Nova Net Lease REIT
Management's Discussion and Analysis
For the Period from July 27, 2021 (Date of Formation) to December 31, 2021
(Amounts in U.S. Dollars)

MANAGEMENTS DISCUSSION AND ANALYSIS

The following discussion of performance, financial condition and future prospects of Nova Net Lease REIT (the "**REIT**") should be read in conjunction with the consolidated financial statements for the period from July 27, 2021 (date of formation) through December 31, 2021, and the accompanying notes thereto (the "**Audited Financial Statements**").

This Management's Discussion and Analysis ("**MD&A**") is prepared as of April 7, 2022, and outlines the REIT's formation, operating activities, risk considerations and analysis of its financial results as presented in the Audited Financial Statements. The Audited Financial Statements have been prepared by management in accordance with International Financial Reporting Standards ("**IFRS**") and with interpretation of the International Financial Reporting Interpretations Committee ("**IFRIC**"). The REIT's financial information is expressed in United States dollars. In addition to reviewing this MD&A, readers are encouraged to read our public information that has been filed on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com in conjunction with the filing of the final prospectus for Nova Net Lease REIT for its initial public offering of trust units on the Canadian Securities Exchange.

Cautionary Statement Regarding Forward-Looking Statements

This document may contain "forward-looking statements" (as defined under applicable securities laws). These forward-looking statements relate to future events or future performance including with respect to our objectives and priorities for fiscal year 2022 and beyond.

Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target", "intend", "could" or the negative of these terms or other comparable terminology. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and many factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating forward-looking statements, readers should specifically consider various factors that may cause actual results to differ materially from any forward-looking statement. These factors include, but are not limited to, market and general economic conditions and the risks and uncertainties discussed in the section entitled "Risk Factors" in our initial public offering prospectus dated December 22, 2021 (the "**Prospectus**").

The forward-looking statements contained in this MD&A are presented for the purpose of assisting investors in understanding business and strategic priorities and objectives of the REIT as at the periods indicated and may not be appropriate for other purposes. Forward-looking statements contained in this MD&A are not guarantees of future performance and, while forward-looking statements are based on certain assumptions that we consider reasonable, actual events and results could differ materially from those expressed or implied by forward-looking statements made by us. Readers are cautioned to consider these and other factors carefully when making decisions with respect to the REIT and not place undue reliance on forward looking statements. Circumstances affecting us may change rapidly. Except as may be expressly required by applicable law, the REIT does not undertake any obligation to update publicly or revise any such forward-looking statements, whether as a result of new information, future events or otherwise.

Non-IFRS Financial Measures

It is common in the real estate industry for entities to report certain financial measures that are not defined under IFRS. These metrics are used to measure, compare and explain the operating results, financial performance and cash flows

of a REIT. However, they do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other publicly traded entities. These measures should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS.

Funds from Operations and Adjusted Funds from Operations

In February 2019, the Real Property Association of Canada ("**REALPAC**") published a white paper titled "White Paper on Funds from Operations & Adjusted Funds from Operations for IFRS". The purpose of the white paper is to provide reporting issuers and investors with guidance on the definition of funds from operations ("**FFO**") and adjusted funds from operations ("**AFFO**") and to help promote more consistent disclosure from reporting issuers. FFO is defined as IFRS consolidated net income (loss) adjusted for items such as distributions on redeemable or exchangeable units recorded as finance cost under IFRS (including distributions on the Class B Units), unrealized fair value adjustments to investment properties, unrealized fair value adjustments to puttable instruments classified as financial liabilities (Class B Units), gain on disposition of investment properties, and depreciation. FFO should not be construed as an alternative to net income (loss) or cash flows provided by or (used in) operating activities determined in accordance with IFRS. The REIT's method of calculating FFO is substantially in accordance with REALPAC's recommendations but may differ from other issuers' methods and, accordingly, may not be comparable to FFO reported by other issuers. The REIT regards FFO as a key measure of operating performance.

AFFO is defined as FFO adjusted for items such as maintenance capital expenditures, and certain non-cash items such as straight-line rent. AFFO should not be construed as an alternative to net income (loss) or cash flows provided by or (used in) operating activities determined in accordance with IFRS. The REIT's method of calculating AFFO is substantially in accordance with REALPAC's recommendations, but may differ from other issuers' methods and, accordingly, may not be comparable to AFFO reported by other issuers. The REIT regards AFFO as an important performance measure to determine the sustainability of future distributions paid to unitholders after a provision for maintenance capital expenditures and certain other non-cash items.

The REIT believes these non-IFRS financial measures and ratios provide useful supplemental information to both management and investors in measuring the operating performance, financial performance and financial condition of the REIT. The REIT also uses FFO and AFFO in assessing its distribution paying capacity.

Nature of Activities, Reorganization and Initial Public Offering

The REIT was formed on July 27, 2021, as a newly created, open-ended real estate investment trust established pursuant to a declaration of trust under the laws of the Province of Ontario, where one unit of the REIT was issued for $10 in cash. The declaration of trust of the REIT was filed on SEDAR at www.sedar.com in conjunction with the filing of the final prospectus for the REIT's initial public offering of trust units (the "**Offering**") on the Canadian Securities Exchange (the "**CSE**"). The REIT's registered office is located at 181 Bay Street, Suite 1030, Toronto, Ontario, Canada, M5J 2T3.

Prior to September 1, 2021, the REIT had no operations. On September 1, 2021, all of the outstanding shares of Verdant Growth Properties Corp. ("**Verdant**") were exchanged for shares in the REIT on a 10 for 1 basis, making Verdant a wholly-owned subsidiary of the REIT (the "**Share Exchange**"). Verdant, a Delaware corporation, was formed on October 27, 2020, for the purpose of owning and leasing, on a triple-net basis, cannabis-related real estate assets in the United States (the "**U.S.**"). Since inception, Verdant has been preparing for an initial public offering on the CSE. The REIT was formed to affect the cross-border structure whereby the REIT is classified as a U.S. corporation for U.S. federal income tax purposes pursuant to section 7874 of the United States Internal Revenue Code of 1986, as amended (the "**Code**"). As a result, it will be permitted to elect to be treated as a real estate investment trust under the Code, notwithstanding it is organized as a Canadian entity.

The REIT is considered an umbrella partnership real estate investment trust (an "**UPREIT**") for U.S. federal income tax purposes. Operations of the REIT will be conducted primarily through Nova Net Lease Operating LLC (the "**Operating Partnership**"), a subsidiary of Verdant, which was formed under the laws of the State of Delaware. At formation, the Operating Partnership was a single member LLC with Verdant owning 100% of the Class A Units.

The MD&A included herein is that of the REIT and its wholly-owned subsidiary, Verdant, which includes the activities of the Operating Partnership. The Share Exchange and resulting merger transaction did not constitute a business combination within the scope of IFRS 3, Business Combinations, and accordingly has been accounted for in the Audited Financial Statements as a pooling of interest. According to this method, the REIT prepared its Audited Financial Statements in order to reflect as if the merger was in effect as of the date the two entities were under common control, reflecting the combined activities of the entities since the inception of Verdant on October 27, 2020; however, the share capital and equity balances were adjusted on September 1, 2021 to reflect the Share Exchange transaction.

Prior to the acquisition of its first property, the REIT did not own investment assets and had not commenced real estate operations. Liquidity was provided by the initial investment in equity by the founders, trustees and management. The intention of management was to raise funds through the Offering, and use those funds to cover costs related to the Offering and working capital. This MD&A and the related Audited Financial Statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business.

On November 24, 2021, the REIT acquired an industrial cannabis facility in Kalamazoo, Michigan, (the "**Kalamazoo Property**") under terms of a contribution agreement with 521 East Mosel LLC ("**Cloud**") whereby Cloud agreed to contribute the real estate to the Operating Partnership in exchange for Redeemable Class B units in the Operating Partnership (the "**Class B Units**") valued at $10.0 million. Simultaneous with the closing on the acquisition, the operator of the cultivation facility entered into a triple-net lease with a wholly-owned subsidiary of the Operating Partnership with an initial term of 15 years and two 10-year extension options.

On January 4, 2022, the REIT closed on the Offering, raising gross proceeds of $3,959,348. On January 31, 2022, the REIT raised an additional $300,402 through the exercise of the overallotment by the underwriters. The REIT is listed on the CSE under the ticker symbol, NNL.U.

Investment Property Portfolio

A property is determined to be an investment property when it is held either to earn rental income, capital appreciation or for both. Investment properties include land, buildings, land improvements, and building improvements. The REIT was formed for the purpose of owning and leasing to operators, on a triple-net basis, cannabis-related real estate assets in the U.S. At December 31, 2021, the REIT owned one investment property, the Kalamazoo Property, which is a 70,000 square foot specialized industrial cannabis cultivation facility in Kalamazoo, Michigan, that also includes 3,000 square feet of retail space. Currently 35,000 square feet of the facility is a cultivation operation, and 32,000 square feet are for future use. The tenant entered into a triple-net lease concurrent with the REIT's acquisition of the property, with a 15-year term and two 10-year renewal options. The annual rent is $1,300,000, and began accruing at the date of acquisition, which coincides with the commencement of the lease term. Rental escalators will begin in year three of the lease term. Rental revenue accrued from the date of purchase through December 31, 2021, totaled $133,612, and is payable ratably over the 12 months of 2022.

The estimated fair value of the Kalamazoo Property was determined using the external appraisal report received in conjunction with the acquisition of the property in November 2021. The appraiser evaluated the property using several valuation methods, and the income capitalization approach was given the greatest weight in the conclusion of value in the appraiser's report, as the value indication from the income capitalization approach is supported by market data

regarding income, expenses and required rates of return, and a typical investor would place greatest reliance on the income capitalization approach. The resulting fair value was determined to be $10,400,000. Due to the short period of time that lapsed between the appraisal and the balance sheet date, management concluded there had been no change in the fair value of the property.

A reconciliation of the carrying amount for investment properties at the beginning and end of the period is set out below:

		As at December 31, 2021
Investment properties, opening balance	$	—
Acquisitions - November 24, 2021		10,000,000
FV adjustment		52,155
Transaction costs		347,845
Total	$	10,400,000

The fair value of investment properties is most sensitive to changes in capitalization rates as applied to rental revenue or net operating income. Changes in capitalization rates would result in a change to the fair value of the REIT's investment properties. Set out below is the impact of a 25 basis-point increase or decrease in the weighted average capitalization rate on the carrying value of investment properties in dollar and percentage terms:

Basis Point Change	$ Increase (Decrease)	% Increase (Decrease)
25-basis point increase	$ (203,922)	(1.96)%
25-basis point decrease	212,245	2.04 %

Selected Financial Information

The REIT was formed on July 27, 2021; however, for the Audited Financial Statements, inception is considered to be October 27, 2020, the formation date of Verdant. From inception until November 24, 2021, the only activities carried out by the REIT were to issue equity to the founding shareholders and members of management, to engage legal counsel and accounting firms to begin the process of planning for an initial public offering, and to start building a pipeline of potential acquisition targets for purposes of identifying the REIT's initial investment asset. On November 24, 2021, the REIT purchased its first investment asset and began its real estate operations of owning and leasing cannabis-related assets in the U.S. The following table summarizes the relevant financial data for the REIT as at, and for the quarter and period ended, December 31, 2021, and should be read with the Audited Financial Statements.

		As at December 31, 2021
Total Assets	$	11,769,854
Total Liabilities		11,559,427
Unitholders' Equity		210,427

		Three Months ended December 31, 2021		For the Period from July 27, 2021 to December 31, 2021
Total Revenues	$	159,781	$	159,781
Total Expenses		681,673		749,361
Net Loss and Comprehensive Loss		(521,892)		(589,580)
Net Loss and Comprehensive Loss per unit	$	(0.17)	$	(0.23)
Weighted average units outstanding		3,000,079		2,617,304

Balance Sheet

As at December 31, 2021, the REIT held cash of $354,863 and restricted cash of $325,000. Restricted cash represents a tenant security deposit related to the Kalamazoo Property that is being held in escrow on behalf of the REIT by the tenant's attorney. Deferred unit issuance costs of $451,208 represent legal and accounting fees that, in the REIT's judgement, are directly related to the issuance of new shares in the Offering. Deferred rent receivable of $26,171 represents straight-line rent, and tenant receivable of $133,612 is the rental revenue earned from the closing on the Kalamazoo Property through December 31, 2021, which will be paid ratably over the 12 months of 2022. Investment properties includes the REIT's initial acquisition of the Kalamazoo Property, a 70,000 square foot cultivation and dispensary property in Kalamazoo, Michigan. The purchase price of the property was $10.0 million, excluding transaction related costs, on November 24, 2021, and the investment was reflected at a fair value of $10,400,000 at December 31, 2021.

Accounts payable and accrued liabilities totaled $1,123,070 at December 31, 2021, and included legal fees of $806,039, accounting fees of $132,864, consulting fees of $170,835 and other of $13,332. Contingently redeemable Class B Units of $10.0 million represent the Operating Partnership units that were issued for the purchase of the Kalamazoo Property. While these are equity units in the Operating partnership, under IFRS, they do not qualify for equity treatment, and are therefore recorded as a financial liability and stated at fair value.

Results of Operations for the Period from July 27, 2021 (date of formation) to December 31, 2021

Prior to the acquisition of its first investment property, the REIT had no operations. Upon the acquisition of the Kalamazoo Property, the REIT began operations of owning and leasing, on a triple-net basis, specialized industrial and retail properties to operators of legal cannabis facilities in the U.S. Revenue of $159,781 included rental income for the period from November 24, 2021 to December 31, 2021, of $133,612, plus accrued straight-line rent of $26,171 for the same period, related to the Kalamazoo Property.

General and administrative expenses totaled $536,366 and included legal fees of $316,859 related to REIT formation and setup matters and activities for the REIT's initial listing of trust units on the CSE, accounting fees of $65,506, along with fees to consultants, contract employees and other expenses totaling $154,001.

At acquisition, the REIT's investment property was recorded at cost plus transaction costs. At December 31, 2021, the property was reflected at its fair value of $10,400,000 resulting in a fair value gain of $52,155. The estimated fair value of the Kalamazoo Property was determined using the external appraisal report received in conjunction with the acquisition of the property in November 2021. See further disclosure under "Investment Property Portfolio".

The Class B Units have been classified as financial liabilities and are measured at fair value through profit or loss ("**FVTPL**"). At December 31, 2021, the Class B Units were determined to have a fair value of $10,000,000 based on

the 8,000,000 units outstanding valued at $1.25 per unit, as indicated by the pricing of the Offering at $1.25 per REIT unit, resulting in a fair value adjustment of ($265,150).

Results of Operations for the Three Months ended December 31, 2021

Results of operations for the three months ended December 31, 2021, were substantially the same as for the period from July 27, 2021 (date of formation) through December 31, 2021. The REIT began its operations of owning and leasing cannabis-related real estate assets in the U.S. during the fourth quarter when it acquired its first investment property, the Kalamazoo Property, in November 2021.

FFO and AFFO

The REIT believes the non-IFRS financial measures of FFO and AFFO provide useful supplemental information to both management and investors in measuring the operating performance, financial performance and financial condition of the REIT. The REIT also believes that AFFO is beneficial in assessing its distribution paying capacity. For the period from July 27, 2021 (date of formation) through December 31, 2021, the REIT only had 38 days of real estate operating activity, beginning with the acquisition of the Kalamazoo Property. For the majority of the reporting period, the REIT was in the process of establishing the company and preparing for the Offering. Because the financial results as presented in the Audited Financial Statements are not indicative of a full year of operating activity, management has concluded that the presentation of the non-IFRS financial measures of FFO and AFFO are not meaningful and are, therefore, not presented.

Liquidity and Capital Resources

REIT Units

From inception through November 24, 2021, the REIT did not own investment assets nor have any real estate operations. All activities were related to preparing for the Offering and for acquiring the initial investment asset. Liquidity for expenditures related to the formation of the REIT and its subsidiaries, along with costs associated with the Offering, was provided from the issuance of equity to founders and certain members of management.

From inception through December 31, 2021, the REIT issued 3,236,818 trust units for proceeds of $800,007, net of issuance costs. Such proceeds were used to fund costs incurred in preparing for the Offering and transactions costs related to the purchase of the investment property.

As at December 31, 2021, the REIT had cash of $354,863 which was available to fund the REIT's working capital requirements, including continued costs related to the Offering.

On January 4, 2022, the REIT closed on the Offering, issuing 3,167,478 units at $1.25 per unit for total proceeds of $3,959,348. On January 31, 2022, the underwriters exercised the overallotment option for 240,322 units totaling gross proceeds of $300,403. As disclosed in the Prospectus for the Offering, proceeds raised in the Offering are for working capital purposes. To the extent that we may require funds for the acquisition of future investment properties, the REIT would be required to raise capital through the issuance of additional REIT units, Operating Partnership Units, debt, or a combination thereof, to qualified investors in a private placement or public offering.

As at April 7, 2022, the total number of REIT units outstanding was 6,815,493.

Class B Units

On November 24, 2021, the REIT, through its subsidiary, the Operating Partnership, acquired its first investment asset. The purchase consideration was in the form of Class B Units valued at $10.0 million. The Class B Units are convertible on a one-for-one basis into REIT units, subject to certain hold restrictions and REIT ownership rules.

The holders of Class B Units are entitled to receive distributions from the Operating Partnership in the same per-unit amount as the distributions made by the REIT to holders of trust units. The Class B Units are redeemable by the holder thereof for cash or units (on a one-for-one basis subject to customary REIT ownership restrictions), as determined by the Operating Partnership and as directed by the REIT in its sole discretion, subject to certain limitations and restrictions, and therefore are considered a puttable instrument. As a result, the Class B Units have been classified as financial liabilities and are measured at FVTPL. The fair value of the Class B Units will be measured each financial statement period, with changes in measurement recorded in the consolidated statement of net income and comprehensive income. Distributions on Class B Units will be recorded as finance cost in the consolidated financial statements in the period in which they become payable.

As at April 7, 2022, the total number of Class B Units outstanding was 8,000,000.

The REIT's Audited Financial Statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the REIT be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

As at December 31, 2021, the REIT did not have any commitments for capital expenditures.

Distributions
The REIT's policy is to declare and pay distributions on a monthly basis, beginning in January 2022. Currently, the REIT's distributions are funded from cash flows from operating activities. The REIT believes that distributions can continue to be funded from a combination of cash flows from operating activities, cash received from future financing activities and cash on hand. However, from time to time, distributions paid may be in excess of cash available to the REIT from AFFO due to the timing of certain items affecting AFFO. There can be no assurance that the REIT shall have sufficient cash or the ability to raise new financing to meet its cash obligations, and as such the REIT may reduce distributions in order to accommodate such cash shortfalls.

Off-Balance Sheet Arrangements, Commitments and Contingencies

In conjunction with the issuance of the Class B Units to Cloud, the REIT agreed, in the event that, prior to the date that is one-hundred eighty (180) days after the closing of the Offering, the REIT is unable to complete one or more financings totaling $20.0 million, including the gross proceeds of the Offering, the REIT shall issue Cloud an additional 800,000 Class B Units (the "**Liquidity Discount**"). The Offering closed and funding in January 2022, raising gross proceeds of $4,259,750. The remaining financings of $15,740,250 must be raised by July 3, 2022, the date that is 180 days from the closing of the Offering, to satisfy the requirements of the Liquidity Discount.

Management reviewed and assessed the likelihood of funding the Liquidity Discount and determined that such funding is unlikely due to the REIT's intention of raising capital in the near term to fund additional investment properties. The REIT was formed for the purpose of owning and leasing, on a triple-net basis, cannabis-related real estate assets in the U.S. To execute on this purpose requires that the REIT raise capital for future acquisitions. While there can be no assurance of the timing or amount of such raise, management is confident in its ability to raise capital, and has

determined that the likelihood of not raising the amount required under terms of the Liquidity Discount is remote and has not recorded a liability in the Audited Financial Statements.

Transactions between Related Parties

In October 2020, Verdant entered into an agreement ("**Advisory Agreement**") to engage a financial and strategic advisor whose services will continue for a period of 24 months following the closing of the Offering, to provide guidance with respect to capital raising strategy, and to provide corporate office space and administrative support following the closing of the Offering. Certain trustees of the REIT and directors of its subsidiaries are associated with the advisor, and will participate financially from fees earned by the advisor as a result of successful private financings and capital markets transactions, including the first asset acquisition and the Offering, and monthly work fee. Upon the closing of the first acquisition on November 24, 2021, fees payable 50% in cash and 50% in REIT units, were earned and became payable, and were reflected as finance costs related to the Class B Units issued in connection with the acquisition.

In April 2021, Verdant entered into a one-year consulting agreement with an individual to perform Chief Investment Officer role and lead the property acquisitions program for Verdant and its successors. Compensation per the agreement would be 1.5% on the purchase price of any properties acquired, of which 66.7% would be payable in cash at closing, net of any draws paid, and 33.3% would be payable in shares of Verdant (subsequent to the Share Exchange, the equity component became payable in REIT units). Consulting fees of $45,000, representing the first three draws that were paid against the commission and not considered returnable if an acquisition was not completed, and consulting travel costs of $1,892, had already been recorded in Verdant's financial statements and included in its net equity on acquisition. Payments totaling $75,000 were charged to acquisition costs as they related to commission on the initial asset acquisition.

Effective September 1, 2021, Verdant entered into a one-year consulting agreement with an individual to perform the function of Chief Financial Officer for Verdant and its successors. Compensation per the agreement would be $10,000 per month and was increased to $13,333 on November 1. For the period ended December 31, 2021, consulting fees of $46,667 were expensed.

Effective with the Share Exchange, the related party agreements were assumed by the REIT. In connection with the Offering, the REIT replaced the consulting agreements for both the Chief Investment Officer and the Chief Financial Officer with employment agreements effective as of the Offering.

In October 2021, the REIT issued 100,000 units to a member of management in exchange for a $50,000 promissory note payable to the Operating Partnership. This promissory note matures on December 31, 2022 and is secured by 100,000 REIT units.

Effective December 1, 2021, the REIT agreed to compensate the Chief Executive Officer for consulting services for the month of December, prior to becoming an employee of the REIT on the closing of the Offering. The total amount of the accrued expense was $16,667, which was paid in January 2022

Proposed Transactions

See Subsequent Events – Initial Public Offering and Subsequent Events – Contractual Commitments.

Significant Accounting Policies and Critical Accounting Estimates

For further information about the accounting policies used by the REIT, please refer to the Audited Financial Statements and notes thereto, which have been prepared in accordance with IFRS and with interpretation of the IFRIC.

The preparation of Audited Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Audited Financial Statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

For the Period from July 27, 2021 (date of formation) to December 31, 2021, the REIT exercised judgement in the following areas:

- Continuity of interest in common control transaction, including the date used for reflecting the combined entities.
- Legal fee presentation, including determining the allocation of legal fees to expense, unitholders' equity, deferred share issuance costs and property acquisition costs.
- Assessment of the Liquidity Discount related to the issuance of Class B Units for the Kalamazoo acquisition.
- Fair value presentation of the investment property.
- Fair value presentation of the Class B Units.

Financial Assets and Liabilities

Financial assets and liabilities are classified as amortized cost, fair value through profit or loss or fair value through other comprehensive income. The REIT has assessed the classification and measurement of its financial assets and liabilities as follows:

Financial Assets and Liabilities	
Financial Assets	**Classification under IFRS 9**
Cash and cash equivalents	Amortized cost
Restricted cash	Amortized cost
Promissory note receivable	Amortized cost
Financial Liabilities	
Accounts payable and accrued liabilities	Amortized cost
Contingently redeemable class B units	FVTPL
Refundable security deposits	FVTPL

As at December 31, 2021, the REIT held cash of $354,863 and accounts payable and accrued liabilities of $1,123,070, and the carrying amounts of these balances approximates the fair value due to the short-term nature of the instruments.

Future Accounting Changes

There are no future accounting changes that are expected to impact the financial statements of the REIT. For a summary of standards issued but not yet effective, see Note 2 – Summary of Significant Accounting Policies in the Audited Financial Statements.

Subsequent Events

Initial Public Offering

In January 2022, the REIT completed the Offering, issuing 3,407,800 trust units, including the overallotment, at a price of $1.25 per unit. The Offering raised gross proceeds of $4,259,750. The units began trading on the CSE under the symbol "NNL.U."

Issuance of Options and Warrants

In January 2022, the REIT granted to its employees 320,000 time vested options and 225,000 performance vested options under the Equity Incentive Grant plan. The exercise price of each option is $1.25 per unit. The units vest over three years. The REIT also granted a total of 140,000 units to its Trustees as a retainer and 30,875 units to its advisor related to the closing of the Offering. In addition, the REIT granted 171,348 warrants to its underwriters in connection with the Offering. The exercise price of each warrant unit is $1.25 and expires in three years from issue date.

Outstanding Units

As of the date of this MD&A, the REIT had 6,815,493 trust units issued and outstanding and 8,000,000 Class B Units issued and outstanding that are convertible on a one-for-one basis into REIT units.

Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*.

Managing Risk

Except as otherwise disclosed in this MD&A and in the Audited Financial Statements, there have been no significant changes to the nature and scope of the risks faced by the REIT as described in the Prospectus. The Prospectus and additional information relating to the REIT are available on SEDAR at www.sedar.com.