



NOVA NET LEASE REIT

# NOVA NET LEASE REIT

Real Estate Investment Trust

Corporate Presentation

September 2022

*(CSE:NNL.U) (OTCQB:NNLRF)*

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The material assumptions upon which forward-looking statements in this presentation are based include, among others, assumptions with respect to: the continuing expansion of the cannabis industry, the continuing increasing demand for cannabis products, the continuing ongoing legalization of cannabis and related products, the REIT’s ability to access financing on favorable terms to continue with its expansion plans and develop its business; NOVA’s ability to obtain or maintain the required regulatory approvals; the REIT’s ability to attract and retain customers; the continuation of executive and operating management or the non-disruptive replacement of them on competitive terms; and stable market and general economic conditions. The REIT makes no representation that reasonable business people in possession of the same information would reach the same conclusions. Although the REIT believes that the assumptions underlying forward-looking statements are reasonable, they may prove to be incorrect and we cannot assure that actual results will be consistent with such statements. Given these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements or the information contained in such statements.

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**All figures in US Dollars, unless otherwise stated.**



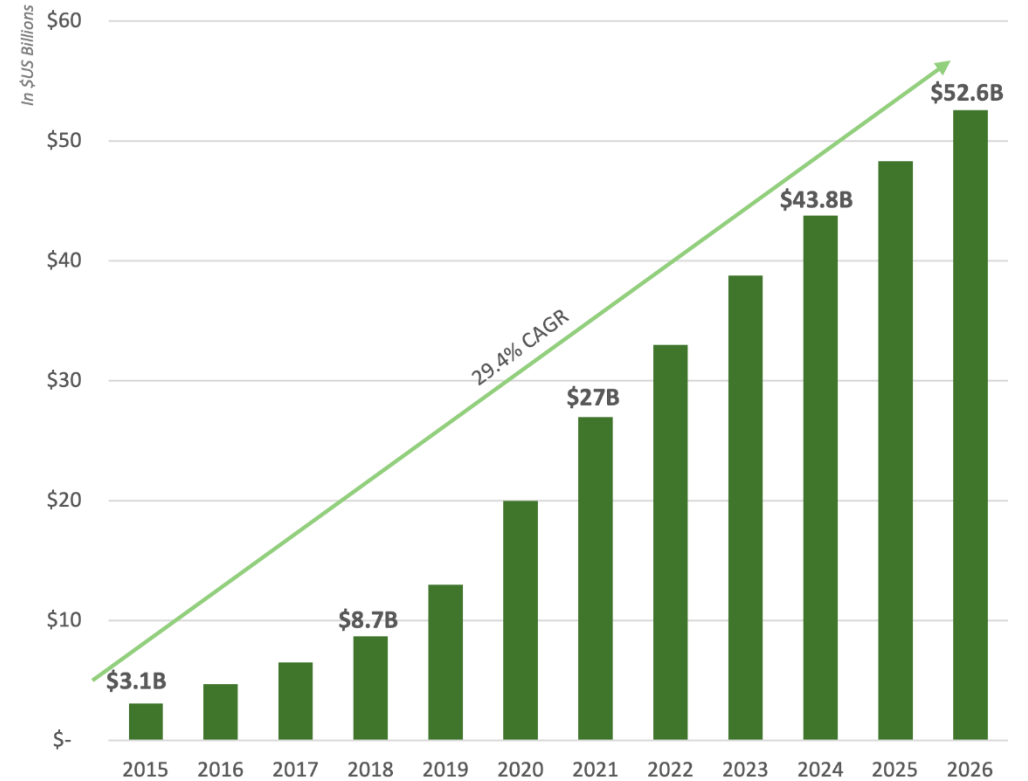
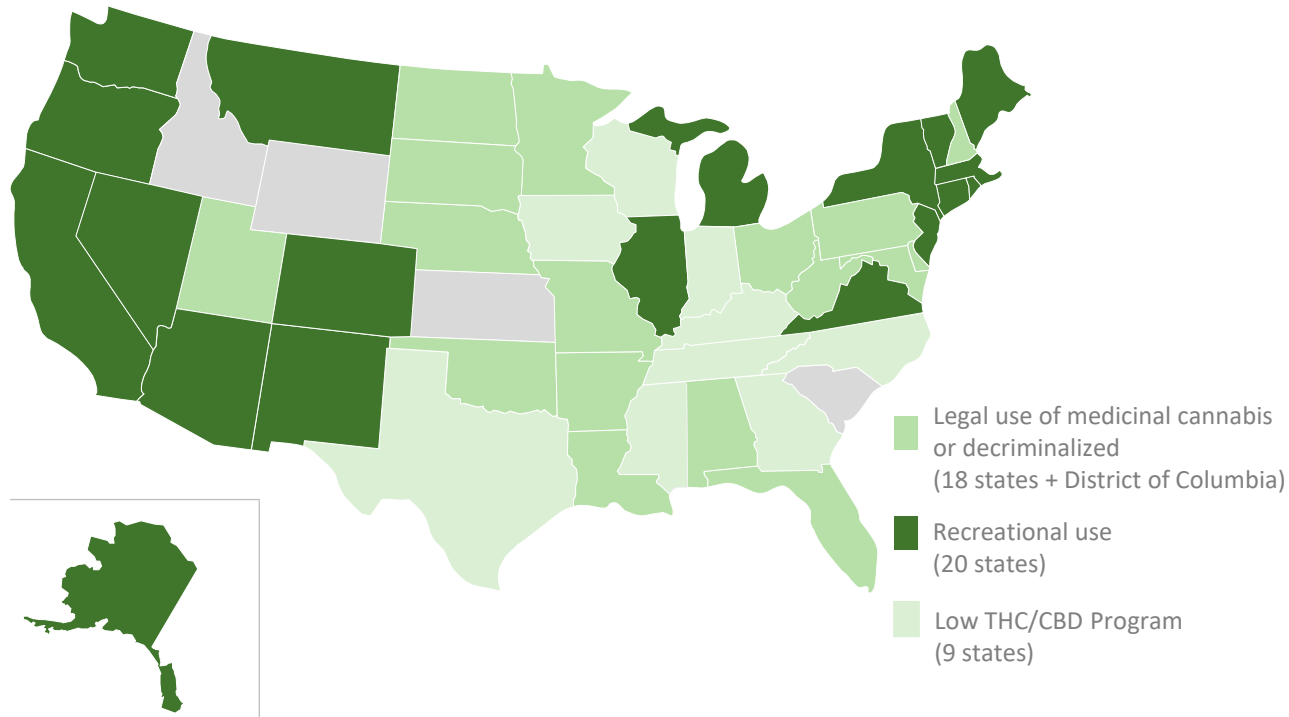
## NOVA NET LEASE REIT

Delivering attractive financing solutions to quality U.S. Cannabis Operators, and strong risk-adjusted returns to Investors in a tax-efficient structure.

*Publicly Listed*  
*(CSE:NNL.U) (OTCQB:NNLRF)*



# U.S. Cannabis is a Large and Rapidly Growing Market



In the United States, 1 in 3 Americans now live in states where marijuana is legal for anyone at least 21 years old

Total U.S. cannabis expected retail sales to grow from **US\$3.1B in 2015 to US\$52.6B by 2026**

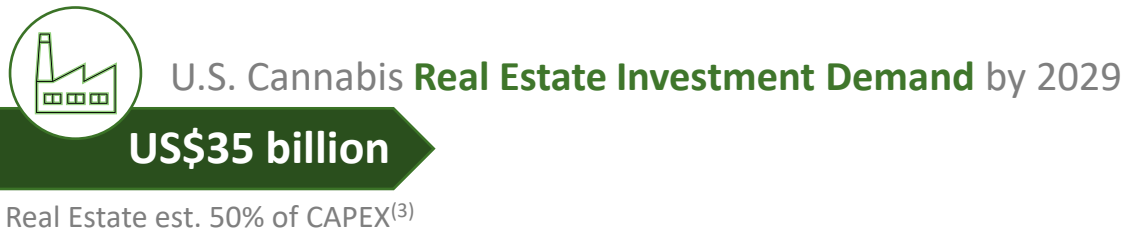
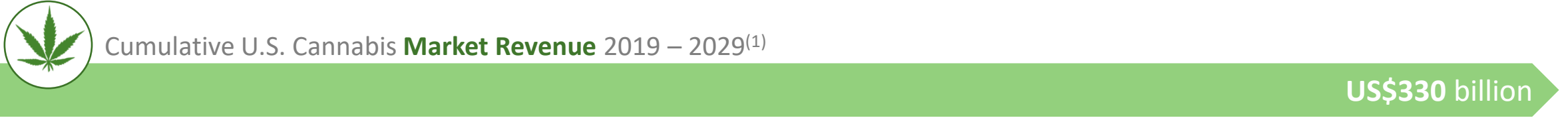
Source: BDS Analytics, National Conference of State Legislatures, MJBizDaily, Arcview, DISA

Source: MJBiz Factbook 2022, MJBiz Daily, a division of Emerald X, LLC

**Momentum and growth continue to accelerate in the U.S. Cannabis Market with each new state adopting a legal framework**

# U.S. Cannabis Market Requires Significant Capital

Estimated US\$35 billion U.S. Cannabis real estate investment demand required to support the anticipated US\$330 billion in U.S. cannabis revenue over the next 10 years



*Estimated US\$35 billion Real Estate Investment required in the U.S. with limited players to serve the market*

# U.S. Operator Share Price Dislocated from Business Performance



Market Cap<sup>(1)</sup>: C\$5.577 B



Market Cap: C\$3.315 B



Market Cap: C\$3.803 B



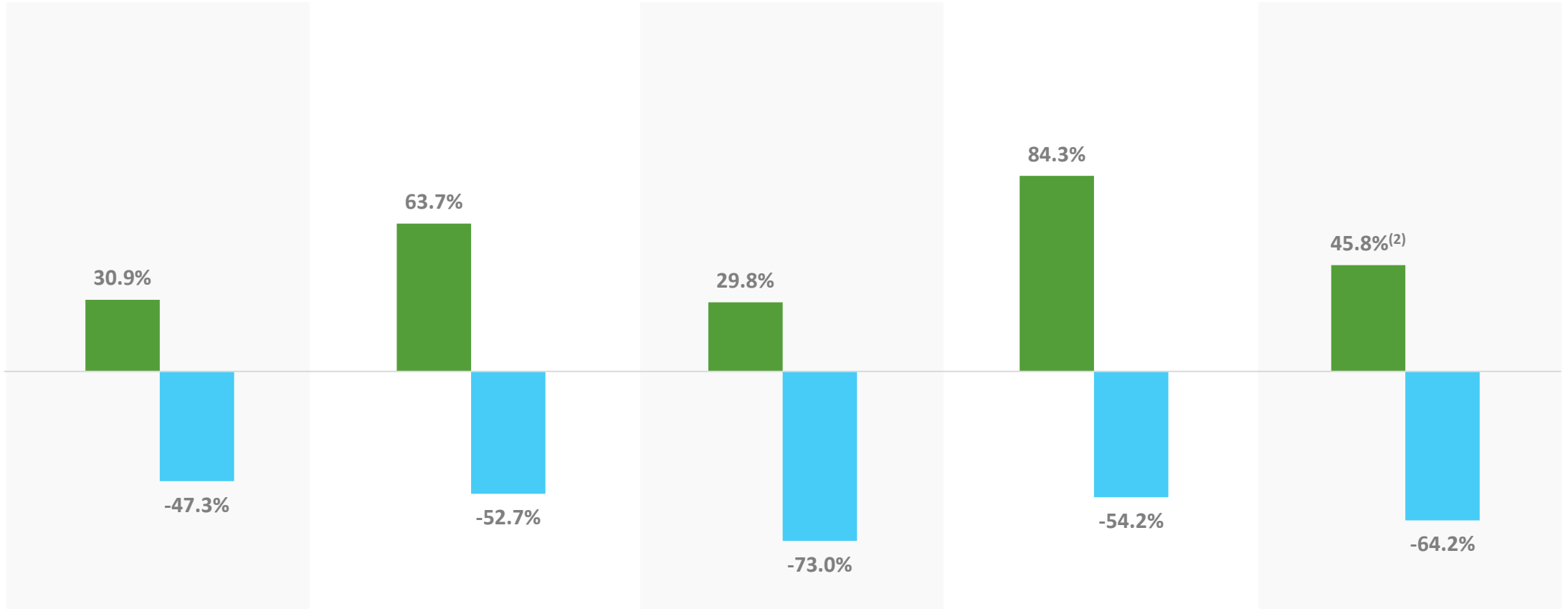
Market Cap: C\$3.050 B



Market Cap: C\$2.091 B

June 2022 LTM Revenue Growth

Share Price

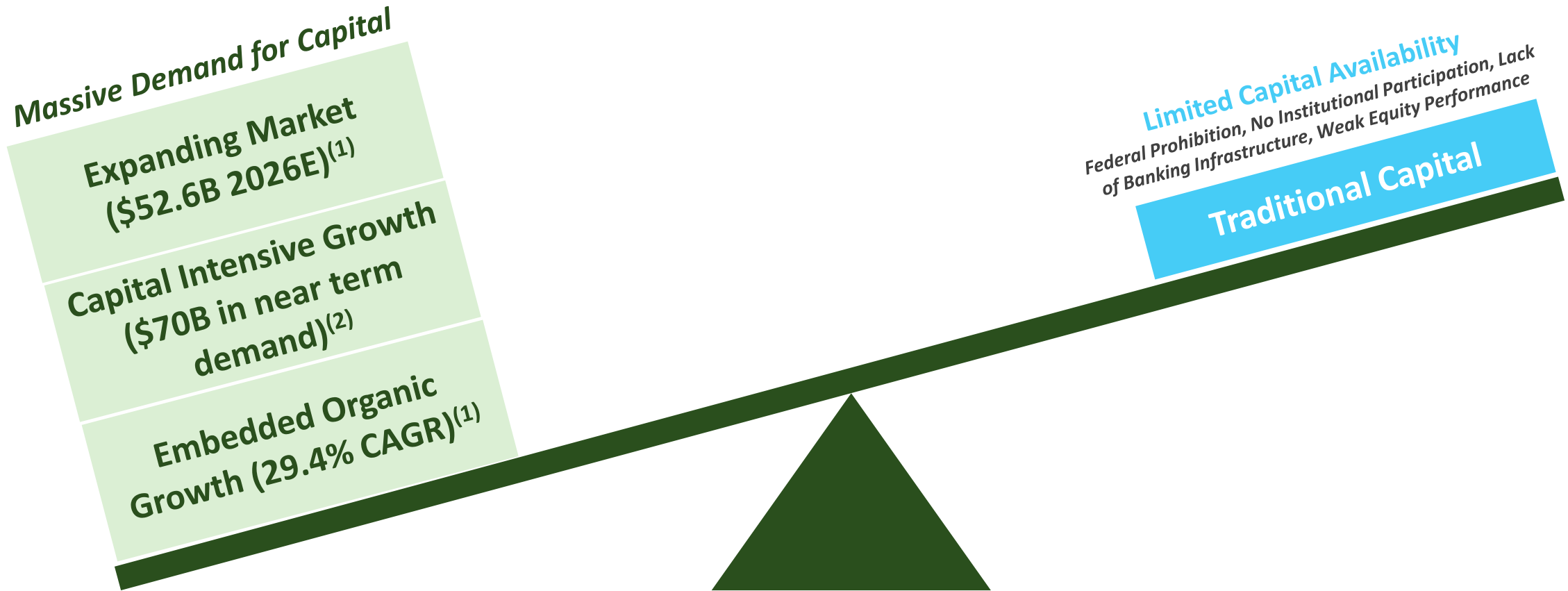


*Despite strong business performance, weak equity performance prevents operators from funding growth with equity*



As at June 30<sup>th</sup> 2022  
 Sources: Company Filings, FactSet  
 (1) As at September 8, 2022  
 (2) As at May 2022

# Capital Supply/Demand Imbalance in U.S. Cannabis Sector



*Capital needs of U.S. operators are large and growing, while availability remains limited*

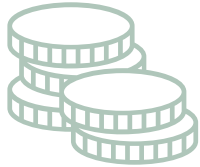
# Alternative Capital Required to Solve Funding Imbalance



*Unique dynamics in U.S. cannabis provides REIT with significant opportunities as an alternative capital provider*



# Nova as a Trusted Capital Partner for High-Quality U.S. Operators



## Unlock Capital Tied up in Real Estate

- Real estate ownership ties up significant capital for cannabis operators in 'non-core' assets
- Sale-leaseback unlocks capital tied up in real estate
- Capital deployed into operations and growth initiatives for cannabis operators



## Non-dilutive Financing

- No dilution voting control
- No Impact to leverage metrics
- Smaller impact to EPS than issuing equity
- Reduced transaction costs as compared to traditional equity and debt financings



## Alternative to Equity Markets

- Secure capital for growth independently from equity and debt markets
- Capital never has to be repaid and no voting rights attached
- Continue to operate facilities under a long-term lease with no disruption

*Nova offers U.S. Cannabis operators an attractive alternative capital source to traditional debt and equity markets*

# Why Nova Net Lease REIT

## Best-In-Class Leadership Team

Internally Managed REIT with deep experience in both the operations of U.S. cannabis companies at a national level and cannabis-specific real estate experience with the formation and successful exits of multiple U.S. cannabis REITs

## Investment and Underwriting Strategy

Sophisticated underwriting executed by cannabis insiders and real estate professionals seeks out attractive market dynamics, assets with seasoned operators, and resilient underlying real estate value



## Significant Risk Adjusted Returns

Accretive acquisitions at double digit capitalization rates and contractual rent escalations underpinned by long-term leases of 10 to 15 years

## Potential Target Acquisitions Approaching \$1 Billion

Deep and diverse known potential acquisitions sourced from extensive industry network with 100+ million in current discussions

*Nova provides investors with a compelling offering as the only Canadian-Listed Cannabis REIT*

# Internally Managed with Best-in-Class Leadership Team

## Cannabis Insiders

Owned and operated 9 successful dispensaries and prepared 5 additional locations for launch in the Michigan market



GreenAcreage

cg/Canaccord  
Genuity



KALYX  
DEVELOPMENT

Acreage  
HOLDINGS



CLOUD  
CANNABIS CO.



NOVA NET LEASE REIT

## REIT Experience

Board and management with over 200+ years in public REIT operating experience



PURE INDUSTRIAL

CAMDEN



UDR



GT CANADA  
MEDICAL PROPERTIES

W. P. CAREY



AMERICAN  
CAMPUS  
COMMUNITIES

## Real Estate

\$100s of millions raised and deployed within the cannabis space in addition to founding Kalyx Development, the first cannabis REIT

## Capital Markets

Raised and transacted \$10s of billions through the capital markets and maintain extensive relationships with other capital sources

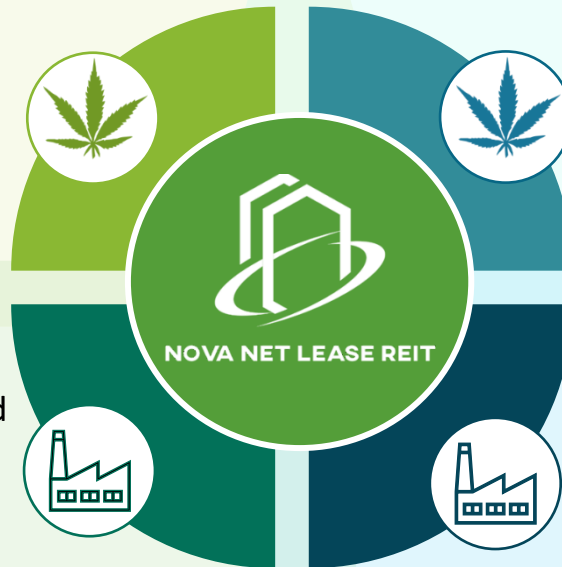
*Nova brings together unprecedented Cannabis, REIT and Capital Markets Experience*

# Unique, Market by Market Underwriting and Strategy

Limited License Markets

- Less competition, often more profitability
  - Typically vertically integrated by design, driving further profitability
  - Lower competition often leads to fewer cost controls and less efficient operations
- 
- Underlying real estate often more dislocated from underlying industrial prices
  - Underwriting the operator as much as the property
  - Transfer process often more complex where cannabis zoning is scarce

## Operator Environment



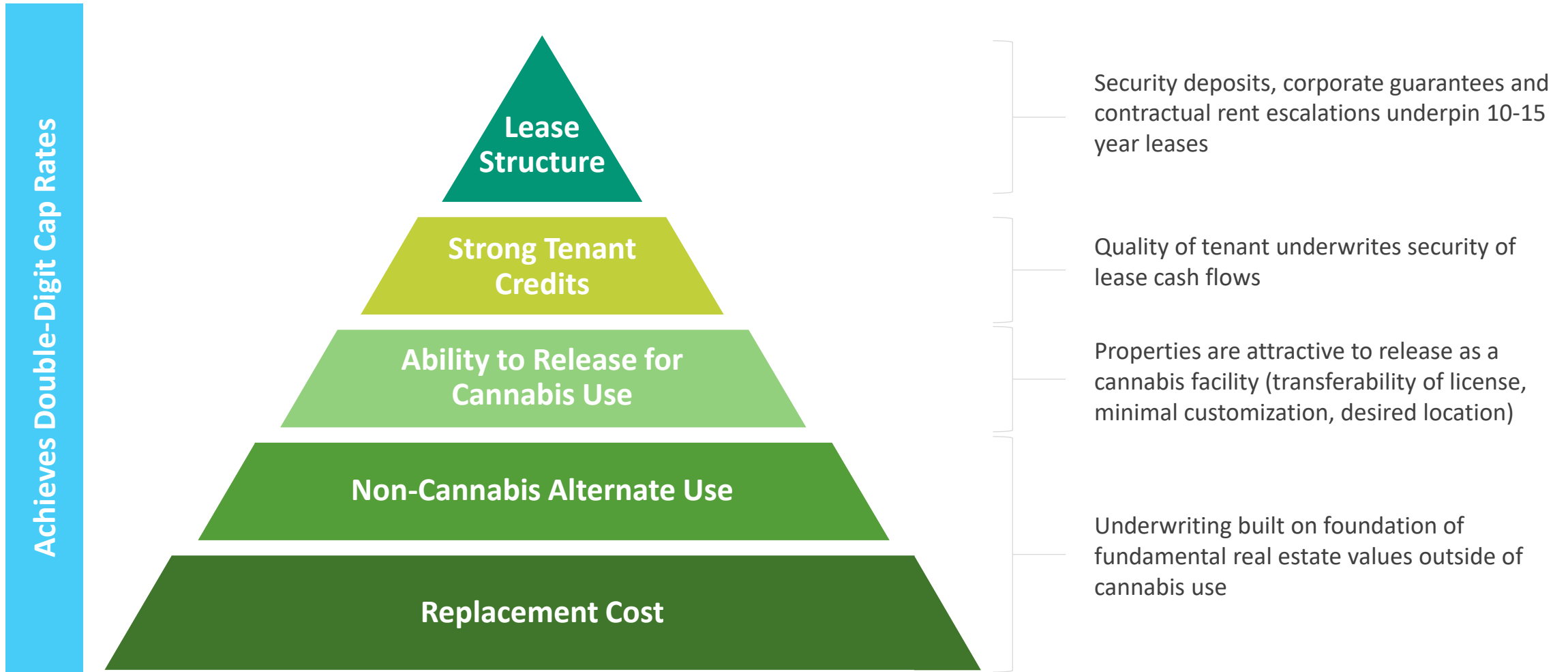
## Real Estate Fundamentals

- Generally higher competition, lower profitability
  - Vertically integrated by choice, not design
  - Established distribution critical, particularly in the absence of vertical integration – local operators, relationships matter
- 
- Underlying real estate often more in line with underlying industrial prices
  - Underwriting the property to include non-cannabis use
  - Higher competition requires more efficient operations and extensive tenant improvements

Open Markets

*Experience in Cannabis and Real Estate solves for unique underwriting challenges in this asset class*

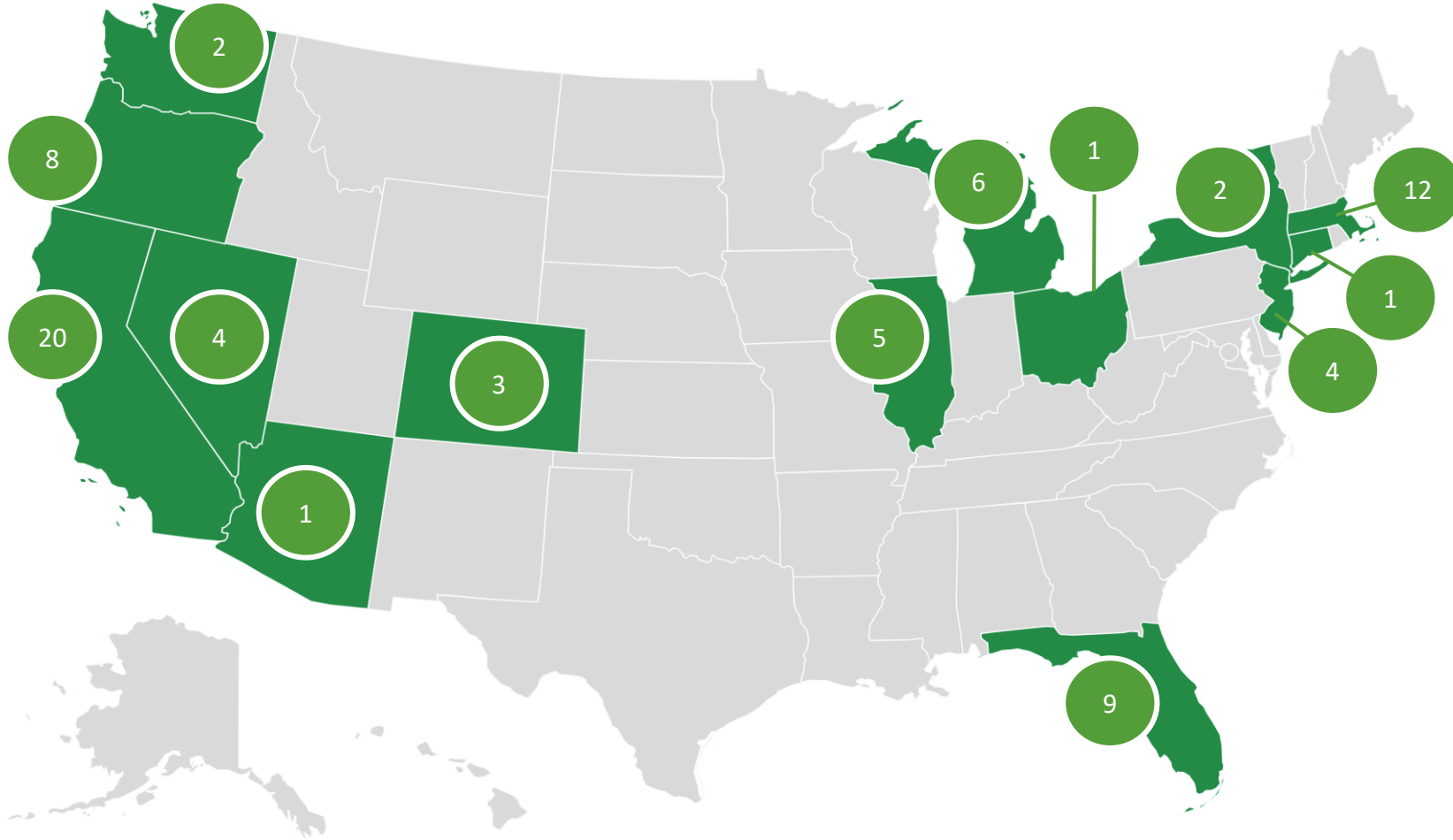
# Significant Risk Adjusted Returns Backed by Real Estate Value



*Ability to capture double-digit returns along side strong real estate fundamentals*

# Current Potential Acquisitions of \$880m+

Active Discussions....



## Total by Asset Type

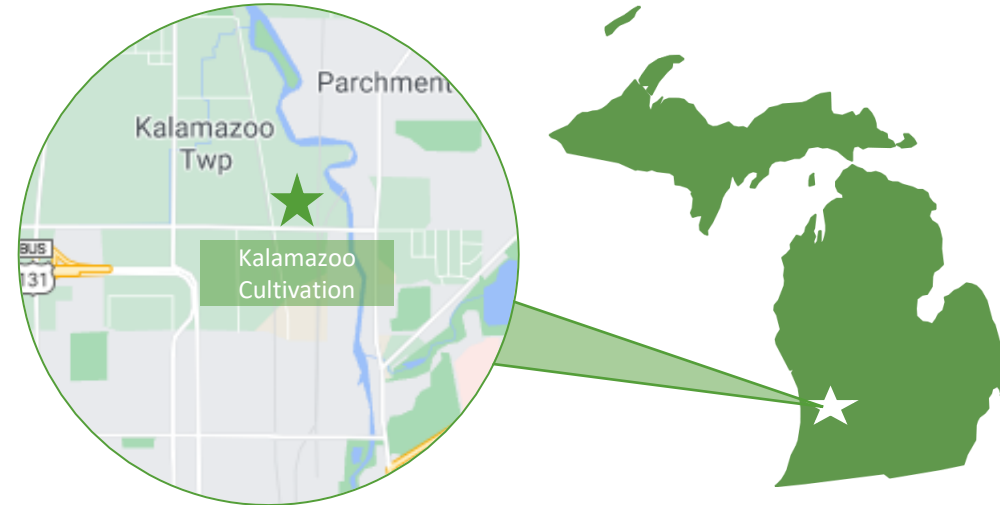
Asset Type	Properties	Asset Value (US\$m)
Cultivation	41	\$775+
Dispensary	34	\$88
Processing	3	\$20
<b>Total</b>	<b>78</b>	<b>\$883+</b>

## Total by Status

Asset Type	Properties	Asset Value (US\$m)
Strategics	7	\$83+
High Priority	9	\$150
Remaining	62	\$650
<b>Total</b>	<b>78</b>	<b>\$883+</b>

# Current Asset: Kalamazoo, Michigan (Cultivation & Retail)

Property Overview	
Location	Kalamazoo, MI
Asset Type	Cultivation – Industrial and Retail
Sq. Ft.	70,000 (67,000 sqft grow + 3,000 sqft retail)
Purchased Price	US\$10.0 million
Purchased Cap Rate	13%
Appraised Value	US\$10.6 million
Annual Rent	US\$1.3 million 3% or CPI <sup>(1)</sup> annual rent escalation after year-2
Rent Sq. Ft.	US\$18.57
Lease	NNN, 15 years + two ten year renewal options
Security	Full corporate guaranty from Cloud Cannabis Co.
Tenant	Cloud Cannabis Co.



**Completed 70,000 sqft Cultivation and Retail Sale-Leaseback for US\$10.0 million at 13% Cap Rate**

# Best-in-Class Leadership Team – Senior Officers

Pres & CEO



## Tyson Macdonald

- Former CFO of Cloud Cannabis a vertically integrated cultivator, manufacturer and retailer based in Michigan
- At Cloud Tyson oversaw the opening of nine retail stores and prepared an additional five for opening later in 2022
- Managed the launch of Cloud's manufacturing operations with distribution into over half of Michigan's market, acquisition and integration of Cloud's state of the art cultivation facility in Kalamazoo, and the development of the close partnership with California operator Wonderbrett
- Former EVP of Corporate Development at Acreage Holdings, VP Corporate Development at Blucora and Founder & Managing Partner of Plainview Capital
- Holds a degree in mathematics from the College of the Holy Cross and has worked extensively in acquisitions, corporate development and as an executive & strategic advisor in various industries



EVP & CFO



## Stacy Riffe

- Finance and accounting executive with 12+ years of experience in multi-family, manufactured housing, restaurant and mortgage REIT industries
- CFO of two publicly traded REITs; a public, non-traded REIT; an early-stage equity REIT with CAD IPO intentions
- Proven leader and accomplished team builder with a focus on complementary skillsets, corporate governance & internal controls, efficiency & accuracy in financial reporting
- Successfully executed on a number of sale and merger transactions
- Excels at strategic execution in partnership with the executive team
- Certified Public Accountant with Big Four audit background



EVP & CIO



## Potter Polk

- Founder and President of Kalyx Development Inc., one of the industry's first Cannabis REITs
- Over US\$100 million in Cannabis specific real estate transaction experience across the U.S.
- Since 2009, Potter has been actively engaged in the legal marijuana industry - evaluating a broad range of cannabis opportunities in the space of cultivation, infused product manufacturing, enterprise management, and real estate
- Former CEO of Mingleridge, Founding Director and CFO of the Happy Travels Group, Founder and CEO of The Internet Outpost Group
- Holds Master of Science degree in Business Administration from Skidmore College





# Best-in-Class Leadership Team – Board of Trustees

Chair



## Steve Dawson

- Seasoned capital markets and real estate industry executive
- Current board member of Medical Properties Trust (NYSE: MPW), a US\$23 billion EV hospital/healthcare REIT in the U.S. and Europe; and, Cohen & Company (NYSEMKT: COHN), an investment banking company and broker-dealer specializing in credit-based securities for institutional clients in the U.S., France and the United Kingdom
- From 1990 - 2003, Steve served as CFO of Camden Properties Trust (NYSE: CPT), a large multi-family REIT based in Houston which grew from US\$240 million to over US\$3.5 billion during Steve's leadership tenure
- From 2005 to 2022 director of American Campus Communities, Inc the largest U.S. student housing REIT which was acquired by Blackstone for US\$13 billion

Vice-Chair



## Katie Barthmaier

- Proven leader with 15+ years of real estate investment, credit assessment and underwriting experience, primarily focused on sale leaseback and build to suit financing
- Founder and former CEO of GreenAcreage (now NewLake Capital Partners OTCQX: NLCP), a U.S. REIT serving the cannabis industry
- Directly raised US\$141 million of capital for GreenAcreage; fully-invested in under a year creating a diversified, best-in-class portfolio
- Former Managing Director of Investments at W. P. Carey (NYSE: WPC) - US\$20 billion EV, one of the leading and largest net lease REITs where she acquired over US\$2 billion in properties
- Fulbright Scholar, Mexico City

Trustee



## Patrick Burke

- President of Canaccord Genuity Capital Markets, bringing more than 25 years of experience and deep institutional relationships
- Former Co-Head of Global Investment Banking at Scotiabank, where his responsibilities included oversight of equity sales, investment banking, equity derivatives, equity capital markets, research, trading and prime brokerage
- Previous Managing Director and Head of Canadian equities at Merrill Lynch
- Spent 10 years at Bank of Montreal as Director of Institutional Equity and Director of Fixed Income
- Holds an MBA from Queen's University and Bachelors in Economics from the University of British Columbia



GreenAcreage

W. P. CAREY



# Best-in-Class Leadership Team – Board of Trustees

Trustee



## Ed Lowenthal

- Former independent chairman of the board from 2015 - 2021 of American Campus Communities Inc. (NYSE: ACC) a US\$10 billion EV REIT
- President of Ackerman Management LLC since 2002 and founder of Wellsford Real Properties which merged with REIS, Inc. an internet-based provider of real estate information and analytics, where he served as non-executive chairman from 2010 - 2012
- Currently serves as director for Omega Healthcare Investors (NYSE: OHI), a US\$14 billion EV REIT
- Former director of Desarrolladora Homex, a vertically integrated home development company focused on affordable housing in Mexico
- Holds B.A. from Case Western Reserve University and J.D. from Georgetown University Law Center

Trustee



## Andrew Oppenheim

- Practiced law for 38 years and former partner at Gowling WLG (Canada) LLP, a full service multinational law firm
- Currently serves as an independent trustee of the board of Flagship Communities REIT (TSX: MHC.U) and former lead director of Amica Mature Lifestyles Inc. where he also served on the board of directors' Compensation Committee prior to its acquisition
- Former Director of Exito Energy Inc., Aquarius AI Inc.
- Holds a Bachelor of Commerce from University of Witwatersrand in Johannesburg, South Africa, and a Bachelor of Laws from University of Calgary and the ICD.D designation with the Institute of Corporate Directors

Trustee



## Andrew Shapack

- Founder and CEO of the first medical office REIT in Canada, GT Canada Medical Properties REIT, sold for \$87 million in 2012
- Co-Founder of Mohawk Medical Properties REIT, which owned medical office buildings in Ontario, New York and Illinois, and sold for \$180 million in 2018
- Former Board of Trustee member of One REIT, a \$1.1 billion retail REIT previously traded on the TSX (taken private in 2017)
- Admitted to the New York and Connecticut bar and practiced law with Paul Hastings LLP working on complex real estate transactions involving structuring, property acquisitions and equity & debt issuance
- Former Associate with PricewaterhouseCoopers in the real estate securitization and capital markets group
- Holds a B.A. in Economics from the University of Wisconsin and J.D. from the Catholic University of America

Trustee



## Rick Turner

- Currently the CEO of TitanStar, a family-office investing in real estate, health care and venture capital
- Currently Chairman of the Board and Audit Committee Chair of Nexliving Communities (TSXV: NXLV) a company developing and investing in multi-residential apartments focused on +55 Active Living communities
- Former Chairman of the board of Pure Industrial Real Estate Investment Trust, also known as PIRET (TSX: AAR.UN) from its inception in 2007 until 2018 when it was acquired by Blackstone. PIREIT went public with a US\$19 million IPO and was later sold for US\$3.8 billion
- Mr. Turner has had a long and successful business career serving as CEO and as a director on the boards of numerous enterprises, such as: International Airport Terminals, Inc., Invesque Inc., Western One, HealthLease Properties, SunRise Senior Living, among others



# Capitalization and Balance Sheet

## Capitalization Table

As at 30-Jun-22

(thousands)	Units	% Total
Trust Units	6,815	46.0%
Cloud Cannabis Co. (Class B Units)	8,000	54.0%
<b>Total Units Outstanding</b>	<b>14,815</b>	<b>100.0%</b>

## Summary Balance Sheet

As at 30-Jun-22

(thousands)

### Assets

Investment Properties	\$10,610
Cash & Restricted Cash	2,422
Prepays & Receivables	395
<b>Total Assets</b>	<b>\$13,427</b>

### Liabilities & Unitholder's Equity

Accounts payable, accrued liabilities and other	\$857
Provision for Class B liquidity discount	808
Contingently redeemable Class B units	8,062
Unitholders' Equity	3,699
<b>Total Liabilities &amp; Unitholder's Equity</b>	<b>\$13,427</b>

<b>Net Asset Value</b>	<b>\$11,761</b>
Total Units and Class B Units outstanding	14,815
<b>Net Asset Value per Unit</b>	<b>\$0.79</b>

# Thank You.

For more Information, please contact:



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