

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): **March 22, 2022**

Chicago Atlantic Real Estate Finance, Inc.
(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

001-41123

(Commission
File Number)

86-3125132

(IRS Employer
Identification Number)

420 N. Wabash Avenue, Suite 500, Chicago, Illinois 60611
(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code **(312) 809-7002**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	REFI	The Nasdaq Global Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition

On March 22, 2022, Chicago Atlantic Real Estate Finance, Inc. (the “Company”) issued a press release announcing its financial results for the fourth quarter and fiscal year ended December 31, 2021. The press release is attached as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

The information in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1 furnished herewith, is being furnished and shall not be deemed “filed” for any purpose of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of such Section. The information in this Current Report on Form 8-K shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 7.01 Regulation FD Disclosure.

On March 22, 2022, the Company disseminated a presentation to be used in connection with its conference call to discuss its financial results for the fourth quarter and fiscal year ended December 31, 2021, which will be held on Tuesday, March 22, 2022 at 10:00 a.m. (eastern time). A copy of the presentation has been posted to the Company’s Investor Relations page of its website and is included herewith as Exhibit 99.2, and by this reference incorporated herein.

The information disclosed under this Item 7.01, including Exhibit 99.2 hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 and shall not be deemed incorporated by reference into any filing made under the Securities Act of 1933, except as expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

d) Exhibits.

Exhibit Number	Description
99.1	Press release, dated March 22, 2022.
99.2	Fourth Quarter 2021 Earnings Supplemental Presentation, dated March 22, 2022.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Current Report on Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

CHICAGO ATLANTIC REAL ESTATE FINANCE, INC.

Date: March 22, 2022

By: /s/ Anthony Cappell

Name: Anthony Cappell

Title: Chief Executive Officer



Chicago Atlantic Real Estate Finance Announces Fourth Quarter 2021 Financial Results

CHICAGO—(March 22, 2022) Chicago Atlantic Real Estate Finance, Inc. (NASDAQ: REFI) (“Chicago Atlantic” or the “Company”), a commercial real estate finance company, today announced its results for the fourth quarter and period ended December 31, 2021.

Anthony Cappell, Chief Executive Officer of Chicago Atlantic, noted, “In the short time since our initial public offering, we have remained laser-focused on growing the loan originations pipeline, putting our capital to work at attractive yields, and building on Chicago Atlantic’s first-mover advantage in the cannabis space. As of last week, we have completed total loan fundings since the IPO of \$114.7 million to 13 separate borrowers – nearly half were new relationships – and upsized our credit facility to meet the growing demand for capital in the limited-license states where we focus. The brand our principals have established over the past three years and a well-earned reputation for delivering on our commitments are quickly making us a lender of choice to leading cannabis operators.”

Financial Highlights

- Net income of approximately \$4.4 million in the fourth quarter of 2021, or \$0.57 per basic weighted average common share
- Adjusted Distributable Earnings of approximately \$4.6 million in the fourth quarter of 2021, or \$0.61 per basic weighted average common share
- Net income of approximately \$9.5 million in 2021 (for the period April 1 to December 31, 2021), or \$1.47 per basic weighted average common share
- Adjusted Distributable Earnings of approximately \$9.9 million in 2021 (for the period April 1 to December 31, 2021), or \$1.54 per basic weighted average common share
- Book value per common share of \$15.13 as of December 31, 2021

Investment Activity and Portfolio Performance

- As of December 31, 2021, total loan commitments of approximately \$235.1 million (\$200.4 million funded, \$34.7 million unfunded) across 21 portfolio companies
- As of March 17, 2022, total loan commitments of approximately \$324.2 million (\$284.1 million funded, \$40.1 million unfunded) across 23 portfolio companies
- Since the IPO through March 17, 2022, funded a total of approximately \$114.7 million, resulting in full deployment of the IPO proceeds
- The portfolio’s weighted average yield to maturity was approximately 17.3% as of March 17, 2022 compared with approximately 18.6% as of December 31, 2021, and approximately 17.1% as of December 8, 2021, the date of the IPO

Fourth Quarter 2021 Financial Results

- Total interest income of approximately \$5.8 million
 - Total expenses of approximately \$1.4 million
 - Net Income of approximately \$4.4 million, or \$0.57 per basic weighted average common share
-

- Adjusted Distributable Earnings of approximately \$4.6 million, or \$0.61 per basic weighted average common share

2021 Financial Results (For the Period April 1 – December 31, 2021)

- Total interest income of approximately \$10.7 million
- Total expenses of approximately \$1.6 million
- Net Income of approximately \$9.5 million, or \$1.47 per basic weighted average common share
- Adjusted Distributable Earnings of approximately \$9.9 million, or \$1.54 per basic weighted average common share

Dividends

- On January 14, 2022, Chicago Atlantic paid a regular quarterly cash dividend of \$0.26 per outstanding share of common stock to stockholders of record on December 31, 2021
- On March 21, 2022, the Board of Directors increased the regular quarterly cash dividend by 53.8% to \$0.40 per outstanding share of common stock, payable on April 14, 2022 to common stockholders of record on March 31, 2022

Capital Markets Activity

- Successfully completed an initial public offering and concurrent private placement in December 2021, and the IPO underwriters partially exercised their over-allotment option in January 2022 for a total of 7,021,550 shares issued, raising approximately \$103.7 million in net proceeds. As of March 17, 2022, the Company has 17,752,603 diluted common shares outstanding.
- Upsized revolving credit facility from \$10 million to \$45 million on December 16, 2021

Conference Call and Quarterly Earnings Supplemental Details

The Company will host a conference call and live audio webcast, both open for the general public to hear, later today at 10:00 a.m. Eastern Time. The number to call for this interactive teleconference is (855) 831-3062 (international callers: (270) 215-9505). A replay of the call will be available through March 29, 2022, by dialing (404) 537-3406 and entering the replay access code, 1377436.

The live audio webcast of the Company's quarterly conference call will be available online in the Investor Relations section of the Company's website at investors.refi.reit. The online replay will be available approximately one hour after the end of the call and archived for one year.

Chicago Atlantic posted its Fourth Quarter 2021 Earnings Supplemental on the Investor Relations page of its website. The Company expects to file its Annual Report on Form 10-K for the year ended December 31, 2021 with the Securities and Exchange Commission by March 31, 2022.

Chicago Atlantic routinely posts important information for investors on its website, www.refi.reit. The Company intends to use this website as a means of disclosing material information, for complying with our disclosure obligations under Regulation FD and to post and update investor presentations and similar materials on a regular basis. The Company encourages investors, analysts, the media and others interested in Chicago Atlantic to monitor the Investor Relations page of its website, in addition to following its press releases, SEC filings, publicly available earnings calls, presentations, webcasts and other information posted from time to time on the website. Please visit the IR Resources section of the website to sign up for email notifications.

About Chicago Atlantic Real Estate Finance, Inc.

Chicago Atlantic Real Estate Finance, Inc. (NASDAQ: REFI) is a market-leading mortgage REIT utilizing significant real estate, credit and cannabis expertise to originate senior secured loans primarily to state-licensed cannabis operators in limited-license states in the United States. Chicago Atlantic intends to elect and qualify to be taxed as a REIT under Section 856 of the Internal Revenue Code of 1986 and is managed by Chicago Atlantic REIT Manager, LLC.

Forward-Looking Statements

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect our current views and projections with respect to, among other things, future events and financial performance. Words such as “believes,” “expects,” “will,” “intends,” “plans,” “guidance,” “estimates,” “projects,” “anticipates,” and “future” or similar expressions are intended to identify forward-looking statements. These forward-looking statements, including statements about our future growth and strategies for such growth, are subject to the inherent uncertainties in predicting future results and conditions and are not guarantees of future performance, conditions or results. More information on these risks and other potential factors that could affect our business and financial results is included in our filings with the SEC. New risks and uncertainties arise over time, and it is not possible to predict those events or how they may affect us. We do not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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Chicago Atlantic Real Estate Finance, Inc.
Consolidated Balance Sheet (Unaudited)

	December 31, 2021	March 31, 2021
Assets		
Loans held for investment	\$ 196,984,566	\$ -
Current expected credit loss reserve	(134,542)	-
Loans held for investment, net	196,850,024	-
Cash	80,248,526	100,000
Interest receivable	197,735	-
Other assets, net	868,022	-
Other receivables	6,148	-
Total Assets	\$ 278,170,455	\$ 100,000
Liabilities		
Interest reserve	\$ 6,636,553	\$ -
Dividend payable	4,537,924	-
Investment payable	1,800,000	-
Management fee payable	905,123	-
Accounts payable and accrued expenses	212,887	-
Total Liabilities	14,092,487	-
Commitments and contingencies		
Stockholders' equity		
Common stock, par value \$0.01 per share, 100,000,000 shares authorized and 17,453,553 shares issued and outstanding at December 31, 2021	173,551	64
Additional paid-in-capital	264,081,977	99,936
Accumulated earnings (deficit)	(177,560)	-
Total stockholders' equity	264,077,968	100,000
Total liabilities and stockholders' equity	\$ 278,170,455	\$ 100,000

Chicago Atlantic Real Estate Finance, Inc.
Consolidated Statement of Operations (Unaudited)

	Three Months Ended December 31, 2021	For the period from April 1, 2021 to December 31, 2021
Revenues		
Interest income	\$ 5,779,304	\$ 10,749,468
Prepayment fee income	-	325,648
Total revenues	5,779,304	11,075,116
Expenses		
Management Fees, net	905,123	905,123
General and administrative expense	181,555	195,087
Organizational expense	63,301	167,591
Provision for current expected credit losses	147,949	147,949
Amortization of deferred debt issuance costs	33,943	75,861
Professional fees	57,458	57,458
Stock based compensation	29,611	29,611
Total expenses	1,418,940	1,578,680
Net Income before income taxes	4,360,364	9,496,436
Income tax expense	-	-
Net Income	\$ 4,360,364	\$ 9,496,436
Earnings per common share:		
Basic earnings per common share (in dollars per share)	\$ 0.57	\$ 1.47
Diluted earnings per common share (in dollars per share)	\$ 0.57	\$ 1.47
Weighted average number of common shares outstanding:		
Basic weighted average shares of common stock outstanding (in shares)	7,599,597	6,442,865
Diluted weighted average shares of common stock outstanding (in shares)	7,622,067	6,450,383

Non-GAAP Metrics

In addition to using certain financial metrics prepared in accordance with GAAP to evaluate our performance, we also use Distributable Earnings and Adjusted Distributable Earnings to evaluate our performance. Each of Distributable Earnings and Adjusted Distributable Earnings is a measure that is not prepared in accordance with GAAP. We define Distributable Earnings as, for a specified period, the net income (loss) computed in accordance with GAAP, excluding (i) non-cash equity compensation expense, (ii) Incentive Compensation, (iii) depreciation and amortization, (iv) any unrealized gains, losses or other non-cash items recorded in net income (loss) for the period, regardless of whether such items are included in other comprehensive income or loss, or in net income (loss); provided that Distributable Earnings does not exclude, in the case of investments with a deferred interest feature (such as OID, debt instruments with PIK interest and zero coupon securities), accrued income that we have not yet received in cash, (v) provision for current expected credit losses and (vi) one-time events pursuant to changes in GAAP and certain non-cash charges, in each case after discussions between our Manager and our independent directors and after approval by a majority of such independent directors. We define Adjusted Distributable Earnings, for a specified period, as Distributable Earnings excluding certain non-recurring organizational expenses (such as one-time expenses related to our formation and start-up).

We believe providing Distributable Earnings and Adjusted Distributable Earnings on a supplemental basis to our net income as determined in accordance with GAAP is helpful to stockholders in assessing the overall performance of our business. As a REIT, we are required to distribute at least 90% of our annual REIT taxable income and to pay tax at regular corporate rates to the extent that we annually distribute less than 100% of such taxable income. Given these requirements and our belief that dividends are generally one of the principal reasons that stockholders invest in our common stock, we generally intend to attempt to pay dividends to our stockholders in an amount equal to our net taxable income, if and to the extent authorized by our Board. Distributable Earnings is one of many factors considered by our Board in authorizing dividends and, while not a direct measure of net taxable income, over time, the measure can be considered a useful indicator of our dividends.

Distributable Earnings and Adjusted Distributable Earnings should not be considered as substitutes for GAAP net income. We caution readers that our methodology for calculating Distributable Earnings and Adjusted Distributable Earnings may differ from the methodologies employed by other REITs to calculate the same or similar supplemental performance measures, and as a result, our reported Distributable Earnings and Adjusted Distributable Earnings may not be comparable to similar measures presented by other REITs.

Chicago Atlantic Real Estate Finance, Inc.
Reconciliation of Distributable Earnings and Adjusted Distributable
Earnings to GAAP Net Income

	Three Months Ended December 31, 2021	For the period from April 1, 2021 to December 31, 2021
Net Income	\$ 4,360,364	\$ 9,496,436
Adjustments to net income		
Non-cash equity compensation expense	29,611	29,611
Depreciation and amortization	33,943	75,861
Unrealized (gain), losses, or other non-cash items	-	-
Provision for current expected credit losses	147,949	147,949
One-time events pursuant to changes in GAAP and certain non-cash charges	-	-
Distributable Earnings	\$ 4,571,867	\$ 9,749,857
Adjustments to Distributable Earnings		
Certain organizational expenses	63,301	167,591
Adjusted Distributable Earnings	\$ 4,635,168	\$ 9,917,448
Basic weighted average shares of common stock outstanding (in shares)	7,599,597	6,442,865
Adjusted Distributable Earnings per weighted average share	\$ 0.61	\$ 1.54
Diluted weighted average shares of common stock outstanding (in shares)	7,622,067	6,450,383
Adjusted Distributable Earnings per weighted average share	\$ 0.61	\$ 1.54



CHICAGOATLANTIC
REAL ESTATE FINANCE

Fourth Quarter 2021 Earnings Supplemental

March 22, 2022

Important Disclosure Information

This presentation contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, regarding future events and the future results of the Company that are based on current expectations, estimates, forecasts, projections about the industry in which the Company operates and the beliefs and assumptions of the management of the Company. Words such as "address," "anticipate," "believe," "consider," "continue," "develop," "estimate," "expect," "further," "goal," "intend," "may," "plan," "potential," "project," "seek," "should," "target," "will," variations of such words and similar expressions are intended to identify such forward-looking statements. Such statements reflect the current views of the Company and its management with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, the Company's actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. This presentation has been prepared by the Company based on information it has obtained from sources it believes to be reliable. Summaries of documents contained in this presentation may not be complete. The Company does not represent that the information herein is complete. The information in this presentation is current only as of December 31, 2021 or such other date noted in this presentation, and the Company's business or financial condition and other information in this presentation may change after that date. The Company undertakes no obligation to update any forward-looking statements in order to reflect any event or circumstance occurring after the date of this presentation or currently unknown facts or conditions. You are urged to review and carefully consider any cautionary statements and other disclosures, including the statements under the heading "Risk Factors" and elsewhere in the Company's filings with the Securities and Exchange Commission.

Factors that may cause actual results to differ materially from current expectations include, among others: the Company's business and investment strategy; the impact of COVID-19 on the Company's business and the global economy; the war between Russia and the Ukraine and market volatility resulting from such conflict; the ability of Chicago Atlantic REIT Manager, LLC (the "Manager") to locate suitable loan opportunities for the Company, monitor and actively manage the Company's loan portfolio and implement the Company's investment strategy; allocation of loan opportunities to the Company by the Manager; the Company's projected operating results; actions and initiatives of the U.S. or state governments and changes to government policies and the execution and impact of these actions, initiatives and policies, including the fact that cannabis remains illegal under federal law; the estimated growth in and evolving market dynamics of the cannabis market; the demand for cannabis cultivation and processing facilities; shifts in public opinion regarding cannabis; the state of the U.S. economy generally or in specific geographic regions; economic trends and economic recoveries; the amount and timing of the Company's cash flows, if any, from the Company's loans; the Company's ability to obtain and maintain financing arrangements; the Company's expected leverage; changes in the value of the Company's loans; the Company's expected portfolio of loans; the Company's expected investment and underwriting process; rates of default or decreased recovery rates on the Company's loans; the degree to which any interest rate or other hedging strategies may or may not protect the Company from interest rate volatility; changes in interest rates and impacts of such changes on the Company's results of operations, cash flows and the market value of the Company's loans; interest rate mismatches between the Company's loans and the Company's borrowings used to fund such loans; the departure of any of the executive officers or key personnel supporting and assisting the Company from the Manager or its affiliates; impact of and changes in governmental regulations, tax law and rates, accounting guidance and similar matters; the Company's ability to maintain the Company's exclusion or exemption from registration under the Investment Company Act; the Company's ability to qualify and maintain the Company's qualification as a REIT for U.S. federal income tax purposes; estimates relating to the Company's ability to make distributions to its stockholders in the future, the Company's understanding of its competition; and market trends in the Company's industry, interest rates, real estate values, the securities markets or the general economy.

Market and Industry Data

In this presentation, the Company relies on and refers to certain information and statistics obtained from third-party sources which it believes to be reliable, including reports by market research firms. The Company has not independently verified the accuracy or completeness of any such third-party information. Because the cannabis industry is relatively new and rapidly evolving, such market and industry data may be subject to significant change in a relatively short time period.

Company Overview

- Successful IPO in December 2021 (NASDAQ: REFI)
- Track record of identifying market inefficiencies, particularly where risk is fundamentally mispriced
- Ability to redeploy capital quickly
- Access to Sponsor's leading cannabis lending platform as lead or co-lead
- Proprietary sourcing network and direct originations team
- Experienced and robust origination team responsible for sourcing and closing over \$1.2B in credit facilities since 2019
- Sizable and growing loan portfolio offering compelling risk-adjusted returns
- Diversified across operators, geographies and asset types with strong real estate collateral coverage as well as additional collateral

Note: (1) As of March 17, 2022

CHICAGOATLANTIC
REAL ESTATE FINANCE



Investment Highlights

-  Pioneer in cannabis lending with first-mover advantage
-  Proprietary and extensive deal sourcing capabilities
-  Differentiated investment approach
-  Compelling opportunity in rapidly growing cannabis market
-  Lender of choice to leading cannabis operators

Industry-Leading Management and Investment Team

Deep Cannabis, Credit and Real Estate Expertise With Entrepreneurial Approach



John Mazarakis⁽¹⁾
Executive Chairman

- Originated over \$500mm in cannabis credit transactions
- Developed and owns over 1mm sf of real estate across 4 states
- Founded restaurant group with 30+ units and 1,200+ employees
- MBA from Chicago Booth and BA from University of Delaware



Tony Cappell⁽¹⁾
CEO

- Debt investor with over 15 years of experience, beginning at Wells Fargo Foothill
- Completed over 150 deals, comprising over \$5bn in total credit
- Former Managing Director and Head of Underwriting at Stonegate Capital
- MBA from Chicago Booth and BA from University of Wisconsin



Andreas Bodmeier⁽¹⁾
Co-President and CIO

- Underwritten over \$500mm in cannabis credit transactions
- Former Principal of consulting firm focused on FX and commodity risk management
- Former Senior Advisor, U.S. Dept. of Health and Human Services
- PhD in Finance and MBA from Chicago Booth and MSc from Humboldt University (Berlin)



Peter Sack⁽¹⁾
Co-President

- Former Principal at BC Partners Credit, leading their cannabis practice
- Underwritten \$138mm in cannabis credit transactions
- Former private equity investor, focusing on distressed industrial opportunities
- MBA from University of Pennsylvania's Wharton School of Business and BA from Yale University



Lindsay Menze
CFO

- Finance and accounting expert, with over 10 years of experience, focusing on complex accounting and financial reporting
- Former Director at RSM US and Manager at Deloitte, focusing primarily on real estate industry
- CPA and BBA from University of Notre Dame

100 YEARS OF COMBINED EXPERIENCE AND OVER \$8 BILLION IN REAL ESTATE AND COMMERCIAL CREDIT

Note: (1) Denotes member of Investment Committee

Veteran Independent Directors

Significant Public Board, REIT, Financial and Corporate Governance Expertise



Jason Papastavrou

- Lead Independent Director
- Founder and CIO of ARIS Capital Management
- Current member of board of directors of GXO Logistics (NYSE:GXO); and, previous board member of XPO Logistics (NYSE:XPO) and United Rentals (NYSE:URI)
- BS in Mathematics and MS and PhD in Electrical Engineering and Computer Science from MIT



Donald Gulbrandsen

- Current investor in Chicago Atlantic
- Founder and CEO of Gulbrandsen Companies, a holding company for specialty chemical manufacturing companies
 - Products sold in over 45 countries
 - Over 900 employees in 7 facilities worldwide
- BS in Chemical Engineering and BA in History from Cornell University



Fredrick C. Herbst

- Audit Committee Chair
- Former CFO of Ready Capital (NYSE:RC) and Arbor Realty Trust (NYSE:ABR), two publicly traded, commercial mortgage REITs
- Former Managing Director of Waterfall Asset Management
- Former CFO of Clayton Holdings and The Hurst Companies
- CPA and BA in Accounting from Wittenberg University



Brandon Konigsberg

- Former CFO at J.P. Morgan Securities and Managing Director at JPMorgan Chase
- Current member of board of directors of GTJ REIT, SEC-registered equity REIT
- Former auditor at Goldstein, Golub and Kessler
- CPA and BA in Accounting from University of Albany and MBA from New York University's Stern School of Business



Michael Steiner

- Current investor in Chicago Atlantic
- Founder and President of Service Energy and Petroleum Equipment, which are engaged in distribution of petroleum products
 - Expert in highly regulated industries
- BA in History from Wake Forest University and MBA from University of Delaware

Investment Portfolio Activity



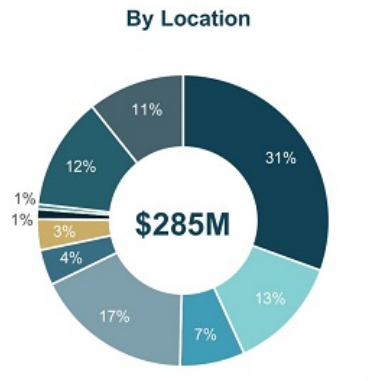
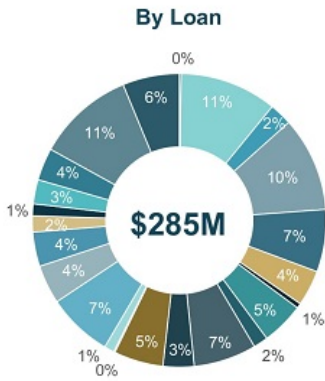


Weighted average yield to maturity of
~17.3%
as of March 17, 2022

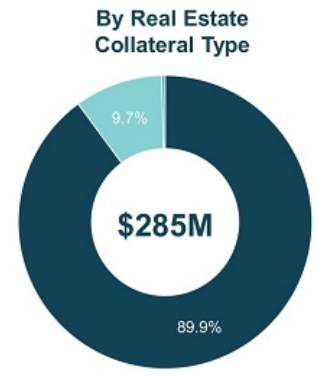
Portfolio Diversity

Our portfolio is diversified across operators, geographies, and asset types

PRINCIPAL OUTSTANDING ⁽¹⁾



- Various
- Michigan
- Illinois
- Ohio
- Pennsylvania
- Arizona
- Massachusetts
- Maryland
- West Virginia
- Florida



- Retail & Industrial
- Industrial
- Retail

Note: (1) As of March 17, 2022

Loan Collateral Coverage

1.8x real estate collateral coverage

REAL ESTATE COLLATERAL COVERAGE⁽¹⁾

As percentage of total principal balance, as of March 17, 2022



ADDITIONAL COLLATERAL

Our loans to owner operators in the state-licensed cannabis industry are secured by additional collateral, including personal guarantee where applicable subject to local laws and regulations:



(1) See page 17 for real estate collateral coverage by loan. Expressed as percentage of total principal balance of \$280.4 million as of March 17, 2022.

Portfolio Overview (as of March 17, 2022)

Loan	Initial Funding Date ⁽¹⁾	Maturity Date ⁽²⁾	Total Commitment ⁽³⁾	Principal Balance as of 3/17/2022 ⁽¹²⁾	Percentage of Our Loan Portfolio	Future Fundings	Interest Rate ⁽⁴⁾	Periodic Payment ⁽⁵⁾	YTM IRR ⁽⁶⁾
1 ⁽⁸⁾	12/31/19	12/31/22	\$ 800,000	\$ 547,500	0.2%	\$ —	15.00%	P&I	21.3%
2	7/2/20	5/30/23	\$ 30,000,000	\$ 30,000,000	10.7%	\$ —	10.07%	I/O	13.1%
3	11/19/20	1/31/25	\$ 7,750,000	\$ 6,975,000	2.5%	\$ —	P + 11.00% ⁽⁷⁾	P&I	17.7%
4	3/5/21	12/31/24	\$ 29,175,000	\$ 29,268,269	10.4%	\$ —	P + 6.85% ⁽⁷⁾ Cash, 2.5% PIK	I/O	13.7%
5	3/25/21	3/31/24	\$ 19,014,719	\$ 19,279,150	6.9%	\$ —	13.625% Cash, 2.75% PIK	P&I	20.7%
6 ⁽⁹⁾	4/19/21	4/28/23	\$ 12,900,000	\$ 11,046,631	3.9%	\$ 2,449,952	19.85%	P&I	25.3%
7	4/19/21	4/28/23	\$ 3,500,000	\$ 1,500,000	0.5%	\$ 2,000,000	P + 12.25% ⁽⁷⁾	P&I	17.6%
8	5/28/21	5/31/25	\$ 12,900,000	\$ 13,189,696	4.7%	\$ —	P + 10.75% ⁽⁷⁾ Cash, 4% PIK ⁽¹⁰⁾	P&I	20.1%
9	8/20/21	2/20/24	\$ 6,000,000	\$ 4,500,000	1.6%	\$ 1,500,000	P + 9.00% ⁽⁷⁾	P&I	13.5%
10	8/24/21	8/30/24	\$ 25,000,000	\$ 19,372,262	6.9%	\$ 5,714,286	13% Cash, 1% PIK	P&I	16.0%
11	9/1/21	9/1/24	\$ 9,500,000	\$ 9,584,506	3.4%	\$ —	P + 9.25% ⁽⁷⁾ Cash, 2% PIK	P&I	17.7%
12	9/3/21	6/30/24	\$ 15,000,000	\$ 15,223,879	5.4%	\$ —	P + 10.75% ⁽⁷⁾ Cash, 3% PIK	P&I	19.5%
13	9/20/21	9/30/24	\$ 470,411	\$ 405,076	0.1%	\$ —	11.00%	P&I	21.4%
14	9/21/21	3/21/22	\$ 3,100,000	\$ 3,100,000	1.1%	\$ —	17.00%	I/O	26.2%
15	9/30/21	9/30/24	\$ 20,000,000	\$ 20,168,341	7.2%	\$ —	P + 8.75% ⁽⁷⁾ Cash, 2% PIK	I/O	17.6%
16	11/8/21	10/31/24	\$ 20,000,000	\$ 12,000,000	4.3%	\$ 8,000,000	13.00%	P&I	18.5%
17	11/22/21	11/22/22	\$ 10,600,000	\$ 10,600,000	3.8%	\$ —	P + 7.00% ⁽⁷⁾	I/O	12.6%
18	12/27/21	12/27/26	\$ 5,000,000	\$ 5,021,902	1.8%	\$ —	15% Cash, 2.5% PIK	P&I	19.3%
19	12/29/21	12/29/23	\$ 6,000,000	\$ 3,630,568	1.3%	\$ 2,400,000	10.50% Cash, 1% to 5% PIK ⁽¹¹⁾	I/O	18.3%
20	12/30/21	12/31/24	\$ 13,000,000	\$ 7,500,000	2.7%	\$ 5,500,000	P + 9.25% ⁽⁷⁾	P&I	18.9%
21	1/18/22	1/31/25	\$ 25,000,000	\$ 15,000,000	3.6%	\$ 10,000,000	11.00%	P&I	13.1%
22	2/3/22	2/28/25	\$ 30,000,000	\$ 30,062,500	10.7%	\$ —	P + 8.25% ⁽⁷⁾ Cash, 3% PIK	P&I	20.7%
23	3/11/22	8/9/25	\$ 20,000,000	\$ 17,500,000	6.2%	\$ 2,500,000	11.0% Cash, 3% PIK	P&I	16.7%
Subtotal			\$ 324,210,130	\$ 285,457,780	100.0%	\$ 40,064,238	14.0%	Wtd Average	17.3%

Total Commitment: \$324.2M

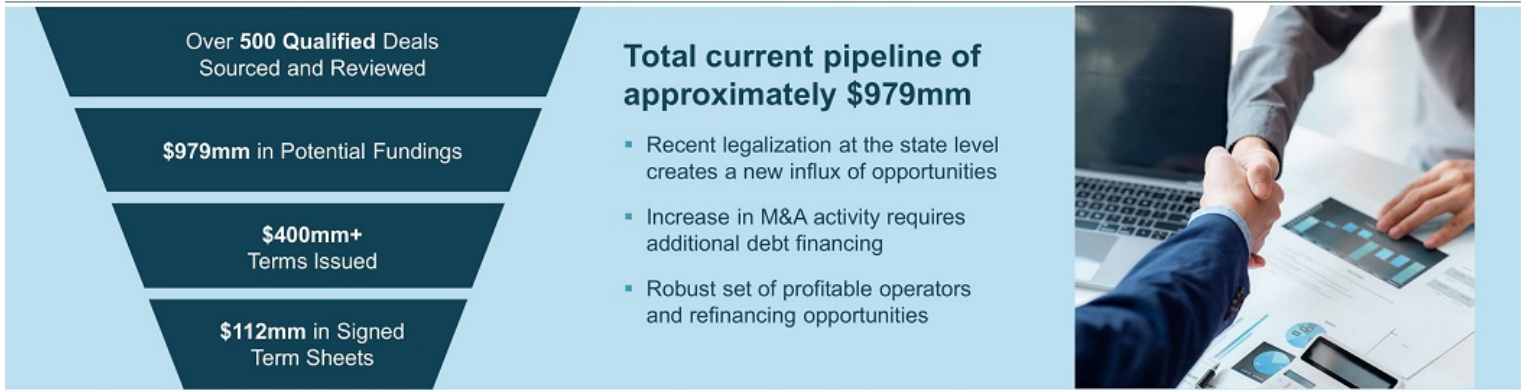
Portfolio Overview (continued)

Notes:

- (1) All loans originated prior to April 1, 2021 were purchased from affiliated entities at fair value plus accrued interest on or subsequent to April 1, 2021
- (2) Certain loans have extension options from original maturity date
- (3) Total Commitment excludes future amounts to be advanced at sole discretion of the lender
- (4) "P" = prime rate and depicts floating rate loans that pay interest at the prime rate plus a specific percentage; "PIK" = paid in kind interest
- (5) P&I = principal and interest. I/O = interest only. P&I loans may include interest only periods for a portion of the loan term
- (6) Includes OID, unused fees, and exit fees, but assumes no prepayment penalties or early payoffs
- (7) Subject to prime rate floor of 3.25%
- (8) The aggregate loan commitment to Loan #2 includes a \$4.005 million initial advance which has an interest rate of 15.25% and a second advance of \$15.995 million which has an interest rate of 9.75%, and a third advance of \$10.0 million which has an interest rate of 8.5%. The statistics presented reflect the weighted average of the terms under both advances for the total aggregate loan commitment.
- (9) The aggregate loan commitment to Loan #6 includes \$8.4 million advanced which has an interest rate of P + 11.75% and 2.00% PIK, and a second commitment of \$2.0 million which has an interest rate of 39.00%. The statistics presented reflect the weighted average of the terms under all advances for the total aggregate loan commitment.
- (10) Subject to adjustment not below 2% if borrower receives at least two consecutive quarters of positive cash flow after the closing date
- (11) PIK is variable with an initial rate of five percent (5.00%) per annum, until Borrower's delivery to Administrative Agent and the Lenders of audited financial statements for the Fiscal Year ending December 31, 2021, at which time the PIK interest rate shall equal a rate of one percent (1.00%) if EBITDA is greater than \$6,000,000; three percent (3.00%) if EBITDA is greater than \$4,000,000 and less than or equal to \$6,000,000; or will remain at five percent (5.00%) if EBITDA is less than \$4,000,000.
- (12) Principal as of 3/17/2022 excludes any accrued PIK interest from 3/1/2022 through 3/17/2022 for loans which PIK interest is a component of interest rate.

Loan Origination Pipeline

Driven by proprietary deal sourcing



Note:
(1) Other collateral may consist of one or more of the following assets: accounts receivable, equipment, and licenses or ownership interests in licensed cannabis companies. The collateral described in this table may refer to properties that are, and will be, subject to various local laws and regulatory requirements that may restrict the use of collateral and our ability to foreclose on the collateral

Compelling Market Opportunity

U.S. CANNABIS SALES ⁽¹⁾

(\$ in billions)



MARKET DRIVERS

- Sales of the U.S. cannabis industry expected to rival beer (\$100bn), spirits (\$97bn) and wine (\$62bn) by 2030
- Continued legalization at state level expected to drive continued demand for capital
- Highly fragmented industry ripe for consolidation
- State and local governments deemed cannabis essential businesses during pandemic
- Wave of East Coast Legalization

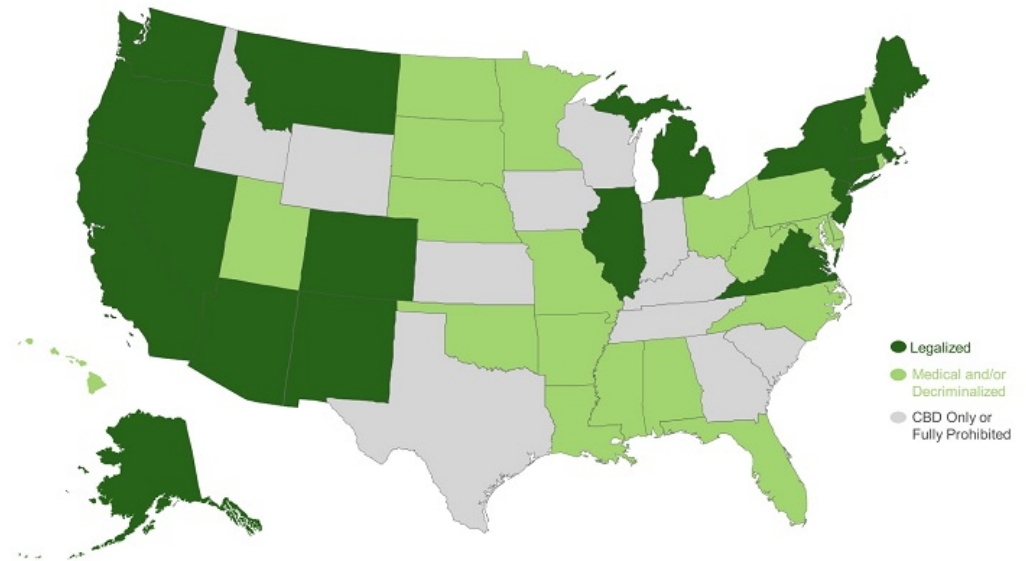
Note:
(1) Per New Frontier Data

Compelling Market Opportunity

LEGISLATIVE TAILWINDS

- Continued state-level legalization, including transition from medical to adult-use cannabis
- SAFE Banking Act would protect banks providing services to state-licensed cannabis businesses
- Chicago Atlantic expects to have a lower cost of capital on bank financing as a result of the SAFE Banking Act

CURRENT LEGALIZATION⁽¹⁾: 37 STATES



Note:
(1) Per DISA Global Solutions, as of March 2022

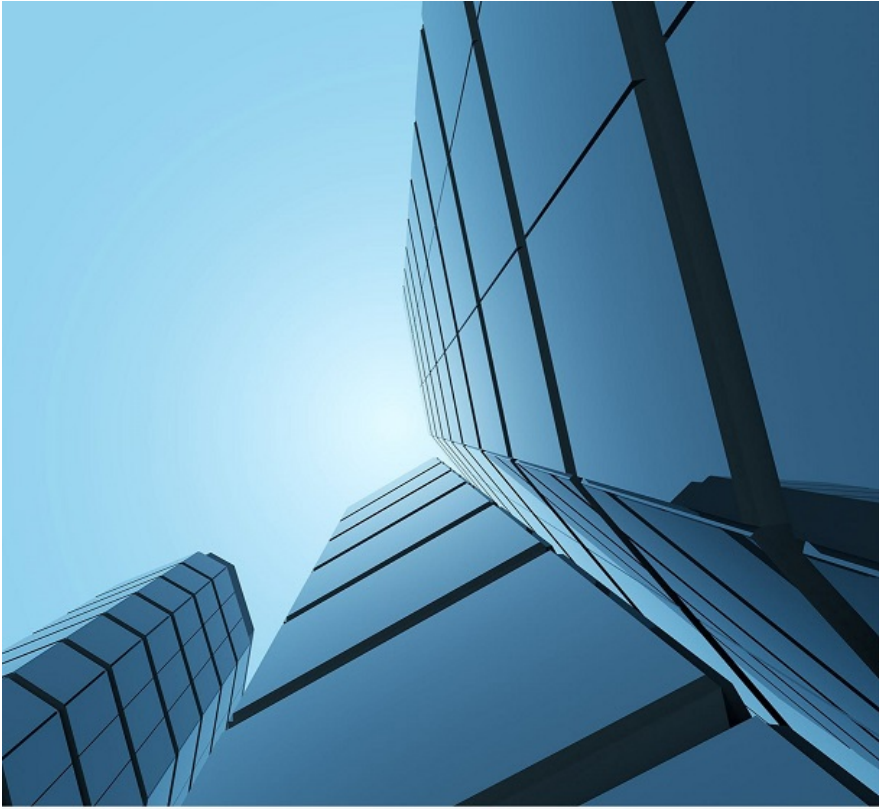
Competitive Landscape

COMPETITORS: GROUPS



COMPETITIVE ADVANTAGES

Shorter loan durations	Better diversification
Lower LTVs	Deal leads
Ability to upsize	Close relationships with management teams
We negotiate the deal	REIT shares 50% of the origination fee
Underwrite enterprise value in the borrowers	Our borrower's only source of debt



CHICAGOATLANTIC
REAL ESTATE FINANCE

Appendix

2021 Financial Overview

Collateral Overview (as of March 17, 2022)

Loan	Investment ⁽¹⁾	Location	Property Type	Principal Balance as of 3/17/2022	Implied Real Estate Collateral for REIT ⁽²⁾	Our Real Estate Collateral Coverage as of 3/17/2022
1	Senior Real Estate Corporate Loan	Michigan	Retail	\$ 547,500	\$ 1,710,000	3.1x
2	Senior Real Estate Corporate Loan	Various	Retail/Industrial	\$ 30,000,000	\$ 107,943,025	3.6x
3	Senior Real Estate Corporate Loan	Pennsylvania	Retail/Industrial	\$ 6,957,500	\$ 3,680,000	0.5x
4	Senior Real Estate Corporate Loan	Michigan	Retail/Industrial	\$ 29,268,269	\$ 35,178,185	1.2x
5	Senior Real Estate Corporate Loan	Various	Retail/Industrial	\$ 19,279,150	\$ 23,866,650	1.2x
6	Senior Real Estate Corporate Loan	Arizona	Industrial	\$ 11,046,631	\$ 19,700,000	1.8x
7	Senior Real Estate Corporate Loan	Massachusetts	Retail/Industrial	\$ 1,500,000	\$ 907,500	0.6x
8	Senior Real Estate Corporate Loan	Pennsylvania	Industrial	\$ 13,189,696	\$ 25,000,000	1.9x
9	Senior Real Estate Corporate Loan	Michigan	Retail/Industrial	\$ 4,500,000	\$ 10,900,000	2.4x
10	Senior Real Estate Corporate Loan	Various	Retail/Industrial	\$ 19,372,262	\$ 28,052,731	1.4x
11	Senior Real Estate Corporate Loan	West Virginia	Retail/Industrial	\$ 9,584,506	\$ 16,640,000	1.7x
12	Senior Real Estate Corporate Loan	Pennsylvania	Retail/Industrial	\$ 15,223,879	\$ 16,700,000	1.1x
13	Senior Loan	Michigan	Retail	\$ 405,076	\$ 3,000,000	7.4x
14	Senior Real Estate Corporate Loan	Illinois	Industrial	\$ 3,100,000	\$ 4,753,389	1.5x
15	Senior Real Estate Corporate Loan	Maryland	Retail/Industrial	\$ 20,168,341	\$ 32,000,000	1.6x
16	Senior Real Estate Corporate Loan	Various	Retail/Industrial	\$ 12,000,000	\$ 48,260,000	4.0x
17	Senior Real Estate Corporate Loan	Michigan	Retail/Industrial	\$ 10,600,000	\$ 17,062,227	1.6x
18	Senior Real Estate Corporate Loan	Various	Retail/Industrial	\$ 5,021,902	\$ —	0.0x
19	Senior Real Estate Corporate Loan	Michigan	Retail/Industrial	\$ 3,603,568	\$ 9,510,000	2.6x
20	Senior Real Estate Corporate Loan	Florida	Retail/Industrial	\$ 7,500,000	\$ —	0.0x
21	Senior Real Estate Corporate Loan	Florida	Retail/Industrial	\$ 15,000,000	\$ 35,825,000	2.4x
22	Senior Real Estate Corporate Loan	Ohio	Retail/Industrial	\$ 30,062,500	\$ 32,638,235	1.1x
23	Senior Real Estate Corporate Loan	Florida	Retail/Industrial	\$ 17,500,000	\$ 30,000,000	1.7x
				\$ 285,457,780	\$ 473,326,942	1.8x

Notes:

(1) Senior Real Estate Corporate Loans are structured as loans to owner operators secured by real estate. Senior Loans are loans to a property owner and leased to third party tenant.

(2) Real estate is based on appraised value as is, or on a comparable cost basis, as completed. The real estate values shown in the collateral table are estimates by a third-party appraiser of the market value of the subject real property in its current physical condition, use, and zoning as of the appraisal date. The appraisals assume that the highest and best use is use as a cannabis cultivator or dispensary, as applicable. The appraisals recognize that the current use is highly regulated by the state in which the property is located; however, there are sales of comparable properties that demonstrate that there is a market for such properties. The appraisals utilize these comparable sales for the appraised property's value in use. For properties used for cannabis cultivation, the appraisals use similar sized warehouses in their conclusion of the subject's "as-is" value without licenses to cultivate cannabis. However, the appraised value is assumed to be realized from a purchase by another state-licensed cannabis operator or a third party purchaser that would lease the subject property to a state-licensed cannabis operator. The regulatory requirements related to real property used in cannabis-related operations may cause significant delays or difficulties in transferring a property to another cannabis operator, as the state regulator may require inspection and approval of the new tenant/user. Further, the value is also determined using the income approach, based on market lease rates for comparable properties, whether dispensaries or cultivation facilities. It indicates the value to a third party owner that leases to a dispensary or cultivation facility. Finally, the appraisal contains a value based on the cost for another operator to construct a similar facility, which we refer to as the "cost approach." We believe the cost approach provides an indication of what another state-licensed operator would pay for a separate facility instead of constructing it itself. The appraiser's opinion of value reflects current conditions and the likely actions of market participants as of the date of appraisal. It is based on the available information gathered and provided to the appraiser, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

Portfolio Overview (as of December 31, 2021)

Loan	Initial Funding Date ⁽¹⁾	Maturity Date ⁽²⁾	Total Commitment ⁽³⁾	Principal Balance as of 12/31/2021	Percentage of Our Loan Portfolio	Future Fundings	Interest Rate ⁽⁴⁾	Periodic Payment ⁽⁵⁾	YTM IRR ⁽⁶⁾
1	12/31/19	12/31/22	\$ 800,000	\$ 567,500	0.3%	\$ —	15.00%	P&I	21.3%
2 ⁽⁸⁾	7/2/20	5/30/23	\$ 30,000,000	\$ 30,000,000	15.0%	\$ —	10.07%	I/O	13.1%
3	11/19/20	11/30/23	\$ 3,750,000	\$ 2,957,500	1.5%	\$ 500,000	P + 11.00% ⁽⁹⁾	P&I	17.5%
4 ⁽⁹⁾	3/5/21	7/31/23	\$ 17,875,167	\$ 11,875,167	5.9%	\$ 6,000,000	P + 10.00% ⁽⁷⁾	P&I	13.5%
5	3/25/21	3/31/24	\$ 17,218,015	\$ 17,410,081	8.7%	\$ —	13.625% Cash, 2.75% PIK	P&I	20.7%
6 ⁽¹³⁾	4/19/21	4/28/23	\$ 12,900,000	\$ 9,984,409	5.0%	\$ 2,994,952	19.85%	P&I	25.3%
7	4/19/21	4/28/23	\$ 3,500,000	\$ 1,500,000	0.7%	\$ 2,000,000	P + 12.25% ⁽⁷⁾	P&I	17.4%
8	5/28/21	5/31/25	\$ 12,900,000	\$ 13,103,653	6.5%	\$ —	P + 10.75% ⁽⁷⁾ Cash, 4% PIK ⁽¹⁰⁾	P&I	19.9%
9	8/20/21	2/20/24	\$ 6,000,000	\$ 4,500,000	2.2%	\$ 1,500,000	P + 9.00% ⁽⁷⁾	P&I	13.3%
10	8/24/21	8/30/24	\$ 25,000,000	\$ 19,340,552	9.6%	\$ 5,714,286	13% Cash, 1% PIK	P&I	16.0%
11	9/1/21	9/1/24	\$ 9,500,000	\$ 9,457,895	4.7%	\$ 95,329	P + 9.25% ⁽⁷⁾ Cash, 2% PIK	P&I	17.5%
12	9/3/21	6/30/24	\$ 15,000,000	\$ 15,149,304	7.6%	\$ —	P + 10.75% ⁽⁷⁾ Cash, 3% PIK	P&I	19.3%
13	9/20/21	9/30/24	\$ 470,411	\$ 431,210	0.2%	\$ —	11.00%	P&I	21.4%
14	9/21/21	3/21/22	\$ 3,100,000	\$ 3,100,000	1.5%	\$ —	17.00%	I/O	26.2%
15	9/30/21	9/30/24	\$ 20,000,000	\$ 20,102,396	10.0%	\$ —	P + 8.75% ⁽⁷⁾ Cash, 2% PIK	I/O	17.4%
16	11/8/21	10/31/24	\$ 20,000,000	\$ 12,000,000	6.0%	\$ 8,000,000	13.00%	P&I	18.5%
17	11/22/21	11/22/22	\$ 10,600,000	\$ 10,600,000	5.3%	\$ —	P + 7.00% ⁽⁷⁾	I/O	12.4%
18	12/27/21	12/27/26	\$ 5,000,000	\$ 5,001,389	2.5%	\$ —	15% Cash, 2.5% PIK	P&I	19.3%
19	12/29/21	12/29/23	\$ 6,000,000	\$ 3,601,000	1.8%	\$ 2,400,000	10.50% Cash, 1% to 5% PIK ⁽¹¹⁾	I/O	18.3%
20 ⁽¹²⁾	12/29/21	3/29/22	\$ 2,450,000	\$ 2,450,000	1.2%	\$ —	8.50%	I/O	124.7%
21	12/30/21	12/31/24	\$ 13,000,000	\$ 7,500,000	3.7%	\$ 5,500,000	P + 9.25% ⁽⁷⁾	P&I	18.7%
		Subtotal	\$ 235,063,593	\$ 200,632,056	100.0%	\$ 34,704,567	14.0%	Wtd Average	18.6%

Total Commitment: \$235.1M

Portfolio Overview (continued)

Notes:

- (1) All loans originated prior to April 1, 2021 were purchased from affiliated entities at fair value plus accrued interest on or subsequent to April 1, 2021
- (2) Certain loans have extension options from original maturity date
- (3) Total Commitment excludes future amounts to be advanced at sole discretion of the lender
- (4) "P" = prime rate and depicts floating rate loans that pay interest at the prime rate plus a specific percentage; "PIK" = paid in kind interest
- (5) P&I = principal and interest. I/O = interest only. P&I loans may include interest only periods for a portion of the loan term
- (6) Includes OID, unused fees, and exit fees, but assumes no prepayment penalties or early payoffs
- (7) Subject to prime rate floor of 3.25%
- (8) The aggregate loan commitment to Loan #2 includes a \$4.005 million initial advance which has an interest rate of 15.25% and a second advance of \$15.995 million which has an interest rate of 9.75%, and a third advance of \$10.0 million which has an interest rate of 8.5%. The statistics presented reflect the weighted average of the terms under both advances for the total aggregate loan commitment.
- (9) The aggregate loan commitment to Loan #4 includes a \$5.98 million initial advance which has an interest rate of P + 10.00%, maturing on March 31, 2022 and a second advance of \$4.0 million which has an interest rate of P + 10.00%, maturing on July 31, 2023. The statistics presented reflect the weighted average of the terms under both advances for the total aggregate loan commitment.
- (10) Subject to adjustment not below 2% if borrower receives at least two consecutive quarters of positive cash flow after the closing date
- (11) PIK is variable with an initial rate of five percent (5.00%) per annum, until Borrower's delivery to Administrative Agent and the Lenders of audited financial statements for the Fiscal Year ending December 31, 2021, at which time the PIK interest rate shall equal a rate of one percent (1.00%) if EBITDA is greater than \$6,000,000; three percent (3.00%) if EBITDA is greater than \$4,000,000 and less than or equal to \$6,000,000; or will remain at five percent (5.00%) if EBITDA is less than \$4,000,000.
- (12) The YTM IRR on Loan #20 is 124.7% due to the short term nature of the loan and amount of OID withheld during funding.
- (13) The aggregate loan commitment to Loan #6 includes \$7.9 million advanced which has an interest rate of P + 11.75% and 2.00% PIK, and a second commitment of \$2.0 million which has an interest rate of 39.00%. The statistics presented reflect the weighted average of the terms under all advances for the total aggregate loan commitment.

Collateral Overview (as of December 31, 2021)

Loan	Investment ⁽¹⁾	Location	Property Type	Principal Balance as of 12/31/2021	Implied Real Estate Collateral for REIT ⁽²⁾	Our Real Estate Collateral Coverage as of 12/31/2021
1	Senior Real Estate Corporate Loan	Michigan	Retail	\$ 587,500	\$ 1,710,000	3.0x ⁽³⁾
2	Senior Real Estate Corporate Loan	Various	Retail/Industrial	\$ 30,000,000	\$ 115,143,843	3.8x
3	Senior Real Estate Corporate Loan	Pennsylvania	Retail/Industrial	\$ 2,957,500	\$ 3,680,000	1.2x
4	Senior Real Estate Corporate Loan	Michigan	Retail/Industrial	\$ 11,875,167	\$ 56,086,906	4.7x
5	Senior Real Estate Corporate Loan	Various	Retail/Industrial	\$ 17,410,081	\$ 23,866,650	1.4x
6	Senior Real Estate Corporate Loan	Arizona	Industrial	\$ 9,984,409	\$ 19,700,000	2.0x
7	Senior Real Estate Corporate Loan	Massachusetts	Retail/Industrial	\$ 1,500,000	\$ 907,500	0.6x
8	Senior Real Estate Corporate Loan	Pennsylvania	Industrial	\$ 13,103,653	\$ 25,000,000	1.9x
9	Senior Real Estate Corporate Loan	Michigan	Retail/Industrial	\$ 4,500,000	\$ 10,900,000	2.4x
10	Senior Real Estate Corporate Loan	Various	Retail/Industrial	\$ 19,340,552	\$ 28,052,731	1.5x
11	Senior Real Estate Corporate Loan	West Virginia	Retail/Industrial	\$ 9,457,895	\$ 16,640,000	1.8x
12	Senior Real Estate Corporate Loan	Pennsylvania	Retail/Industrial	\$ 15,149,304	\$ 16,700,000	1.1x
13	Senior Loan	Michigan	Retail	\$ 431,210	\$ 3,000,000	7.0x
14	Senior Real Estate Corporate Loan	Illinois	Industrial	\$ 3,100,000	\$ 4,727,808	1.5x
15	Senior Real Estate Corporate Loan	Maryland	Retail/Industrial	\$ 20,102,396	\$ 32,000,000	1.6x
16	Senior Real Estate Corporate Loan	Various	Retail/Industrial	\$ 12,000,000	\$ 48,260,000	4.0x
17	Senior Real Estate Corporate Loan	Michigan	Retail/Industrial	\$ 10,600,000	\$ 17,062,227	1.6x
18	Senior Real Estate Corporate Loan	Various	Retail/Industrial	\$ 5,001,389	\$ —	0.0x
19	Senior Real Estate Corporate Loan	Michigan	Retail/Industrial	\$ 3,601,000	\$ 9,510,000	2.6x
20	Senior Real Estate Corporate Loan	Various	Retail/Industrial	\$ 2,450,000	\$ —	0.0x
21	Senior Real Estate Corporate Loan	Florida	Retail/Industrial	\$ 7,500,000	\$ —	0.0x
				\$ 200,632,056	\$ 431,237,465	2.2x

Notes:
(1) Senior Real Estate Corporate Loans are structured as loans to owner operators secured by real estate. Senior Loans are loans to a property owner and leased to third party tenant.
(2) Real estate is based on appraised value as is, or on a comparable cost basis, as completed. The real estate values shown in the collateral table are estimates by a third-party appraiser of the market value of the subject real property in its current physical condition, use, and zoning as of the appraisal date. The appraisals assume that the highest and best use is use as a cannabis cultivator or dispensary, as applicable. The appraisals recognize that the current use is highly regulated by the state in which the property is located; however, there are sales of comparable properties that demonstrate that there is a market for such properties. The appraisals utilize these comparable sales for the appraised property's value in use. For properties used for cannabis cultivation, the appraisals use similar sized warehouses in their conclusion of the subject's "as-is" value without licenses to cultivate cannabis. However, the appraised value is assumed to be realized from a purchase by another state-licensed cannabis operator or a third party purchaser that would lease the subject property to a state-licensed cannabis operator. The regulatory requirements related to real property used in cannabis-related operations may cause significant delays or difficulties in transferring a property to another cannabis operator, as the state regulator may require inspection and approval of the new tenant/user. Further, the value is also determined using the income approach, based on market lease rates for comparable properties, whether dispensaries or cultivation facilities. It indicates the value to a third-party owner that leases to a dispensary or cultivation facility. Finally, the appraisal contains a value based on the cost for another operator to construct a similar facility, which we refer to as the "cost approach." We believe the cost approach provides an indication of what another state-licensed operator would pay for a separate facility instead of constructing it itself. The appraisal's opinion of value reflects current conditions and the likely actions of market participants as of the date of appraisal. It is based on the available information gathered and provided to the appraiser, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.
(3) On November 19, 2021, our affiliated co-lenders subordinated their interest in the real estate collateral to the Company, thus increasing the collateral coverage for Loan #1.

Balance Sheet (unaudited)

Chicago Atlantic Real Estate Finance, Inc.
Consolidated Balance Sheet (unaudited)

	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Assets		
Loans held for investment	\$ 196,984,566	\$ -
Current expected credit loss reserve	(134,542)	-
Loans held for investment, net	<u>196,850,024</u>	-
Cash	80,248,526	100,000
Interest receivable	197,735	-
Other assets, net	868,022	-
Other receivables	<u>6,148</u>	-
Total Assets	<u>\$ 278,170,455</u>	<u>\$ 100,000</u>
Liabilities		
Interest reserve	\$ 6,636,553	\$ -
Dividend payable	4,537,924	-
Investment payable	1,800,000	-
Management fee payable	905,123	-
Accounts payable and accrued expenses	<u>212,887</u>	-
Total Liabilities	<u>14,092,487</u>	<u>-</u>
Commitments and contingencies		
Stockholders' equity		
Common stock, par value \$0.01 per share, 100,000,000 shares authorized and 17,453,553 shares issued and outstanding at December 31, 2021	173,551	64.00
Additional paid-in-capital	264,081,977	99,936.00
Accumulated earnings (deficit)	<u>(177,560)</u>	-
Total stockholders' equity	<u>264,077,968</u>	<u>100,000</u>
Total liabilities and stockholders' equity	<u>\$ 278,170,455</u>	<u>\$ 100,000</u>

Statement of Operations (unaudited)

Chicago Atlantic Real Estate Finance, Inc.
Consolidated Statement of Operations (Unaudited)

	Three Months Ended <u>December 31, 2021</u>	For the period from April 1, 2021 to <u>December 31, 2021</u>
Revenues		
Interest income	\$ 5,779,304	\$ 10,749,468
Prepayment fee income	-	325,648
Total revenues	<u>5,779,304</u>	<u>11,075,116</u>
Expenses		
Management Fees, net	905,123	905,123
General and administrative expense	181,555	195,087
Organizational expense	63,301	167,591
Provision for current expected credit losses	147,949	147,949
Amortization of deferred debt issuance costs	33,943	75,861
Professional fees	57,458	57,458
Stock based compensation	29,611	29,611
Total expenses	<u>1,418,940</u>	<u>1,578,680</u>
Net income before income taxes	<u>4,360,364</u>	<u>9,496,436</u>
Income tax expense	-	-
Net income	<u>\$ 4,360,364</u>	<u>\$ 9,496,436</u>
Earnings per common share:		
Basic earnings per common share (in dollars per share)	\$ 0.57	\$ 1.47
Diluted earnings per common share (in dollars per share)	\$ 0.57	\$ 1.47
Weighted average number of common shares outstanding:		
Basic weighted average shares of common stock outstanding (in shares)	7,599,597	6,442,865
Diluted weighted average shares of common stock outstanding (in shares)	7,622,067	6,450,383

Reconciliation of Adjusted Distributable Earnings to GAAP Net Income

	Three Months Ended December 31, 2021	For the period April 1, 2021 to December 31, 2021
Net Income	\$ 4,360,364	\$ 9,496,436
Adjustments to net income		
Non-cash equity compensation expense	29,611	29,611
Depreciation and amortization	33,943	75,861
Unrealized (gain), losses, or other non-cash items	-	-
Provision for current expected credit losses	147,949	147,949
One-time events pursuant to changes in GAAP and certain non-cash charges	-	-
Distributable Earnings	<u>\$ 4,571,867</u>	<u>\$ 9,749,857</u>
Adjustments to Distributable Earnings		
Certain organizational expenses	63,301	167,591
Adjusted Distributable Earnings	\$ 4,635,168	\$ 9,917,448
Basic weighted average shares of common stock outstanding (in shares)	<u>7,599,597</u>	<u>6,442,865</u>
Adjusted Distributable Earnings per Weighted Average Share	\$ 0.61	\$ 1.54
Diluted weighted average shares of common stock outstanding (in shares)	<u>7,622,067</u>	<u>6,450,383</u>
Adjusted Distributable Earnings per Weighted Average Share	\$ 0.61	\$ 1.54

Management Agreement Overview

External Manager

- Externally-managed by Chicago Atlantic REIT Manager, LLC, a subsidiary of Chicago Atlantic Group, LLC
- John Mazarakis (Executive Chairman), Tony Cappell (CEO) and Andreas Bodmeier (Co-President & CIO) control and beneficially own over 80% of the Manager
- The Manager is comprised of an experienced team of investment professionals, who currently manage several externally-managed vehicles with over \$250mm in assets
 - Synergies from over 30 professionals, spanning real estate credit, asset-based lending and real estate private equity, as well as robust accounting and compliance functions

Management Agreement and Equity Incentive Plan

- Initial term of three years
- Following the initial term, the agreement automatically renews every year for an additional one-year period, unless Chicago Atlantic or the Manager elects not to renew
- Shareholder-friendly management agreement:
- 8.5% equity incentive plan:
 - 0.5% granted at completion of IPO
 - 8% granted at discretion of Board based on Company performance after IPO

MANAGEMENT FEES

Annual Base Management Fee (on Equity)	1.5%
Origination Fees (Rebated to REIT)	50.0%

Incentive Compensation Terms:

Incentive Fees (of Core Earnings)	20.0%
Hurdle Amount (on Avg. Equity)	8.0%