



MEC

SALE LEASEBACK
OPPORTUNITY
ACROSS CANADA

CONFIDENTIAL OFFERING SUMMARY



OPPORTUNITY OVERVIEW

Jones Lang LaSalle America, Inc. (“JLL”) is pleased to exclusively present an outstanding opportunity for the sale-leaseback of a portfolio of six retail assets (the “Portfolio” or “Properties”) located in dense, infill markets across Canada. The Portfolio is being offered as a 15 or 20-year sale leaseback to Mountain Equipment Company (“MEC” or “Tenant”), an iconic Canadian retailer specializing in outdoor gear and camping equipment. The master lease will be absolute NNN and contemplates 2% annual rent escalations and renewal options.

In October 2020, Kingswood Capital Management (“KCM”) acquired MEC through the Companies’ Creditors Arrangement Act and immediately implemented a business plan centered on strengthening the brand, improving efficiencies, and driving continued growth. Previous management overspent in regard to new store construction resulting in significant capital investment (for example, the Vancouver flagship store cost +\$40MM) and bloated overhead. Upon Kingswood’s acquisition, the immediate items of focus were right-sizing the Company’s cost structure for the current size of the business and focusing on merchandising the core, destination stores with premium quality outdoor products in a return to MEC’s roots.

This portfolio of 6 assets represents all of MEC’s owned stores. These locations are exceptionally well-located and benefit from impressive unit economics.

ABSOLUTE NNN
MASTER LEASE WITH RENT
ESCALATIONS

ICONIC CANADIAN BRAND
BACKED BY OPERATIONALLY-FOCUSED
SPONSOR AND MANAGED BY A WORLD-
CLASS RETAIL EXECUTIVE TEAM

GEOGRAPHIC DIVERSIFICATION
OF MISSION-CRITICAL RETAIL STORES

STRONG FUNDAMENTALS
IN OUTDOOR RECREATION INDUSTRY

PORTFOLIO SUMMARY

This offering contemplates MEC signing a master lease over the properties. The Company is also amenable to individual sales and leases.

Tenant:	Mountain Equipment Company (MEC)
Locations:	North Vancouver, Calgary, Winnipeg, Ottawa, Burlington and North York
Rentable Square Footage:	194,340 SF
Land Size:	7.11 acres (total); 1.19 acres (average)
Average Year Built:	2007

OFFERING DETAILS

Tenant	MEC
Lease Structure	Absolute Net Lease
Initial Lease Term	15 or 20 Years
Rental Escalations	2.0% Annually
Renewal Options	Four, 5-year options

Seller is amenable to both individual and portfolio offers.



INVESTMENT HIGHLIGHTS

LONG-TERM ABSOLUTE NNN LEASE WITH CONTRACTUAL RENT ESCALATIONS

- The Opportunity is being offered with a 15 or 20-year absolute NNN Lease to MEC. The lease will feature attractive 2% annual increases, as well as an additional 20 years of renewal options.



TRANSFORMATION OF AN ICONIC, BEST-IN-CLASS BRAND

- MEC is Canada's go-to destination for premium outdoor apparel and recreational equipment, with a loyal customer base and exceptional brand awareness. In May 2021, the Company was again named a top 10 trusted brand in Canada – and the highest ranking brand on the West coast of Canada – according to the Gustavson Brand Trust Index.
- Prior to Kingswood's acquisition, MEC spent heavily on new stores and an expensive headquarters, while losing money on inefficient processes and operating systems. Such excess spend culminated with a \$1.6 million weekly cash burn in September 2020.
- Kingswood immediately implemented cost saving measures, and in every single month since the sale the Company has made money.
- With the initial plan of implementing operational efficiencies yielding positive results, the Company is now looking towards other changes to help MEC remain the largest and most well-known outdoor retailer in Canada. For the first time in years, MEC has the capital and time to focus on new strategies. Going forward, MEC will focus on its existing strengths: its in-store experience, private label, brand and e-Commerce business.



GEOGRAPHICALLY DIVERSE, STRATEGICALLY LOCATED REAL ESTATE WITH STRONG OPERATING PERFORMANCE

- Retail properties at main-and-main locations across the largest cities in Canada.
- Presence in major Canadian markets including Vancouver, Calgary, Ottawa and Toronto, as well as Winnipeg.
- This portfolio represents a well-distributed, national footprint covering the top markets in Canada.



SUPERIOR SPONSORSHIP

- Kingswood is a private investment firm primarily focused on businesses that are undergoing varying degrees of operational, financial or market-driven change and seeks out processes such as in-and out-of-court restructurings, carve-outs, take-privates, and roll-ups, among others, where speed and certainty are a differentiator.
- The team has extensive experience with complex transactions and difficult situations, where they provide tailored solutions with the goal of optimizing the outcomes for all stakeholders.
- Furthermore, Kingswood has significant retail and consumer experience, including current investments in World Market and AutoAnything, and previous investments in Albertsons and DSW. Thus, MEC is a unique intersection of Kingswood's strengths.
- MEC's management team has significant experience with Canadian retail, specifically with brands related to technical outdoor products. The team brings unparalleled expertise from their decades in the Canadian retail industry, along with a fresh perspective and renewed focus to MEC.
- Kingswood and its operating partners focus on driving efficiency in cost structures and improving processes that result in continued profitability growth for their portfolio companies.



STRONG INDUSTRY FUNDAMENTALS

- For the outdoor industry, demand trends continue to remain strong as millions of new participants have explored outdoor activities since the start of the pandemic.
- The near- and long-term outlook for the industry remains strong, as it is positioned at the crossroads of active and healthy consumer lifestyle behaviors, demand for experiential entertainment and increasing consumer preference for environmentally conscious activities.
- Canada's outdoor recreation industry is vital to the national economy as it is estimated that the collective outdoor recreation industry produces \$24.6 billion in economic activity every year.



Address	City	Size	Acreage	Year Built	Parking Spaces
212 Brooksbank Ave	North Vancouver	22,361	1.412	2012	79
830 10th Avenue SW	Calgary	50,566	1.66	1996	94
303 Portage Avenue	Winnipeg	20,439	0.26	2002	N/A
366 Richmond Rd	Ottawa	35,835	1.1	2001/ 2012	63
1030 Brant St	Burlington	26,919	1.88	2009	105
784 Sheppard Ave E	North York	38,220	0.8	2016	124
Totals/ Average		194,340	7.11	2007	93



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**The outbreak of the COVID-19 virus (novel coronavirus) since the end of January 2020 has resulted in market uncertainty and volatility. While the economic impact of a contagion disease generally arises from the uncertainty and loss of consumer confidence, its impact on real estate values is unknown at this stage.



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