,513
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	380,851	387,277	387,277	396,879	406,773	416,921	427,286	427,286	471,089
Total net assets	264,033	276,637	276,822	277,460	277,890	278,237	278,237	278,422	278,700	278,593	278,586	278,586	278,513
NET ASSET VALUE PER SHARE	14.86	15.21	15.22	15.26	15.28	15.30	15.30	15.31	15.33	15.32	15.32	15.32	15.32
debt/equity	22%	24%	29%	28%	31%	33%	33%	36%	40%	43%	47%	47%	62%

Source: Z&A estimates, company reports



Appendix II: Valuation Comps

27 August 2024

Chicago Atlantic Real Estate Finance: Company Update Post 2Q Print

Exhibit 6: mREITs and Lenders to the Cannabis Industry

US\$m			8/27/24				Mkt				1yF Consensus		Stock Performance		
Company name	Ticker	Listing	Price US\$	Price to BVPS	Div Yield	(mn) Shares	US\$m Cap	Debt to Equity	Net (Debt)	Ent Value	EV/Rev	EV/EBITDA	Last 30d	Last 90d	Last 12mo
mREITS				0.76x	13.5%								-2%	5%	-8%
Arbor Realty Trust Inc	ABR	NYSE	13.60	1.06x	12.6%	188.5	2,564	499%	-10,532	13,096	20.3x	N/A	0%	3%	-13%
Ares Commercial Real Estate Corporatic	ACRE	NYSE	7.11	0.67x	16.3%	54.1	385	280%	-1,507	1,892	26.5x	17.4x	-8%	9%	-28%
AFC Gamma, Inc.	AFCG	NASDAQ	10.20	0.67x	18.8%	20.5	209	42%	-8	217	3.8x	N/A	11%	-17%	-21%
Apollo Commercial Real Estate Finance	ARI	NYSE	10.37	0.72x	13.5%	140.6	1,458	343%	-6,729	8,187	26.2x	N/A	-3%	4%	0%
Blackstone Mortgage Trust, Inc. Class A	BXMT	NYSE	18.23	0.79x	13.6%	173.2	3,157	485%	-18,936	22,093	46.5x	17.0x	4%	6%	-14%
Claros Mortgage Trust, Inc.	CMTG	NYSE	8.05	0.52x	12.4%	138.7	1,117	262%	-5,463	6,579	27.5x	33.1x	-16%	15%	-24%
Granite Point Mortgage Trust Inc.	GPMT	NYSE	2.59	0.19x	23.2%	50.6	131	278%	-1,752	1,883	37.5x	N/A	-16%	-12%	-49%
KKR Real Estate Finance Trust, Inc.	KREF	NYSE	11.77	0.77x	11.6%	69.3	815	573%	-5,924	6,740	37.7x	15.1x	3%	25%	1%
Ladder Capital Corp. Class A	LADR	NYSE	12.10	1.01x	7.6%	126.9	1,535	251%	-2,790	4,325	13.4x	N/A	-1%	10%	15%
Chicago Atlantic Real Estate Finance, Inc.	REFI	NASDAQ	15.95	1.07x	11.8%	18.2	290	24%	-58	348	6.0x	N/A	0%	3%	10%
Starwood Property Trust, Inc.	STWD	NYSE	20.51	1.04x	9.4%	313.4	6,426	318%	-19,244	25,669	12.4x	14.9x	3%	9%	4%
TPG RE Finance Trust, Inc.	TRTX	NYSE	8.94	0.64x	10.7%	77.9	696	281%	-2,832	3,528	18.1x	27.7x	-1%	8%	27%
Cannabis "Fincos"															
AFC Gamma, Inc.	AFCG	NASDAQ	10.20	0.67x	18.8%	20.5	209	42%	-8	217	3.8x	N/A	11%	-17%	-21%
Innovative Industrial Properties Inc	IIPR	NYSE	123.16	1.80x	6.0%	28.1	3,466	16%	-139	3,605	11.1x	14.2x	0%	16%	61%
NewLake Capital Partners, Inc.	NLCP	US OTC	19.91	1.02x	7.8%	20.5	408	1%	24	384	7.5x	N/A	4%	4%	57%
Silver Spike Investment Corp.	SSIC	NASDAQ	11.48	0.85x	8.7%	6.2	71	0%	33	39	N/A	N/A	-4%	2%	21%
SHF Holdings Inc Class A	SHFS	NASDAQ	0.62	0.89x	NA	54.6	34	43%	-12	45	N/A	N/A	-7%	-16%	67%
Chicago Atlantic Real Estate Finance, Inc.	REFI	NASDAQ	15.95	1.07x	11.8%	18.2	290	24%	-58	348	6.0x	N/A	0%	3%	10%

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

27 August 2024

Chicago Atlantic Real Estate Finance: Company Update Post 2Q Print

Exhibit 7: Industrial REITs and Lenders to the Cannabis Industry

			8/27/24				Mkt				1yF Consensus		Stock Performance		
US\$Mn			Price	Price to	Div	(mn)	Cap	Debt to	Net	Ent			Last	Last	Last
Company name	Ticker	Listing	US\$	BVPS	Yield	Shares	US\$Mn	Equity	(Debt)	Value	EV/Rev	EV/EBITDA	30d	90d	12mo
Industrial REITS			1.96x										2%	20%	16%
Americold Realty Trust, Inc.	COLD	NYSE	29.47	2.43x	3.0%	283.7	8,359	101%	-3,432	11,791	4.2x	17.8x	0%	14%	-10%
EastGroup Properties, Inc.	EGP	NYSE	186.34	3.28x	2.7%	47.7	8,888	63%	-1,663	10,551	15.5x	22.0x	0%	17%	5%
First Industrial Realty Trust, Inc.	FR	NYSE	56.74	2.89x	2.4%	132.3	7,506	87%	-2,214	9,720	14.1x	20.5x	6%	23%	10%
Innovative Industrial Properties Inc	IIPR	NYSE	123.16	1.80x	6.0%	28.1	3,466	16%	-139	3,605	11.1x	14.2x	0%	16%	61%
Industrial Logistics Properties Trust	ILPT	NASDAQ	5.13	0.55x	0.8%	65.8	337	702%	-4,083	4,421	9.8x	13.0x	0%	38%	28%
LXP Industrial Trust	LXP	NYSE	10.32	1.42x	5.0%	293.4	3,027	84%	-1,461	4,488	13.0x	16.3x	-1%	23%	7%
NewLake Capital Partners, Inc.	NLCP	US OTC	19.91	1.02x	8.2%	20.5	408	1%	24	384	7.5x	N/A	4%	4%	57%
Prologis, Inc.	PLD	NYSE	128.94	2.24x	2.8%	924.4	119,191	60%	-31,275	150,466	18.6x	23.6x	5%	23%	5%
Plymouth Industrial REIT, Inc.	PLYM	NYSE	24.41	2.33x	3.8%	45.3	1,104	187%	-858	1,963	9.4x	14.3x	1%	20%	8%
Rexford Industrial Realty, Inc.	REXR	NYSE	52.21	1.45x	3.1%	212.3	11,087	31%	-2,349	13,436	13.1x	18.2x	6%	19%	-1%
STAG Industrial, Inc.	STAG	NYSE	40.21	2.19x	3.7%	181.7	7,306	81%	-2,666	9,971	12.5x	17.0x	-1%	16%	11%
Terreno Realty Corporation	TRNO	NYSE	70.17	1.96x	2.6%	87.5	6,139	27%	-690	6,829	16.4x	25.0x	2%	25%	17%
Cannabis "Fincos"															
AFC Gamma, Inc.	AFCG	NASDAQ	10.20	0.67x	18.8%	20.46	208.67	42%	-8	217.06	3.85	N/A	11%	-17%	-21%
Innovative Industrial Properties Inc	IIPR	NYSE	123.16	1.80x	6.0%	28.14	3465.83	16%	-139	3604.55	11.14	14.17	0%	16%	61%
NewLake Capital Partners, Inc.	NLCP	US OTC	19.91	1.02x	8.2%	20.50	408.20	1%	24	384.47	7.51	N/A	4%	4%	57%
Silver Spike Investment Corp.	SSIC	NASDAQ	11.48	0.85x	4.2%	6.21	71.32	0%	33	38.71	N/A	N/A	-4%	2%	21%
SHF Holdings Inc Class A	SHFS	NASDAQ	0.62	0.89x	0.0%	54.56	33.82	43%	-12	45.40	N/A	N/A	-7%	-16%	67%
Chicago Atlantic Real Estate Finance, Inc	REFI	NASDAQ	15.95	1.07x	11.8%	18.20	290.15	24%	-58	348.26	6.01	N/A	0%	3%	10%

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

27 August 2024

Chicago Atlantic Real Estate Finance: Company Update Post 2Q Print

Exhibit 8: US MSO Valuation Multiples

US\$Mn 27-Aug-24	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			Financial Net Debt				Broadly Defined Net Debt			
							Sales		EBITDA		Sales		EBITDA	
	2023	2024	2025	2023	2024	2025	CY24	Current	CY24	Current	CY24	Current	CY24	Current
US MSOs	1.8x	1.7x	1.5x	11.1x	10.6x	7.4x								
Acreage Holdings	0.3x	1.1x	na	2.8x	5.7x	na	-0.8x	-0.9x	-4.2x	-8.1x	-1.0x	-1.1x	-4.9x	-9.5x
Ascend Wellness	1.3x	1.2x	1.1x	6.4x	6.0x	5.2x	-0.4x	-0.4x	-2.1x	-2.0x	-0.8x	-0.8x	-4.1x	-4.0x
Ayr Wellness	1.2x	1.1x	1.0x	4.9x	4.9x	4.0x	-0.8x	-0.8x	-3.4x	-3.4x	-0.7x	-0.7x	-3.0x	-3.0x
Cannabist Co	0.8x	0.9x	0.9x	6.2x	6.2x	4.9x	-0.6x	-0.5x	-3.9x	-3.3x	-0.7x	-0.7x	-4.9x	-4.2x
Consortium	1.2x	na	na	3.5x	na	na	na	na	na	na	na	na	na	na
Cresco Labs	0.7x	0.7x	0.7x	3.2x	2.6x	2.5x	-0.5x	-0.5x	-1.9x	-2.0x	-0.7x	-0.7x	-2.6x	-2.8x
Curaleaf	2.9x	2.8x	2.6x	13.0x	12.4x	10.2x	0.0x	0.0x	0.0x	0.0x	-1.3x	-1.3x	-5.6x	-8.6x
4Front Ventures	1.8x	2.0x	na	17.7x	na	na	-0.9x	-0.9x	na	-5.7x	-1.5x	-1.5x	na	-9.7x
Glass House	5.0x	3.8x	na	32.7x	19.4x	na	-0.1x	na	-0.6x	na	-0.4x	-0.4x	-1.8x	-1.8x
Gold Flora	0.9x	0.8x	0.7x	na	45.7x	5.2x	na	-0.3x	na	na	na	-0.9x	na	na
Goodness Growth	0.9x	0.8x	na	4.6x	3.4x	na	-0.5x	-0.5x	-2.2x	-1.8x	-0.6x	-0.6x	-2.5x	-2.1x
Green Thumb	2.3x	2.2x	2.0x	7.6x	6.8x	6.5x	-0.1x	-0.1x	-0.3x	-0.3x	-0.1x	-0.1x	-0.4x	-0.4x
Grown Rogue	4.1x	na	na	17.4x	na	na	na	na	na	na	na	na	na	na
iAnthus	1.5x	na	na	na	na	na	na	-0.8x	na	-7.5x	na	-0.9x	na	-8.0x
Jushi	1.5x	1.5x	1.3x	9.7x	6.9x	6.0x	-0.7x	-0.7x	-3.1x	-8.4x	-1.1x	-1.1x	-5.2x	-13.9x
MariMed	1.2x	1.1x	0.9x	7.1x	8.9x	4.9x	-0.4x	-0.4x	-3.2x	-2.6x	-0.5x	-0.5x	-4.0x	-3.3x
Planet 13	1.8x	1.4x	1.0x	-7.5x	15.3x	6.2x	0.1x	0.2x	1.6x	20.0x	0.0x	0.0x	0.2x	2.6x
Schwazze	1.0x	1.0x	na	3.3x	4.8x	na	-0.8x	-0.7x	-3.7x	-2.4x	-0.9x	-0.8x	-4.3x	-2.8x
StateHouse	1.9x	na	na	na	na	na	na	-1.1x	na	-57.5x	na	-1.8x	na	-92.6x
TerrAscend	4.3x	4.4x	4.2x	19.9x	21.5x	18.7x	-0.8x	-0.7x	-4.1x	-2.7x	-1.6x	-1.4x	-8.0x	-5.3x
TILT	0.7x	0.9x	0.7x	54.6x	na	18.4x	-0.5x	-0.3x	20.8x	-7.0x	-0.9x	-0.6x	37.1x	-12.6x
Trulieve	2.0x	1.9x	1.8x	7.1x	5.8x	5.8x	-0.5x	-0.5x	-1.4x	-1.7x	-0.5x	-0.6x	-1.6x	-2.1x
Verano	1.8x	1.8x	1.7x	5.5x	5.9x	5.3x	-0.3x	-0.3x	-0.9x	-0.7x	-0.6x	-0.5x	-1.9x	-1.5x
Vext	2.1x	1.9x	na	13.0x	8.5x	na	-0.9x	-1.1x	-4.1x	-8.1x	-0.9x	-1.1x	-4.1x	-8.1x

1) By "current", we mean the latest reported qtr annualized; 2) Multiples calculated using FactSet consensus (when available) for 2023, 2024, and 2025

3) As there are no consensus estimates for Consortium, Grown Rogue, iAnthus, and StateHouse, we take "current" sales for each of them

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

27 August 2024

Chicago Atlantic Real Estate Finance: Company Update Post 2Q Print

Exhibit 9: Stock Performance

27-Aug-24			
	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
US MSOs			
AAWH	-13%	-11%	88%
ACRDF	-37%	-36%	5%
AYRWF	-30%	-31%	90%
CBSTF	10%	-14%	-47%
CNTMF	-6%	-18%	106%
CRLBF	-7%	-19%	42%
CURLF	-32%	-42%	-6%
CXXIF	-18%	-33%	-11%
FFNTF	-53%	-47%	-53%
GLASF	10%	0%	122%
GRAMF	-35%	-56%	-37%
GDNSF	-10%	-33%	327%
GRUSF	-9%	-14%	243%
GTBIF	-15%	-13%	40%
ITHUF	-11%	-23%	-2%
JUSHF	-11%	-19%	38%
LOWLF	-10%	-77%	-95%
MRMD	24%	-14%	-32%
PLNH	16%	-4%	11%
SHWZ	-48%	-76%	-84%
STHZF	2428%	69%	-16%
TCNNF	-14%	-14%	142%
TLTFF	-18%	-55%	-45%
TSNDF	-17%	-21%	-25%
VEXTF	-3%	-8%	8%
VRNOF	-19%	-20%	22%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
Canadian LPs			
ACB	5%	-2%	39%
AVTBF	-2%	-25%	-73%
BZAMF	-12%	-34%	-85%
CBWTF	14%	-4%	131%
CGC	-24%	-34%	43%
CRON	-9%	-18%	30%
DBCCF	17%	-27%	-60%
ETRGF	10%	-27%	-29%
HITI	1%	-20%	52%
LOVFF	23%	8%	-26%
NVACF	35%	37%	215%
OGI	12%	4%	32%
ROMJF	12%	16%	3%
SNDL	-13%	-12%	24%
TLRY	-4%	-3%	-25%
VFF	-11%	-14%	35%
Cannabis - International			
CLVR	-100%	-14%	-35%
IMCC	16%	-100%	-100%
INCR	-12%	-10%	44%
LGPPF	na	na	na
PCLOF	-19%	20%	60%
Tech			
LFLY	-17%	11%	-69%
SBIG	-53%	-59%	-71%
MAPS	-7%	2%	-19%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
MJ Fincos			
AFCG	11%	-17%	-21%
CNPOF	53%	29%	27%
IIPR	0%	16%	61%
NLCP	4%	4%	57%
PW	22%	119%	51%
SHFS	-12%	-20%	59%
SSIC	-4%	2%	21%
REFI	0%	3%	10%
Pix & Shovel			
AGFY	-8%	-18%	-89%
GRWG	-18%	-23%	-25%
HYFM	-22%	-35%	-43%
SMG	1%	10%	38%
UGRO	-7%	-14%	24%
Vape parts			
GNLN	105%	8%	-25%
ISPR	-2%	-6%	-27%
SMORF	0%	12%	23%
TLLTF	-18%	-55%	-45%
Index			
S&P 500	3%	6%	28%
S&P 477	5%	8%	16%
Nasdaq	6%	18%	35%
MSOS ETF	-20%	-24%	24%
YOLO ETF	-10%	-18%	27%

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, Canada, Germany, Australia, 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 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. Now, more than a year since its inception, the firm has collaborated with over 25 companies (in North America and overseas; plant touching and service providers; public and private), both on an on-going basis as well for specific projects. At various points in his career, Pablo Zuanic 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 at pablo.zuanic@zuanicgroup.com; or via X @420Odysseus.*



Disclosures and Disclaimers

About the firm: Zuanic & Associates is a domestic limited liability company (LLC) registered in the state of New Jersey. The company's registered address is Five Greentree Centre, 525 Route 73, N Suite 104, Marlton, New Jersey 08053, USA. Pablo Zuanic is the registered agent. The firm publishes equity research on selected stocks in the cannabis and psychedelics sector, as well as thematic macro industry notes. The firm also provides consulting, research, and advisory services. Potential conflicts of interest are duly reflected in the respective specific company reports.

Analyst Certification: The publishing analyst, whose name appears on the front page of this report, certifies that the views expressed in this independent research report accurately reflects his personal views about the subject securities or issuers discussed in this report. His opinions and estimates are based on his best judgement at the time of publication and are subject to change without notice. As per the company's policy, the author of this report does not own shares in any company he covers.

Other: This report is for use by professional and or institutional investors only, and it is deemed impersonal investment advice, published on a bona fide and regular basis. This report is for informational purposes only and is based on publicly available data believed to be reliable, but no representation is made whether such data are accurate or complete. As such, this report should not be regarded by its recipients as a substitute for obtaining independent investment advice and/or exercise of their own judgement. When making an investment decision this information should be viewed as just one factor in the investment decision process. Neither the publishing analyst, nor any of the company's officers and directors, accept any liability for any loss or damage arising out of the use of all or any part of the analyst's research.

Risks: The financial instruments mentioned in this report may not be suitable for all investors and investors must make their own investment decisions based on their specific investment objectives. Past performance should not be taken as an indication or guarantee of future performance. The price, value of and income from, any of the financial instruments featured in this report can rise as well as fall and be affected by changes in political, financial, and economic factors. If a financial instrument is denominated in a currency other than the investor's currency, a change in exchange rates may adversely affect the price or value of, or income derived from, the financial instrument, and such investors effectively assume currency risk.

Disclosure: Zuanic & Associates offers advisory and research services, and it also organizes investor events and conferences. The firm is often engaged by various operators in the cannabis industry (both plant touching companies and those providing services, private and public, in North America and overseas) on an ongoing or ad hoc basis. The company discussed in this report is a paying customer of the services provided by the firm.

Copyright: No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of the author.