

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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2025

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-41123

CHICAGO ATLANTIC REAL ESTATE FINANCE, INC.

(Exact name of Registrant as specified in its charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

86-3125132

(I.R.S. Employer
Identification No.)

1680 Michigan Avenue, Suite 700

Miami Beach, FL

(Address of principal executive offices)

33139

(Zip Code)

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

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, \$0.01 par value per share	REFI	NASDAQ Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated Filer	☒	Smaller reporting company	☒
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☒ No ☐

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at November 3, 2025
Common stock, \$0.01 par value	21,075,298

CHICAGO ATLANTIC REAL ESTATE FINANCE, INC.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CHICAGO ATLANTIC REAL ESTATE FINANCE, INC. CONSOLIDATED BALANCE SHEETS

	September 30, 2025 (unaudited)	December 31, 2024
Assets		
Loans held for investment	\$ 379,132,272	\$ 364,238,847
Loans held for investment - related party (Note 8)	18,918,950	38,238,199
Loans held for investment, at carrying value	398,051,222	402,477,046
Current expected credit loss reserve	(4,990,988)	(4,346,869)
Loans held for investment at carrying value, net	393,060,234	398,130,177
Loans, at fair value - related party (amortized cost of \$0 and \$5,500,000, respectively)	-	5,335,000
Cash and cash equivalents	28,920,537	26,400,448
Other receivables and assets, net	581,815	459,187
Interest receivable	4,488,146	1,453,823
Related party receivables	26,432	3,370,339
Total Assets	\$ 427,077,164	\$ 435,148,974
Liabilities		
Revolving loan	\$ 52,400,000	\$ 55,000,000
Notes payable, net	49,274,644	49,096,250
Dividend payable	9,905,390	13,605,153
Related party payables	3,073,015	2,043,403
Management and incentive fees payable	1,435,071	2,863,158
Accounts payable and other liabilities	1,059,768	2,285,035
Interest reserve	14,597	1,297,878
Total Liabilities	117,162,485	126,190,877
Commitments and contingencies (Note 9)		
Stockholders' equity		
Common stock, par value \$0.01 per share, 100,000,000 shares authorized and 21,075,298 and 20,829,228 shares issued and outstanding, respectively	210,753	208,292
Additional paid-in-capital	322,226,137	318,886,768
Accumulated deficit	(12,522,211)	(10,136,963)
Total stockholders' equity	309,914,679	308,958,097
Total liabilities and stockholders' equity	\$ 427,077,164	\$ 435,148,974

CHICAGO ATLANTIC REAL ESTATE FINANCE, INC.
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Revenues				
Interest income	\$ 15,250,866	\$ 16,258,744	\$ 46,860,217	\$ 46,624,842
Interest expense	(1,565,592)	(1,799,351)	(5,708,022)	(5,742,333)
Net interest income	13,685,274	14,459,393	41,152,195	40,882,509
		-		-
Expenses				
Management and incentive fees, net	1,435,071	1,669,116	5,103,561	5,198,738
General and administrative expense	1,298,910	1,254,062	3,766,140	3,898,864
Professional fees	530,880	468,652	1,503,939	1,327,659
Stock based compensation	928,654	845,524	2,459,094	2,213,150
Provision (benefit) for current expected credit losses	557,220	(989,597)	631,233	(884,789)
Total expenses	4,750,735	3,247,757	13,463,967	11,753,622
Change in unrealized gain (loss) on investments	-	-	165,000	(75,604)
Realized gain on debt securities, at fair value	-	-	-	72,428
Net Income before income taxes	8,934,539	11,211,636	27,853,228	29,125,711
Income tax expense	-	-	-	-
Net Income	\$ 8,934,539	\$ 11,211,636	\$ 27,853,228	\$ 29,125,711
Earnings per common share:				
Basic earnings per common share	\$ 0.42	\$ 0.57	\$ 1.33	\$ 1.53
Diluted earnings per common share	\$ 0.42	\$ 0.56	\$ 1.30	\$ 1.49
Weighted average number of common shares outstanding:				
Basic weighted average shares of common stock outstanding	21,074,771	19,625,190	20,979,467	19,094,462
Diluted weighted average shares of common stock outstanding	21,485,776	20,058,417	21,413,422	19,531,691

CHICAGO ATLANTIC REAL ESTATE FINANCE, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(UNAUDITED)
THREE MONTHS ENDED SEPTEMBER 30, 2025

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance at June 30, 2025	21,074,625	210,746	321,366,160	(11,548,516)	310,028,390
Issuance of common stock, net of offering costs	-	-	(68,670)	-	(68,670)
Issuance of common stock from employee incentive plan (Note 10)	673	7	(7)	-	-
Stock-based compensation, net of forfeitures	-	-	928,654	-	928,654
Dividends declared on restricted stock awards	-	-	-	(2,844)	(2,844)
Dividends declared on common shares (\$0.47 per share)	-	-	-	(9,905,390)	(9,905,390)
Net income	-	-	-	8,934,539	8,934,539
Balance at September 30, 2025	<u>21,075,298</u>	<u>\$ 210,753</u>	<u>\$ 322,226,137</u>	<u>\$ (12,522,211)</u>	<u>\$ 309,914,679</u>

THREE MONTHS ENDED SEPTEMBER 30, 2024

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance at June 30, 2024	19,624,458	\$ 196,245	\$ 298,922,624	\$ (6,393,964)	292,724,905
Issuance of common stock, net of offering costs	2,700	27	(46,159)	-	(46,132)
Issuance of common stock from employee incentive plan (Note 10)	7,324	73	(73)	-	-
Stock-based compensation, net of forfeitures	-	-	845,524	-	845,524
Dividends declared on restricted stock awards	-	-	-	(40,967)	(40,967)
Dividends declared on common shares (\$0.47 per share)	-	-	-	(9,228,208)	(9,228,208)
Net income	-	-	-	11,211,636	11,211,636
Balance at September 30, 2024	<u>19,634,482</u>	<u>\$ 196,345</u>	<u>\$ 299,721,916</u>	<u>\$ (4,451,503)</u>	<u>\$ 295,466,758</u>

NINE MONTHS ENDED SEPTEMBER 30, 2025

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance at December 31, 2024	20,829,228	208,292	318,886,768	(10,136,963)	308,958,097
Issuance of common stock, net of offering costs	64,557	646	882,090	-	882,736
Issuance of common stock from employee incentive plan (Note 10)	181,513	1,815	(1,815)	-	-
Stock-based compensation, net of forfeitures	-	-	2,459,094	-	2,459,094
Dividends declared on restricted stock awards	-	-	-	(607,933)	(607,933)
Dividends declared on common shares (\$1.41 per share)	-	-	-	(29,630,543)	(29,630,543)
Net income	-	-	-	27,853,228	27,853,228
Balance at September 30, 2025	<u>21,075,298</u>	<u>\$ 210,753</u>	<u>\$ 322,226,137</u>	<u>\$ (12,522,211)</u>	<u>\$ 309,914,679</u>

NINE MONTHS ENDED SEPTEMBER 30, 2024

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance at December 31, 2023	18,197,192	181,972	277,483,092	(5,811,673)	271,853,391
Issuance of common stock, net of offering costs	1,309,503	13,095	20,026,952	167	20,040,214
Issuance of common stock from employee incentive plan (Note 10)	127,787	1,278	(1,278)	-	-
Stock-based compensation, net of forfeitures	-	-	2,213,150	-	2,213,150
Dividends declared on restricted stock awards	-	-	-	(306,757)	(306,757)
Dividends declared on common shares (\$1.41 per share)	-	-	-	(27,458,951)	(27,458,951)
Net income	-	-	-	29,125,711	29,125,711
Balance at September 30, 2024	<u>19,634,482</u>	<u>\$ 196,345</u>	<u>\$ 299,721,916</u>	<u>(4,451,503)</u>	<u>\$ 295,466,758</u>

CHICAGO ATLANTIC REAL ESTATE FINANCE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the nine months ended September 30,	
	2025	2024
Operating activities		
Net income	\$ 27,853,228	\$ 29,125,711
Adjustments to reconcile net income to net cash provided by operating activities:		
Accretion of deferred loan origination fees and other discounts	(1,712,969)	(1,311,760)
Paid-in-kind interest	(4,373,113)	(7,688,284)
Provision (benefit) for current expected credit losses	631,233	(884,789)
Change in unrealized (gain) loss on investments	(165,000)	75,604
Realized gain on debt securities, at fair value	-	(72,428)
Amortization of debt issuance costs	322,186	262,361
Stock based compensation	2,459,094	2,213,150
Changes in operating assets and liabilities:		
Interest receivable	(3,034,323)	519,779
Other receivables and assets, net	(156,421)	(58,034)
Interest reserve	(1,283,281)	1,505,998
Related party payables	1,029,612	(480,987)
Related party receivables	3,343,907	(1,364,396)
Proceeds from the redemption of debt securities, at fair value	-	839,094
Management and incentive fees payable	(1,428,087)	(1,574,659)
Accounts payable and accrued expenses	(1,212,381)	225,454
Net cash provided by operating activities	22,273,685	21,331,814
Cash flows from investing activities		
Issuance of and fundings of loans held for investment	(59,005,076)	(75,230,855)
Principal repayment of loans held for investment	69,516,982	64,198,999
Principal repayment of loans at fair value	5,500,000	-
Proceeds from sale of loans	-	13,000,000
Net cash provided by investing activities	16,011,906	1,968,144
Cash flows from financing activities		
Proceeds from sale of common stock	1,033,474	20,796,750
Proceeds from borrowings on revolving loan	106,100,000	73,500,000
Repayment of borrowings on revolving loan	(108,700,000)	(85,500,000)
Dividends paid to common shareholders	(33,938,239)	(32,364,650)
Payment of debt issuance costs	(109,999)	(113,129)
Payment of offering costs	(150,738)	(756,536)
Net cash used in financing activities	(35,765,502)	(24,437,565)
Net increase (decrease) in cash and cash equivalents	2,520,089	(1,137,607)
Cash and cash equivalents, beginning of period	26,400,448	7,898,040
Cash and cash equivalents, end of period	\$ 28,920,537	\$ 6,760,433
Supplemental disclosure of non-cash financing and investing activities		
Interest reserve withheld from funding of loans	\$ 22,500	\$ 4,164,021
OID withheld from funding of loans held for investment	1,365,731	820,335
Dividends declared and not yet paid	9,905,390	9,267,714
Transfer of loans held for investment to loans held for sale	-	19,000,000
Supplemental information:		
Interest paid during the period	6,453,642	5,338,916

CHICAGO ATLANTIC REAL ESTATE FINANCE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Chicago Atlantic Real Estate Finance, Inc., and its wholly owned consolidated subsidiary, Chicago Atlantic Lincoln LLC (“CAL”) (collectively the “Company”, “we”, or “our”), is a commercial mortgage real estate investment trust (“REIT”) incorporated in the state of Maryland on March 30, 2021. The Company has elected to be taxed as a REIT for United States federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”), commencing with its taxable year ended December 31, 2021. The Company generally will not be subject to United States federal income taxes on its REIT taxable income if it annually distributes to stockholders at least 90% of its REIT taxable income prior to the deduction for dividends paid and complies with various other requirements as a REIT.

The Company operates as one operating segment and its primary investment objective is to provide attractive, risk-adjusted returns for stockholders over time, primarily through consistent current income (dividends and distributions) and secondarily, through capital appreciation. The Company intends to achieve this objective by originating, structuring, and investing in first mortgage loans and alternative structured financings secured by commercial real estate properties. The Company’s loan portfolio is primarily comprised of senior loans to state-licensed operators in the cannabis industry, secured by real estate, equipment, receivables, licenses, and/or other assets of the borrowers to the extent permitted by applicable laws and regulations governing such borrowers. We also lend to and invest in companies or properties that are not related to the cannabis industry if they provide return characteristics consistent with our investment objective.

The Company is externally managed by Chicago Atlantic REIT Manager, LLC (the “Manager”), a Delaware limited liability company, pursuant to the terms of the management agreement dated May 1, 2021, as amended in October 2021, by and among the Company and the Manager (the “Management Agreement”). The Management Agreement had a three-year initial term that expired on April 30, 2024. After the initial term, the management agreement is automatically renewed for one-year periods unless the Company or the Manager elects not to renew in accordance with the terms of the Management Agreement. On April 30, 2025, the Management Agreement was most recently automatically renewed. The Manager conducts substantially all of the Company’s operations and provides asset management services for its real estate investments. For its services, the Manager is entitled to earn management fees and incentive compensation, both defined in and in accordance with the terms of the Management Agreement (Note 8). All of the Company’s investment decisions are made by the investment committee of the Manager, subject to oversight by the Company’s board of directors (the “Board”). The Manager is wholly-owned by Chicago Atlantic Group, LP. (the “Sponsor”).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements and related notes of the Company have been prepared on the accrual basis of accounting and in conformity with generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information, the instructions to Form 10-Q and Article 10 of Regulation S-X. Our consolidated financial statements present the financial position, results of operations, and cash flows of Chicago Atlantic Real Estate Finance, Inc., and its wholly owned consolidated subsidiary, Chicago Atlantic Lincoln, LLC. All intercompany accounts and transactions have been eliminated in consolidation. Accordingly, these financial statements may not contain all disclosures required by generally accepted accounting principles. Reference should be made to Note 2 of the Company’s Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the period ended December 31, 2024. In the opinion of the Company, all normal recurring adjustments have been made that are necessary to the fair statement of the results of operations and financial position as of and for the periods presented. Operating results for the three and nine months ended September 30, 2025 are not necessarily indicative of the results that may be expected for the year ending December 31, 2025.

Cash and Cash Equivalents

The Company’s cash held with financial institutions may at times exceed the Federal Deposit Insurance Corporation (“FDIC”) insured limits. The Company and the Manager seek to manage this credit risk relating to cash by monitoring the financial stability of the financial institutions and their ability to continue in business for the foreseeable future.

Cash and cash equivalents include funds on deposit with financial institutions, including demand deposits with financial institutions. Cash and short-term investments with an original maturity of three months or less when acquired are considered cash and cash equivalents for the purpose of the consolidated balance sheets and consolidated statements of cash flows, and represented approximately \$28.9 million and \$26.4 million of total cash and cash equivalents as of September 30, 2025 and December 31, 2024, respectively.

Use of Estimates in the Preparation of Consolidated Financial Statements

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates. Significant estimates include the provision for current expected credit losses.

Revenue Recognition

Interest Income

Interest income from loans is accrued based on the outstanding principal amount and the contractual terms of each loan. Loan origination fees and costs, and other discounts or premiums (collectively, "OID") are recorded as an adjustment to the amortized cost basis of the loan and are accreted or amortized to interest income over the initial loan term as a yield adjustment using a method which approximates the effective interest method. Delayed draw loans may earn interest or unused fees on the undrawn portion of the loan, which is recognized as interest income in the period earned.

Certain of the Company's loans contain a paid-in-kind interest income provision ("PIK interest"). The PIK interest, computed at the contractual rate specified in the applicable loan agreement, is added to the principal balance of the loan, rather than being paid in cash, and is generally collected upon repayment of the outstanding principal. Recognition of PIK interest includes assessments of collectability and may discontinue accrual of interest income, including PIK interest, when there is reasonable doubt that the interest income will be collected. To the extent required to maintain the Company's status as a REIT, and/or to avoid incurring an excise tax, accrued income such as this may need to be distributed to stockholders in the form of dividends for the year earned, even though the Company has not yet collected the cash.

Interest income on debt securities designated as trading securities is recognized on an accrual basis and is reported as interest receivable until collected. Interest income is accrued based on the outstanding face amount and the contractual terms of the securities. Realized gains or losses on debt securities are measured by the difference between the net proceeds from the disposition and the amortized and/or accreted cost basis of the investment using the specific identification method without regard to unrealized gains or losses previously recognized, and include loans charged off during the period, net of recoveries.

Non-Accrual

Loans are generally placed on non-accrual status when principal or interest payments are past due 90 days or more or when there is reasonable doubt about the full recovery of principal and interest. Well-secured collateralized loans are permitted to remain on accrual status provided the full collection of principal and interest is probable and the loan is in the process of collection.

Accrued and unpaid interest is generally reversed against interest income in the period the loan is placed on non-accrual status when management expects such amounts to be uncollectible. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment regarding the borrower's ability to make pending principal and interest payments. Non-accrual loans are restored to accrual status when principal and interest payments are brought current and the borrower demonstrates sustained repayment performance.

Fee Income

Other fees, including prepayment fees and exit or success fees, are recognized as interest income when received. From time to time, the Company may also receive fees for amending, underwriting, syndicating, arranging, or other types of fees (collectively "Structuring Fees") in the course of origination of its investments. To the extent such fees are not deemed to be yield enhancements and are not paid to all lenders in the syndication, such Structuring Fees are recognized in interest income when received.

Realized and Unrealized Gains and Losses

Realized gains or losses are measured by the difference between the net proceeds from the repayment or sale and the amortized and/or accreted cost basis of the investment using the specific identification method without regard to unrealized gains or losses previously recognized, and include loans charged off during the period, net of recoveries. An unrealized gain arises when the fair value of the loan portfolio exceeds its cost and an unrealized loss arises when the fair value of the loan portfolio is less than its cost. The change in unrealized gains or losses primarily reflect the change in loan values, including the reversal of previously recorded unrealized gains or losses when gains or losses are realized.

Income Taxes

The Company is a Maryland corporation and has elected to be taxed as a REIT under the Code, commencing with its taxable year ended December 31, 2021. The Company believes that it has qualified as a REIT and that its method of operation will enable it to continue to qualify as a REIT. However, no assurances can be given that the Company's beliefs or expectations will be fulfilled, since qualification as a REIT depends on the Company satisfying numerous asset, income and distribution tests which depends, in part, on the Company's operating results. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including various income, asset, and distribution tests.

Income Tests

In order to maintain our REIT qualification, we must satisfy two gross income requirements on an annual basis. First, at least 75% of our gross income for each taxable year, excluding gross income from sales of inventory or dealer property in prohibited transactions, discharge of indebtedness and certain hedging transactions, generally must be derived from investments relating to real property or mortgages on real property, including interest income derived from mortgage loans secured by real property (including certain types of mortgage-backed securities), rents from real property, dividends received from other REITs, and gains from the sale of designated real estate assets, as well as, specified income from temporary investments. Second, at least 95% of our gross income in each taxable year, excluding gross income from "prohibited transactions", discharge of indebtedness and certain hedging transactions, must be derived from some combination of income that qualifies under the 75% gross income test described above, as well as other dividends, interest, and gain from the sale or disposition of stock or securities, which need not have any relation to real property. Income and gain from certain hedging transactions will be excluded from both the numerator and the denominator for purposes of both the 75% and 95% gross income tests.

Asset Tests

At the close of each calendar quarter, we must also satisfy five tests relating to the nature of our assets. First, at least 75% of the value of our total assets must be represented by some combination of designated real estate assets, cash, cash items, U.S. Government securities and, under some circumstances, stock or debt instruments purchased with new capital. Second, the value of any one issuer's securities that we own may not exceed 5% of the value of our total assets. Third, we may not own more than 10% of any one issuer's outstanding securities, as measured by either value (the "10% of value asset test") or voting power. The 5% and 10% asset tests do not apply to securities that qualify under the 75% asset test or to securities of a TRS and qualified REIT subsidiaries, and the 10% of value asset test does not apply to "straight debt" having specified characteristics and to certain other securities. Fourth, the aggregate value of all securities of TRSs that we hold may not exceed 20% of the value of our total assets. Fifth, not more than 25% of the value of our total assets may be represented by debt instruments of publicly offered REITs to the extent those debt instruments would not be real estate assets but for the inclusion of debt instruments of publicly offered REITs in the meaning of real estate assets.

Distribution Tests

The Company is required to distribute annually to its stockholders, at least 90% of the Company's REIT taxable income prior to the deduction for dividends paid. To the extent that the Company distributes less than 100% of its REIT taxable income in any tax year (taking into account any distributions made in a subsequent tax year under Sections 857(b)(9) or 858 of the Code), the Company will pay tax at regular corporate rates on that undistributed portion. Furthermore, if the Company distributes less than the sum of 1) 85% of its ordinary income for the calendar year, 2) 95% of its capital gain net income for the calendar year, and 3) any undistributed shortfall from its prior calendar year (the "Required Distribution") to its stockholders during any calendar year (including any distributions declared by the last day of the calendar year but paid in the subsequent year), then it is required to pay a non-deductible excise tax equal to 4% of any shortfall between the Required Distribution and the amount that was actually distributed. The 90% distribution requirement does not require the distribution of net capital gains. However, if the Company elects to retain any of its net capital gain for any tax year, it must notify its stockholders and pay tax at regular corporate rates on the retained net capital gain. The stockholders must include their proportionate share of the retained net capital gain in their taxable income for the tax year, and they are deemed to have paid the REIT's tax on their proportionate share of the retained capital gain and receive an income tax credit for such amount. Furthermore, such retained capital gain may be subject to the nondeductible 4% excise tax. If it is determined that the Company's estimated current year taxable income will be in excess of estimated dividend distributions (including capital gain dividend) for the current year from such income, the Company accrues excise tax on estimated excess taxable income as such taxable income is earned. The annual expense is calculated in accordance with applicable tax regulations.

The Financial Accounting Standards Board ("FASB") ASC Topic 740, Income Taxes ("ASC 740"), prescribes a recognition threshold and measurement attribute for the consolidated financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company has analyzed its various federal and state filing positions and believes that its income tax filing positions and deductions are documented and supported for the taxable years ended December 31, 2024 and 2023. Based on the Company's evaluation, there is no reserve for any uncertain income tax positions. Accrued interest and penalties, if any, are included within other liabilities in the consolidated balance sheets and within income tax expense on the consolidated statements of operations.

Recent Accounting Pronouncements

In December 2023, the FASB issued Accounting Standards Update ("ASU"), ASU 2023-09—*Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). ASU 2023-09 improves the transparency of income tax disclosures related to rate reconciliation and income taxes. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. The Company concluded that the application of this guidance did not have any material impact on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures* ("ASC 2024-03"), which requires disaggregated disclosures of certain costs and expenses, including purchases of inventory, employee compensation, depreciation, amortization and depletion, within relevant income statement captions. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods with fiscal years beginning after December 15, 2027. Early adoption and retrospective application is permitted. The Company is currently evaluating the impact of this guidance on the Company's future consolidated financial statements.

3. LOANS HELD FOR INVESTMENT, NET

The Company primarily originates senior secured loans that it has the intent and ability to hold until maturity or payoff. Such loans are classified as held for investment and are reported on the consolidated balance sheets at amortized cost. The following tables present summarized information regarding our loans held for investment by interest rate type as of September 30, 2025 and December 31, 2024:

As of September 30, 2025				
	Total Principal	Original Issue Discount	Carrying Value	Percentage of loans held for investment
Fixed-rate loans	\$ 146,957,235	\$ (621,865)	\$ 146,335,370	36.7%
Floating-rate loans	252,991,257	(1,275,405)	251,715,852	63.3%
Total	\$ 399,948,492	\$ (1,897,270)	\$ 398,051,222	100.0%

As of December 31, 2024				
	Total Principal	Original Issue Discount	Carrying Value	Percentage of loans held for investment
Fixed-rate loans	\$ 149,771,871	\$ (545,081)	\$ 149,226,790	37.1%
Floating-rate loans	254,949,683	(1,699,427)	253,250,256	62.9%
Total	\$ 404,721,554	\$ (2,244,508)	\$ 402,477,046	100.0%

The following tables summarize the Company's aggregate portfolio of loans held for investment, net of the current expected credit loss reserve as of September 30, 2025 and December 31, 2024:

As of September 30, 2025				
	Outstanding Principal	Original Issue Discount	Carrying Value	Weighted Average Remaining Life (Years) (1)
Loans held for investment	\$ 399,948,492	\$ (1,897,270)	\$ 398,051,222	2.1
Current expected credit loss reserve	-	-	(4,990,988)	
Total loans held at carrying value, net	\$ 399,948,492	\$ (1,897,270)	\$ 393,060,234	

As of December 31, 2024				
	Outstanding Principal	Original Issue Discount	Carrying Value	Weighted Average Remaining Life (Years) (1)
Loans held for investment	\$ 404,721,554	\$ (2,244,508)	\$ 402,477,046	2.2
Current expected credit loss reserve	-	-	(4,346,869)	
Total loans held at carrying value, net	\$ 404,721,554	\$ (2,244,508)	\$ 398,130,177	

(1) Weighted average remaining life is calculated based on the carrying value of the loans as of September 30, 2025 and December 31, 2024, respectively.

The following tables present changes in loans held at carrying value as of and for the nine months ended September 30, 2025 and 2024.

	Principal	Original Issue Discount	Current Expected Credit Loss Reserve	Carrying Value
Balance at December 31, 2024	\$ 404,721,554	\$ (2,244,508)	\$ (4,346,869)	\$ 398,130,177
Purchase of investments	60,370,807	(1,365,731)	-	59,005,076
Principal repayment of loans	(69,516,982)	-	-	(69,516,982)
Accretion of original issue discount	-	1,712,969	-	1,712,969
PIK Interest	4,373,113	-	-	4,373,113
Increase in provision for current expected credit losses	-	-	(644,119)	(644,119)
Balance at September 30, 2025	\$ 399,948,492	\$ (1,897,270)	\$ (4,990,988)	\$ 393,060,234

	Principal	Original Issue Discount	Current Expected Credit Loss Reserve	Carrying Value
Balance at December 31, 2023	\$ 355,745,305	\$ (2,104,695)	\$ (4,972,647)	\$ 348,667,963
Purchase of investments	76,051,190	(820,335)	-	75,230,855
Principal repayment of loans	(64,198,999)	-	-	(64,198,999)
Accretion of original issue discount	-	1,311,760	-	1,311,760
Transfer of loan held for investment to loan held for sale	(19,000,000)	-	213,913	(18,786,087)
PIK Interest	7,688,284	-	-	7,688,284
Increase in provision for current expected credit losses	-	-	667,784	667,784
Balance at September 30, 2024	\$ 356,285,780	\$ (1,613,270)	\$ (4,090,950)	\$ 350,581,560

A more detailed listing of the Company's loans held at carrying value based on information available as of September 30, 2025, is as follows:

		Initial Funding	Maturity	Principal	Original Issue	Carrying	Percent of Loans held	Future		Periodic	YTM
Loan	Location(s)	Date (1)	Date (2)	Balance	Premium/(Discount)	Value	for investment	Fundings	Interest Rate (3)	Payment (4)	IRR (5)
1	Various	10/27/2022	10/30/2026	\$ 15,862,855	\$ (128,073)	\$ 15,734,782	4.0%	\$ -	P+6.5% Cash (8)	P&I	17.1%
2	Michigan	12/31/2021	12/31/2025	27,110,506	(9,590)	27,100,916	6.8%	-	P+3% Cash (13)	P&I	17.3%
4	Arizona	6/1/2024	6/17/2026	6,626,809	-	6,626,809	1.7%	-	11.91% Cash	I/O	17.0%
6	Michigan	8/20/2021	1/30/2026	4,958,672	(1,537)	4,957,135	1.2%	-	P+6.5% Cash (13)(18)	P&I	17.2%
7	Illinois, Arizona	6/30/2025	6/30/2028	36,130,667	(492,556)	35,638,111	9.0%	-	P+5.75% Cash (9)	P&I	15.3%
8	West Virginia	8/30/2024	12/31/2025	8,491,943	-	8,491,943	2.1%	-	10% Cash	I/O	15.0%
9a	Pennsylvania	3/31/2025	3/31/2028	14,576,987	(55,030)	14,521,957	3.6%	-	9% Cash (14)	I/O	9.7%
9b	Pennsylvania	3/31/2025	3/31/2028	4,450,000	(53,007)	4,396,993	1.1%	-	9% Cash (14)	I/O	10.0%
12	Various	11/8/2021	10/31/2027	15,354,404	(89,976)	15,264,428	3.8%	-	P+7% Cash, 2% PIK (10)	P&I	19.6%
16	Florida	6/1/2025	1/29/2027	10,557,500	(116,931)	10,440,569	2.6%	-	16.75% Cash	P&I	24.5%
18	Ohio	2/3/2022	12/31/2025	46,573,256	(113,359)	46,459,897	11.6%	-	P+1.75% Cash, 5% PIK (9)(15)	P&I	16.6%
19	Florida	3/11/2022	12/31/2027	21,091,573	(41,973)	21,049,600	5.3%	-	11% Cash, 5% PIK	P&I	19.4%
21	Illinois	7/1/2022	7/29/2026	6,690,548	(14,925)	6,675,623	1.7%	-	P+7% Cash, 2% PIK (9)	P&I	23.3%
23	Arizona	3/27/2023	3/31/2026	1,440,000	(5,924)	1,434,076	0.4%	-	P+7.5% Cash (12)	P&I	18.7%
24	Oregon	9/27/2022	9/27/2026	400,000	-	400,000	0.1%	-	P+10.5% Cash (7)	P&I	20.6%
25	New York	7/1/2023	6/29/2036	23,076,799	-	23,076,799	5.8%	-	15% Cash	P&I	16.6%
27	Nebraska	8/15/2023	6/30/2027	17,400,000	-	17,400,000	4.4%	-	P+6.5% Cash (16)	I/O	15.5%
30	Missouri, Arizona	12/19/2023	12/31/2026	16,678,646	(71,849)	16,606,797	4.2%	-	P+7.75% Cash (13)	P&I	18.7%
31	California, Illinois	5/3/2023	9/30/2028	6,680,000	-	6,680,000	1.7%	-	P+8.75% Cash(10) (19)	P&I	18.7%
34	Arizona	6/17/2024	5/29/2026	10,000,000	-	10,000,000	2.5%	-	11.91% Cash	I/O	12.8%
35	California	8/23/2024	8/23/2027	24,753,660	-	24,753,660	6.2%	-	12% Cash, 3% PIK	P&I	16.6%
36	Illinois	10/28/2024	1/1/2027	26,570,000	(78,927)	26,491,073	6.6%	1,030,000	P+6.25% Cash (10)	P&I	15.4%
37	Various	11/26/2024	11/24/2028	20,155,535	(315,284)	19,840,251	5.0%	10,000,000	12% Cash, 1% PIK (17)	P&I	15.2%
38a	Various	12/13/2024	12/12/2025	2,065,000	(23,148)	2,041,852	0.5%	2,065,000	10% Cash (17)	P&I	15.3%
38b	Various	1/15/2025	12/12/2025	840,000	(10,534)	829,466	0.2%	-	10% Cash (17)	I/O	15.3%
40	Various	3/28/2025	7/28/2028	233,333	(19,751)	213,582	0.1%	-	SOFR +10.25% Cash (6)	P&I	26.9%
41	Ohio	3/1/2025	3/13/2027	271,429	(5,958)	265,471	0.1%	-	14.5% Cash	P&I	16.1%
42	Various	9/30/2025	9/29/2028	20,000,000	(91,583)	19,908,417	5.0%	16,666,667	SOFR +8.33% Cash (6)	I/O	14.5%
43	Missouri	8/20/2025	8/20/2028	10,908,370	(157,355)	10,751,015	2.7%	-	P+5.5% Cash (10)	P&I	15.2%
				399,948,492		398,051,222		29,761,667			
Subtotal				\$	\$ (1,897,270)	\$	100.0%	\$			

- (4) P&I = principal and interest. I/O = interest only. P&I loans may include interest only periods for a portion of the loan term. The frequency of loan payments may be monthly or quarterly as required by the respective credit agreement governing such loan.
- (5) Estimated YTM, calculated on a weighted average principal basis, includes a variety of fees and features that affect the total yield, which may include, but is not limited to, OID, exit fees, prepayment fees, unused fees and contingent features. OID is recognized as a discount to the funded loan principal and is accreted to income over the term of the loan. The estimated YTM calculations require management to make estimates and assumptions, including, but not limited to, the timing and amounts of loan draws on delayed draw loans, the timing and collectability of exit fees, the probability and timing of prepayments and the probability of contingent features occurring. For example, certain credit agreements contain provisions pursuant to which certain PIK interest rates and fees earned by us under such credit agreements will decrease upon the satisfaction of certain specified criteria which we believe may improve the risk profile of the applicable borrower. To be conservative, we have not assumed any prepayment penalties or early payoffs in our estimated YTM calculation. Estimated YTM is based on current management estimates and assumptions, which may change. Actual results could differ from those estimates and assumptions.
- (6) This Loan is subject to a SOFR floor of 4.00%
- (7) This Loan is subject to a prime rate floor of 5.50%
- (8) This Loan is subject to a prime rate floor of 6.25%
- (9) This Loan is subject to a prime rate floor of 7.00%
- (10) This Loan is subject to a prime rate floor of 7.50%
- (11) This Loan is subject to a prime rate floor of 7.75%
- (12) This Loan is subject to a prime rate floor of 8.00%
- (13) This Loan is subject to a prime rate floor of 8.50%
- (14) Loan #9, is comprised of two tranches, a \$14.5 million first lien judgment loan (the "Judgment Loan") and a \$2.0 million second lien term loan (the "Term Loan"). The Judgment Loan and the Term Loan bear interest at a rate of 9.0%. The Judgment Loan has no contractual maturity and will remain outstanding until paid by the obligor and the Term Loan has a maturity of March 31, 2028. For comparability to previously issued financial statements, management will continue to reference the Judgment Loan and the Term Loan, collectively, as Loan #9, and the maturity date presented represents the maturity date of the Term Loan. See Note 8 for additional information. On May 1, 2023, Loan #9 was placed on non-accrual status and remains on non-accrual as of September 30, 2025.
- (15) An affiliate under common control holds a controlling equity investment in this portfolio company on an as-converted basis (Note 8).
- (16) This loan has floating grid pricing based on the Prime Rate plus a spread of 5.00% to 8.75% based on monthly annualized EBITDA performance. As of September 30, 2025, applied interest rate is Prime Rate + 6.50%.
- (17) Loan #37 and Loan #38 bear unused fees on the unfunded commitment of 0.75% and 1.50% per annum, respectively.
- (18) Loan #6 was placed on non-accrual on May 9, 2025 and all accrued interest after April 1, 2025 was reversed at that time. This loan remains on non-accrual as of September 30, 2025.
- (19) Loan #31 was amended on October 1, 2025 and the maturity date reflects the updated maturity.

The following table presents aging analyses of past due loans by amortized cost, excluding the CECL reserve, as of September 30, 2025 and December 31, 2024:

As of September 30, 2025							
	Current Loans (1)	31-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Total Past Due	Total Loans	Non- Accrual(2)(3)
Loans held for investment	\$ 398,051,222	\$ -	\$ -	\$ -	\$ -	\$ 398,051,222	\$ 23,876,085
Total	<u>\$ 398,051,222</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 398,051,222</u>	<u>\$ 23,876,085</u>

As of December 31, 2024

	Current Loans (1)	31-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due (2)	Total Past Due	Total Loans	Non- Accrual(2)
Loans held for investment	\$ 386,074,558	\$ -	\$ -	\$ 16,402,488	\$ 16,402,488	\$ 402,477,046	\$ 16,402,488
Total	\$ 386,074,558	\$ -	\$ -	\$ 16,402,488	\$ 16,402,488	\$ 402,477,046	\$ 16,402,488

(1) Loans for which principal repayment is 1-30 days past due are included in the current loans.

(2) On May 1, 2023, Loan #9 was placed on non-accrual status and remains on non-accrual as of September 30, 2025. On June 20, 2023, the Administrative Agent to Loan #9 issued an acceleration notice requesting immediate payment of all amounts outstanding and therefore is 90 days past due as of December 31, 2024. See Note 8 for further details.

(3) On May 9, 2025, Loan #6 was placed on non-accrual and remains on non-accrual as of September 30, 2025.

Non-Accrual Loans

As of September 30, 2025 and December 31, 2024, there were two and one loans placed on non-accrual status.

As more fully described in Note 8, Loan #9 was placed on non-accrual status as of May 1, 2023 and has a carrying value of approximately \$18.9 million and \$16.4 million as of September 30, 2025 and December 31, 2024. Loan #9 carried a reserve for current expected credit losses of approximately \$0.7 million and \$1.2 million as of September 30, 2025 and December 31, 2024, respectively. The Company ceased accruing interest on the first date of delinquency, based on expectation of its ability to collect all amounts then due from the borrower. As a result, there was no accrued interest to write-off when the loan was placed on non-accrual.

Loan #6 was placed on non-accrual status as of May 9, 2025 and had an outstanding principal balance and carrying value of approximately \$4.9 million as of September 30, 2025. A Default Notice was sent to the borrower on May 9, 2025 specifying certain events of default including the non-payment of interest and principal. Management has begun the process to exercise its rights and remedies under the loan documents.

Credit Quality Indicators

The Company assesses the risk factors of each loan and assigns a risk rating based on a variety of factors, including, without limitation, payment history, real estate collateral coverage, property type, geographic and local market dynamics, financial performance, loan to enterprise value and fixed charge coverage ratios, loan structure and exit strategy, and project sponsorship. This review is performed quarterly. Based on a 5-point scale, the Company's loans are rated "1" through "5," from less risk to greater risk, which ratings are defined as follows:

Rating	Definition
1	Very low risk
2	Low risk
3	Moderate/average risk
4	High risk/potential for loss: a loan that has a risk of realizing a principal loss
5	Impaired/loss likely: a loan that has a high risk of realizing principal loss, has incurred principal loss or an impairment has been recorded

The risk ratings are primarily determined based on current and historical performance metrics specific to each portfolio company, as well as consideration of future economic conditions and each borrower's estimated ability to meet debt service requirements. The risk ratings shown in the following table as of September 30, 2025 and December 31, 2024 consider borrower specific credit history and performance and reflect a quarterly re-evaluation of overall current macroeconomic conditions affecting the Company's borrowers, specifically those designated as held for investment.

As of September 30, 2025 and December 31, 2024, the carrying value, excluding the current expected credit loss reserve (the "CECL Reserve"), of the Company's loans within each risk rating category by year of origination is as follows:

As of September 30, 2025(1)							
Risk Rating	2025	2024	2023	2022	2021	Total	
1	\$ -	\$ -	\$ -	\$ 400,000	\$ -	\$ -	\$ 400,000
2	56,589,576	26,795,512	63,763,596	43,460,005	-	-	190,608,689
3	21,457,055	54,823,267	1,434,076	46,459,897	42,365,344	-	166,539,639
4	18,918,950	16,626,809	-	-	4,957,135	-	40,502,894
5	-	-	-	-	-	-	-
Total	\$ 96,965,581	\$ 98,245,588	\$ 65,197,672	\$ 90,319,902	\$ 47,322,479	\$ -	\$ 398,051,222

As of December 31, 2024(1)							
Risk Rating	2024	2023	2022	2021	Total		
1	1,111,224	\$ 580,000	\$ 41,045,793	\$ -	\$ -	\$ -	42,737,017
2	63,823,279	64,896,824	90,874,764	24,239,380	-	-	243,834,247
3	34,653,247	2,466,705	27,110,506	13,687,904	-	-	77,918,362
4	10,000,000	-	-	27,987,420	-	-	37,987,420
5	-	-	-	-	-	-	-
Total	\$ 109,587,750	\$ 67,943,529	\$ 159,031,063	\$ 65,914,704	\$ -	\$ -	402,477,046

(1) Amounts are presented by loan origination year with subsequent advances shown in the original year of origination.

Real estate collateral coverage is also a significant credit quality indicator, and real estate collateral coverage, excluding the CECL Reserve, was as follows as of September 30, 2025 and December 31, 2024:

As of September 30, 2025(1)							
	< 1.0x	1.0x – 1.25x	1.25x – 1.5x	1.50x – 1.75x	1.75x – 2.0x	> 2.0x	Total
Fixed-rate	\$ 70,514,841	\$ 24,753,660	\$ 42,574,926	\$ 8,491,943	\$ -	\$ -	\$ 146,335,370
Floating-rate	112,930,995	6,675,623	35,851,693	-	26,491,073	69,766,468	251,715,852
	\$ 183,445,836	\$ 31,429,283	\$ 78,426,619	\$ 8,491,943	\$ 26,491,073	\$ 69,766,468	\$ 398,051,222

As of December 31, 2024(1)							
	< 1.0x	1.0x – 1.25x	1.25x – 1.5x	1.50x – 1.75x	1.75x – 2.0x	> 2.0x	Total
Fixed-rate	\$ 45,029,665	\$ 48,900,184	\$ 43,750,558	\$ 9,603,167	\$ -	\$ 1,943,216	\$ 149,226,790
Floating-rate	155,364,941	16,402,488	6,549,135	-	24,885,063	50,048,629	253,250,256
	\$ 200,394,606	\$ 65,302,672	\$ 50,299,693	\$ 9,603,167	\$ 24,885,063	\$ 51,991,845	\$ 402,477,046

(1) Real estate collateral coverage is calculated based upon most recent third party appraised values. The Company generally obtains a new appraisal of all material real estate collateral at least once annually.

Geography concentration of our loans held for investment is also a significant credit quality indicator. As of September 30, 2025 and December 31, 2024, our borrowers have operations in the jurisdictions in the table below:

As of September 30, 2025			As of December 31, 2024		
Jurisdiction	Outstanding Principal ⁽¹⁾	Percentage of Our Loan Portfolio	Jurisdiction	Outstanding Principal ⁽¹⁾	Percentage of Our Loan Portfolio
Illinois	\$ 77,380,222	19%	Illinois	\$ 55,958,079	14%
Ohio	65,098,447	16%	Ohio	60,065,707	15%
Florida	57,014,988	14%	Florida	42,712,285	11%
Pennsylvania	36,264,811	9%	Pennsylvania	35,727,045	9%
Michigan	32,069,178	8%	Michigan	32,068,629	8%
Arizona	26,471,100	7%	Arizona	28,023,340	7%
California	26,407,775	7%	California	26,057,479	6%
Missouri	24,350,597	6%	Missouri	38,208,259	9%
New York	23,076,799	6%	New York	25,093,595	6%
Nebraska	17,400,000	4%	Nebraska	17,400,000	4%
West Virginia	8,491,943	2%	West Virginia	8,491,943	2%
Texas	2,775,611	1%	Texas	2,756,870	1%
Maryland	1,312,711	*%	Maryland	21,835,901	5%
Massachusetts	826,679	*%	Massachusetts	2,626,423	1%
Oregon	505,429	*%	Oregon	580,000	*%
Nevada	254,624	*%	Nevada	6,000,000	1%
Other ⁽²⁾	192,089	*%	Other	-	*%
Minnesota	55,489	*%	Minnesota	1,116,000	*%
Total	\$ 399,948,492	100%	Total	\$ 404,721,554	100%

* Less than 1%

(1) The principal balance of the loans not secured by real estate collateral are included in the jurisdiction representing the principal place of business.

(2) Represents Connecticut and Washington.

CECL Reserve

The Company records an allowance for current expected credit losses for its loans held for investment. The allowances are deducted from the gross carrying amount of the assets to present the net carrying value of the amounts expected to be collected on such assets. The Company estimates its CECL Reserve using, among other inputs, third-party valuations and a third-party probability-weighted model that considers the likelihood of default and expected loss given default for each individual loan based on the risk profile for approximately three years after which we immediately revert to use of historical loss data.

ASC 326 requires an entity to consider historical loss experience, current conditions, and a reasonable and supportable forecast of the macroeconomic environment. The Company considers multiple datapoints and methodologies that may include likelihood of default and expected loss given default for each individual loan, valuations derived from discount cash flows (“DCF”), and other inputs including the risk rating of the loan, how recently the loan was originated compared to the measurement date, and expected prepayment, if applicable. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost, and off-balance sheet credit exposures such as unfunded loan commitments.

The Company evaluates its loans on a collective (pool) basis by aggregating on the basis of similar risk characteristics as explained above. We make the judgment that loans to cannabis-related borrowers that are collateralized by real estate exhibit similar risk characteristics and are evaluated as a pool. Further, loans that have no real estate collateral, but are secured by other forms of collateral, including equity pledges of the borrower, and otherwise have similar characteristics as those collateralized by real estate may be evaluated as a separate pool. All other loans are analyzed individually, either because they operate in a different industry, may have a different risk profile, or maturities that extend beyond the forecast horizon for which we are able to derive reasonable and supportable forecasts.

Estimating the CECL Reserve also requires significant judgment with respect to various factors, including (i) the appropriate historical loan loss reference data, (ii) the expected timing of loan repayments, (iii) calibration of the likelihood of default to reflect the risk characteristics of the Company’s loan portfolio, and (iv) the Company’s current and future view of the macroeconomic environment including benchmark interest rate fluctuations. The Company also considers loan-specific qualitative factors which may include; among other factors; (i) whether cash from the borrower’s operations is sufficient to cover the debt service requirements currently and into the future, (ii) the ability of the borrower to refinance the loan, and (iii) the liquidation value of collateral. For loans where we have deemed

the borrower/sponsor to be experiencing financial difficulty, we may elect to apply a practical expedient, in which the fair value of the underlying collateral is compared to the amortized cost of the loan in determining a CECL Reserve.

To estimate the historic loan losses relevant to the Company's portfolio, the Company evaluates its historical loan performance, which includes zero realized loan losses since the inception of its operations. Additionally, the Company analyzed its repayment history, noting it has limited "true" operating history, since the incorporation date of March 30, 2021. However, the Company's Sponsor and its affiliates have had operations for the past five fiscal years and have made investments in similar loans that have similar characteristics including interest rate, collateral coverage, guarantees, and prepayment/make whole provisions, which fall into the pools identified above, and may be considered by management in determining the extent to which a CECL Reserve shall be recorded.

In addition, the Company reviews each loan on a quarterly basis and evaluates the borrower's ability to pay the monthly interest and principal, if required, as well as the loan-to-value (LTV) ratio. When evaluating qualitative factors that may indicate the need for a CECL Reserve, the Company forecasts losses considering a variety of factors. In considering the potential current expected credit loss, the Manager primarily considers significant inputs to the Company's forecasting methods, which include (i) key loan-specific inputs such as the value of the real estate collateral, liens on equity (including the equity in the entity that holds the state-issued license to cultivate, process, distribute, or retail cannabis), presence of personal or corporate guarantees, among other credit enhancements, LTV ratio, rate type (fixed or floating) and IRR, loan-term, geographic location, and expected timing and amount of future loan fundings, (ii) performance against the underwritten business plan and the Company's internal loan risk rating, and (iii) a macro-economic forecast. Estimating the enterprise value of our borrowers in order to calculate LTV ratios is often a significant estimate. The Manager utilizes a third-party valuation appraiser to assist with the Company's valuation process primarily using comparable transactions to estimate enterprise value of its portfolio companies and supplement such analysis with a multiple-based approach to enterprise value to revenue multiples of publicly-traded comparable companies obtained from S&P Capital IQ as of September 30, 2025, to which the Manager may apply a private company discount based on the Company's current borrower profile.

During the nine month period ended September 30, 2025, the Company's CECL Reserve increased by approximately \$0.6 million compared to December 31, 2024. On a relative size basis, the CECL reserve represented 1.25% and 1.06% of principal our loans held for investment as of both September 30, 2025 and December 31, 2024, respectively.

The increase in the CECL reserve during the three months ended September 30, 2025 compared to June 30, 2025 is partially driven by new reserves from the gross loan originations, including capitalized fees, of \$40.8 million during the third quarter. Additionally, during the third quarter, the Company received approximately \$54.9 million of full principal repayments which carried \$0 reserves at June 30, 2025 given the Company's known expectation of repayment subsequent to that date. Therefore, there were no reversals of reserves relating to such prepayments. As of September 30, 2025, the carrying value of loans held for investment risk rated "4", was approximately \$40.5 million, or 10.2%, of which \$23.9 million relates to loans placed on non-accrual status. The CECL reserve for loans held for investment included in risk rating "4" increased to \$3.0 million as of September 30, 2025 from \$2.6 million as of June 30, 2025.

Regarding real estate collateral, the Company generally cannot take the position of mortgagee-in-possession as long as the property is used by a cannabis operator, but it can request that the court appoint a receiver to manage and operate the subject real property until the foreclosure proceedings are completed. Additionally, while the Company cannot foreclose under state Uniform Commercial Code ("UCC") and take title or sell equity in a licensed cannabis business, a potential purchaser of a delinquent or defaulted loan could.

In order to estimate the future expected loan losses relevant to the Company's portfolio, the Company utilizes historical market loan loss data obtained from a third-party database for commercial real estate loans, which the Company believes is a reasonably comparable and available data set to use as an input for its type of loans. The Company believes this dataset to be representative for future credit losses without historical loss data.

All of the above assumptions, although made with the most available information at the time of the estimate, are subjective and actual activity may not follow the estimated schedule. These assumptions impact the future balances that the loss rate will be applied to and as such impact the Company's CECL Reserve. As the Company acquires new loans and the Manager monitors loan and borrower performance, these estimates will be revised each period.

Activity related to the CECL Reserve for outstanding balances and unfunded commitments on the Company's loans held at carrying value and loans receivable at carrying value as of and for the nine months ended September 30, 2025 and 2024 is presented in the table below.

	Funded	Unfunded	Total
Balance at December 31, 2024	\$ 4,346,869	\$ 45,572	\$ 4,392,441
Provision (benefit) for current expected credit losses	644,119	(12,886)	631,233
Balance at September 30, 2025	\$ 4,990,988	\$ 32,686	\$ 5,023,674

	Funded	Unfunded	Total
Balance at December 31, 2023	\$ 4,972,647	\$ 3,092	\$ 4,975,739
Provision (benefit) for current expected credit losses	(881,697)	(3,092)	(884,789)
Balance at September 30, 2024	\$ 4,090,950	\$ —	\$ 4,090,950

The Company has made an accounting policy election to exclude accrued interest receivable from the amortized cost basis of the related loans held for investment in determining the CECL Reserve, as any uncollectible accrued interest receivable is generally written off in a timely manner. To date, the Company has had zero write-offs related to uncollectible interest receivable, but will discontinue accrual of interest on loans if deemed to be uncollectible, with any previously accrued uncollected interest on the loan charged to interest income in the same period. For loans on non-accrual as of September 30, 2025, the Company generally ceased accruing interest on the first date of delinquency, based on the expectation of its ability to collect all amounts then due from the borrower. Accrued interest of Loan #6 for the period from April 1, 2025 through May 9, 2025, the date the loan was placed on non-accrual, was reversed. Management believes it is more likely than not that the remaining outstanding interest receivable prior to such date remains collectible.

4. LOANS, AT FAIR VALUE

As of December 31, 2024, the Company's portfolio included one loan held at fair value. The aggregate commitment under this loan was approximately \$11.5 million and outstanding principal was \$5.5 million as of December 31, 2024. The loan held at fair value as of December 31, 2024 was originated to a related party (Note 8), and is included within Loans, at fair value - related party on the consolidated balance sheet. This loan was repaid in full on July 8, 2025. Accordingly, the Company does not have any loans held at fair value as of September 30, 2025.

		For the nine months ended September 30, 2025
		Loans, at fair value - related party
Balance at December 31, 2024	\$	5,335,000
Purchases		—
Principal repayment of loans		(5,500,000)
Unrealized gain		165,000
Balance at September 30, 2025	\$	-

5. INTEREST RECEIVABLE

As of September 30, 2025 and December 31, 2024, the Company had interest receivable of approximately \$4.5 million and \$1.5 million, respectively.

The following table presents aging analyses of past due loans by class as of September 30, 2025, and December 31, 2024, respectively:

		As of September 30, 2025					
	Current Loans	31-60 Days Past Due ⁽¹⁾	61-90 Days Past Due ⁽¹⁾	90+ Days Past Due (and accruing)	Total Past Due	Total Loans	Non- Accrual ⁽²⁾
Interest receivable	\$ 3,978,296	\$ 169,950	\$ 169,950	\$ 169,950	\$ 509,850	\$ 4,488,146	\$ 185,957
Total	\$ 3,978,296	\$ 169,950	\$ 169,950	\$ 169,950	\$ 509,850	\$ 4,488,146	\$ 185,957

(1) Amounts designated as past due relate to Loan #4 and #34, which are included in risk rating "4" within the table in Note 3.

(2) Loan #6 was placed on non-accrual on May 9, 2025 and all accrued interest after April 1, 2025 was reversed. This Loan remains on non-accrual as of September 30, 2025. Management believes it is more likely than not that the remaining outstanding interest receivable prior to such date remains collectible.

As of December 31, 2024

	Current Loans	31-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due (and accruing)	Total Past Due	Total Loans	Non- Accrual
Interest receivable	\$ 1,388,058	\$ 65,765	\$ -	\$ -	\$ 65,765	\$ 1,453,823	\$ -
Total	\$ 1,388,058	\$ 65,765	\$ -	\$ -	\$ 65,765	\$ 1,453,823	\$ -

6. INTEREST RESERVE

As of September 30, 2025 and December 31, 2024, the Company had two loans and one loan, respectively, that included a prepaid interest reserve.

The following table presents changes in interest reserves as of September 30, 2025 and December 31, 2024, respectively:

	September 30, 2025	December 31, 2024
Beginning reserves	\$ 1,297,878	\$ 1,074,889
New reserves	22,500	4,194,597
Reserves disbursed	(1,305,781)	(3,971,608)
Ending reserve	\$ 14,597	\$ 1,297,878

7. DEBT

Revolving Loan

In May 2021, in connection with the Company's acquisition of its wholly-owned financing subsidiary, CAL, the Company was assigned a secured revolving credit facility (the "Revolving Loan"). As of December 31, 2023, the Revolving Loan had an interest rate equal to the greater of (1) the Prime Rate plus the applicable margin and (2) 3.25%. The applicable margin is derived from a floating rate grid based upon the ratio of debt to book equity of CAL and increases from 0% at a ratio of 0.25 to 1 to 1.25% at a ratio of 1.5 to 1. The Revolving Loan had an aggregate commitment of \$100.0 million, and a maturity date of the earlier of (i) December 16, 2024 and (ii) the date on which the Revolving Loan is terminated pursuant to the terms of the Revolving Loan agreement.

On February 28, 2024, CAL entered into a Fifth Amended and Restated Loan and Security Agreement (the "Fifth Amendment and Restatement"). The Fifth Amendment and Restatement extended the contractual maturity date of the Revolving Loan until June 30, 2026, and expanded the existing accordion feature to permit aggregate loan commitments of up to \$150.0 million. No other material terms of the Revolving Loan were modified as a result of the execution of the Fifth Amendment and Restatement. The Company incurred debt issuance costs of approximately \$0.1 million related to the Fifth Amendment and Restatement, which were capitalized and will subsequently be amortized through maturity.

On June 26, 2024, CAL entered into the First Amendment to the Fifth Amendment and Restatement. The amendment increased the current loan commitment from \$100.0 million to \$105.0 million. No other material terms were modified as a result of the execution of this amendment.

On September 30, 2024, CAL entered into the Sixth Amended and Restated Loan and Security Agreement (the "Sixth Amendment"). The Sixth Amendment increased the current loan commitment from \$105.0 million to \$110.0 million. No other material terms were modified as a result of the execution of this amendment.

As of September 30, 2025, the Revolving Loan has aggregate commitments of \$110.0 million, which may be increased to \$150.0 million pursuant to its accordion feature, and has a maturity date of June 30, 2026. The Revolving Loan bears interest, payable in cash in arrears, at a per annum rate equal to the greater of (1) the Prime Rate plus the applicable margin and (2) 3.25%. The applicable margin is derived from a floating rate grid based upon the ratio of debt to equity of CAL and increases from 0% at a ratio of 0.25 to 1 to 1.25% at a ratio of 1.5 to 1. The interest rate in effect as of September 30, 2025 is 7.25%.

On August 5, 2025, CAL entered into the First Amendment to the Sixth Amended and Restated Loan and Security Agreement (the "August 2025 Amendment"). The August 2025 Amendment extended the contractual maturity date from June 30, 2026 to June 30, 2028. No other material terms were modified as a result of the execution of this amendment, and the Company incurred approximately \$0.1 million in financing costs relating thereto.

The Revolving Loan provides for certain affirmative covenants, including requiring us to deliver financial information and any notices of default, and conducting business in the normal course. Additionally, the Company must comply with certain financial covenants including: (1) maximum capital expenditures of \$150,000, (2) maintaining a debt service coverage ratio greater than 1.35 to 1, and (3) maintaining a leverage ratio less than 1.50 to 1. As of September 30, 2025, the Company is in compliance with all financial covenants with respect to the Revolving Loan.

As of September 30, 2025 and December 31, 2024, unamortized debt issuance costs related to the Revolving Loan, including all amendments and amendments and restatements thereto, as applicable, of \$271,282 and \$305,075, respectively, are recorded in other receivables and assets, net on the consolidated balance sheets.

During the nine months ended September 30, 2025, the Company had net borrowings and repayments of \$2.6 million against the Revolving Loan. As of September 30, 2025, the Company had \$57.6 million available under the Revolving Loan. Additionally, as of September 30, 2025, \$124.1 million of the Company's loan portfolio, at principal, is pledged as collateral in the borrowing base of the Revolving Loan.

Notes Payable

On October 18, 2024 (the "Closing Date"), the Company entered into a Loan Agreement by and among the Company and the various financial institutions party thereto, for an aggregate commitment of \$50.0 million in senior unsecured notes (the "Unsecured Notes"). The Unsecured Notes have a contractual four year term maturing on October 18, 2028 and bear a fixed interest rate of 9.00% per annum. The Company may prepay the Unsecured Notes at any time without penalty following the second anniversary of the Closing Date. A prepayment penalty of 3.00% and 2.00% would be due and payable in the event of prepayment prior to the first and second anniversary of the Closing Date, respectively.

The \$50.0 million aggregate commitment was advanced on the closing date and proceeds were used to temporarily repay outstanding obligations on the Revolving Loan and for other working capital purposes. The Company incurred debt issuance costs of approximately \$0.9 million related to the Unsecured Notes, which were capitalized and offset against the outstanding face value of the Unsecured Notes within the line item Notes Payable, net on the consolidated balance sheets.

The Unsecured Notes provide for certain affirmative covenants, including requiring us to deliver certain financial information and any notices of default, and conducting business in the normal course. Additionally, the Company must comply with certain financial and non-financial covenants including but not limited to: (1) minimum stockholders' equity of \$200.0 million, (2) maximum aggregate indebtedness of \$225.0 million, subject to increase from time to time based upon ratable increases in stockholders' equity, and (3) maintenance of an investment-grade credit rating. As of September 30, 2025, the Company is in compliance with all financial covenants with respect to the Unsecured Notes.

Year	Notes Payable
2025	\$ -
2026	-
2027	-
2028	50,000,000
Total principal	\$ 50,000,000
Deferred debt issuance costs included in notes payable	(725,356)
Total notes payable, net	\$ 49,274,644

Interest Expense

The following table reflects a summary of interest expense incurred during the three and nine months ended September 30, 2025 and 2024.

	Three months ended September 30, 2025			For the nine months ended September 30, 2025		
	Notes Payable	Revolving Loan	Total Borrowings	Notes Payable	Revolving Loan	Total Borrowings
Interest expense	\$ 1,134,247	\$ 288,067	\$ 1,422,314	\$ 3,378,082	\$ 1,860,909	\$ 5,238,991
Unused fee expense	-	41,550	41,550	-	146,845	146,845
Amortization of debt issuance costs	59,628	42,100	101,728	178,394	143,792	322,186
Total interest expense	\$ 1,193,875	\$ 371,717	\$ 1,565,592	\$ 3,556,476	\$ 2,151,546	\$ 5,708,022

	Three months ended September 30, 2024			For the nine months ended September 30, 2024		
	Notes Payable	Revolving Loan	Total Borrowings	Notes Payable	Revolving Loan	Total Borrowings
Interest expense	\$ -	\$ 1,701,480	\$ 1,701,480	\$ -	\$ 5,454,281	\$ 5,454,281
Unused fee expense	-	18,104	18,104	-	25,691	25,691
Amortization of debt issuance costs	-	79,767	79,767	-	262,361	262,361
Total interest expense	\$ -	\$ 1,799,351	\$ 1,799,351	\$ -	\$ 5,742,333	\$ 5,742,333

8. RELATED PARTY TRANSACTIONS

Management Agreement

Pursuant to the Management Agreement, the Manager manages the loans and day-to-day operations of the Company, subject at all times to the further terms and conditions set forth in the Management Agreement and such further limitations or parameters as may be imposed from time to time by the Company's Board.

The initial term of our Management Agreement continued until May 1, 2024. After the initial term, our Management Agreement is automatically renewed every year for an additional one-year period, unless we or our Manager elect not to renew. Our Management Agreement may be terminated by us or our Manager under certain specified circumstances. On April 30, 2024 and 2025, the Management Agreement was automatically renewed.

The Manager is entitled to receive base management fees (the "Base Management Fee") that are calculated and payable quarterly in arrears, in an amount equal to 0.375% of the Company's Equity, determined as of the last day of each such quarter; reduced by an amount equal to 50% of the pro rata amount of origination fees earned and paid to the Manager during the applicable quarter for loans that were originated on the Company's behalf by the Manager or affiliates of the Manager ("Outside Fees"). For the three and nine months ended September 30, 2025, the Base Management Fee payable was reduced by Outside Fees in the amount of \$82,500 and \$219,117, respectively. For the three and nine months ended September 30, 2024, the Base Management Fee payable was reduced by Outside Fees in the amount of \$60,000 and \$91,571, respectively.

In addition to the Base Management Fee, the Manager is entitled to receive incentive compensation (the "Incentive Compensation" or "Incentive Fees") under the Management Agreement. Under the Management Agreement, the Company will pay Incentive Fees to the Manager based upon the Company's achievement of targeted levels of Core Earnings. "Core Earnings" is defined in the Management Agreement as, for a given period, the net income (loss) for such period, computed in accordance with GAAP, excluding (i) non-cash equity compensation expense, (ii) the Incentive Compensation, (iii) depreciation and amortization, (iv) any unrealized gains or losses or other non-cash items that are included in net income for the applicable reporting period, regardless of whether such items are included in other comprehensive income or loss, or in net income, and (v) one-time events pursuant to changes in GAAP and certain non-cash charges, in each case after discussions between the Manager and the members of the Compensation Committee of the Board, each of whom are Independent Directors, and approved by a majority of the members of the Compensation Committee. Incentive compensation for the three months ended September 30, 2025 and 2024 was \$0.3 million and \$0.6 million, respectively. Incentive compensation for the nine months ended September 30, 2025 and 2024 was \$1.7 million and \$2.0 million, respectively.

The Company shall pay all of its costs and expenses and shall reimburse the Manager or its affiliates for expenses of the Manager and its affiliates paid or incurred on behalf of the Company, excepting only those expenses that are specifically the responsibility of the Manager pursuant to the Management Agreement. We reimburse our Manager or its affiliates, as applicable, for the Company's fair and equitable allocable share of the compensation, including annual base salary, bonus, any related withholding taxes and employee benefits,

paid to (i) subject to review by the Compensation Committee of the Board, the Manager's personnel serving as an officer of the Company, based on the percentage of his or her time spent devoted to the Company's affairs and (ii) other corporate finance, tax, accounting, internal audit, legal, risk management, operations, compliance, and other non-investment personnel of the Manager and its affiliates who spend all or a portion of their time managing the Company's affairs, with the allocable share of the compensation of such personnel described in this clause (ii) being as reasonably determined by the Manager to appropriately reflect the amount of time spent devoted by such personnel to our affairs.

The following table summarizes the related party fees and expenses incurred by the Company for the three and nine months ended September 30, 2025 and 2024.

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Affiliate Payments				
Management fees earned	\$ 1,233,434	\$ 1,122,379	\$ 3,670,282	\$ 3,304,301
Less: Outside Fees earned	(82,500)	(60,000)	(219,117)	(91,571)
Base management fees, net	1,150,934	1,062,379	3,451,165	3,212,730
Incentive fees	284,137	606,737	1,652,396	1,986,008
Total management and incentive fees earned	1,435,071	1,669,116	5,103,561	5,198,738
General and administrative expenses reimbursable to Manager	1,200,933	1,110,611	3,505,489	3,455,367
Total	<u>\$ 2,636,004</u>	<u>\$ 2,779,727</u>	<u>\$ 8,609,050</u>	<u>\$ 8,654,105</u>

The following table presents amounts payable to the Manager as of September 30, 2025 and December 31, 2024:

	September 30, 2025	December 31, 2024
Management fees payable	\$ 1,150,934	\$ 925,671
Incentive fees payable	284,137	1,937,487
Management and incentive fees payable	1,435,071	2,863,158
General and administrative expenses reimbursable to Manager	3,073,015	2,043,403
Total	<u>\$ 4,508,086</u>	<u>\$ 4,906,561</u>

General administrative expenses reimbursable to the Manager are included in the related party payables line item of the consolidated balance sheets as of September 30, 2025 and December 31, 2024.

Co-Investment in Loans

From time to time, the Company may co-invest with other investment vehicles managed by its affiliates, in accordance with the Manager's co-investment allocation policies. The Company is not obligated to provide, nor has it provided, any financial support to the other managed investment vehicles. As such, the Company's risk is limited to the carrying value of its investment in any such loan. As of September 30, 2025 and December 31, 2024, 17 and 19 of the Company's loans were co-invested by affiliates of the Company.

Certain syndicated co-investments originated by affiliates of the Manager may include other consideration, generally in the form of warrants or other equity interests. Prior to, or concurrent with, the origination of the investment, the Company may elect to assign the right (the "Assigned Right") to the equity consideration to an affiliate, in exchange for an additional upfront fee in an amount equal to the fair value of the equity consideration on a pro-rata basis. There were no sales of Assigned Rights for the three and nine months ended September 30, 2025 and 2024.

Loans held for investment – related party

Vireo Growth, Inc.

During the nine months ended September 30, 2025, the Company held investments in the form of loans, with an aggregate principal balance of approximately \$54.9 million, issued to affiliates of Vireo Growth, Inc. ("Vireo"). In December 2024, John Mazarakis, who serves as our Executive Chairman of the Board, was appointed to serve as Chief Executive Officer and Co-Executive Chairman of the Board of Vireo. Certain affiliated investment funds that are managed by entities under common control with our Manager, and for which

Mr. Mazarakis can exercise significant influence, own approximately 35% of Vireo's Subordinate Voting Shares, causing the Company to classify transactions with Vireo to be related party transactions. The loans to Vireo and its affiliates were prepaid in full during the three months ended September 30, 2025 from which the Company recognized approximately \$0.9 million in prepayment fee income.

Loan #9

As of May 1, 2023, Loan #9 was placed on non-accrual status for borrower's breach of certain non-financial covenants and obligations under the loan agreement. The borrower subsequently failed to make contractual principal and interest payments due for the months of May and June 2023. On June 20, 2023, the Administrative Agent to Loan #9 (the "Agent", a related party) issued an acceleration notice notifying the borrower of the Agent's intention to exercise all rights and remedies under the credit documents and requested immediate payment of all amounts outstanding thereunder on behalf of the lenders through commencement of foreclosure proceedings. Loan #9 is co-invested by the Company and an affiliated investment fund under common control with the Manager (collectively with the Company, the "Lenders").

The Agent subsequently pursued a Uniform Commercial Code Article 9 sale ("UCC sale") of the membership interests of the borrower's subsidiaries which were pledged as collateral. On August 10, 2023, the Agent was the highest bidder in a public auction of the membership interests and took ownership of the membership interests.

In December 2024, the Agent was granted a summary judgment (the "Judgment") against the borrower credit parties and related individuals in the amount of approximately \$14.5 million. The Judgment received in favor of the Agent was incremental to the equity acquired in the UCC sale. The enforcement of such Judgment and UCC sale was conditional upon the recognition and affiliation of members of the Agent by the Pennsylvania Department of Health ("PA DOH"), which was uncertain as of December 31, 2024.

In January 2025, the Court of Common Pleas in Snyder County, Pennsylvania granted an order in favor of the Agent, whereby members of the Agent would be duly recognized as owner-operators of the subject assets. The order was conditional upon the satisfactory completion of change of ownership and other cannabis owner-operator affiliation forms, as required by the PA DOH. In February 2025, upon approval by the PA DOH, members of the Agent satisfied the conditions imposed by PA DOH and assumed full control of the facilities and operations of the business.

On March 31, 2025, following completion of the foreclosure proceedings, the Company extinguished the original term loan, previously identified as Loan #9, and the Agent distributed the assets acquired from the foreclosure to the Lenders pursuant to an Agreement Among Lenders by and between the Agent and Lenders (the "AAL"). Pursuant to the AAL, the affiliated co-lender received rights to the membership interests acquired in the UCC sale and intends to engage third-parties, as necessary, and is currently in the process of restoring the business to a fully operational status. Further pursuant to the AAL, in satisfaction of the original loan, the Company now holds two loans with an aggregate principal balance of approximately \$16.5 million, comprised of a \$14.5 million first lien judgment loan (the "Judgment Loan") and a \$2.0 million second lien term loan (the "Term Loan"), which had an aggregate fair value of approximately \$16.5 million, resulting in a gain on extinguishment of approximately \$66 thousand. The fair value of each of the Judgment Loan and Term Loan was determined by the Manager's investment committee using Level 3 inputs under the discounted cash flow method.

The Judgment Loan bears interest at a statutory rate of 9.0% pursuant to Illinois law, and will remain outstanding until paid by the borrower. The Term Loan bears interest at a contractual rate of 9.0% and has a maturity of March 31, 2028. The assets securing the original loan, which included mortgaged cultivation real estate in Pennsylvania and operations related thereto, continue to secure the Judgment Loan and the Term Loan. Accordingly, by virtue of the relationship between the Company, as holder of the Judgment Loan and the Term Loan, and the affiliated co-lender, as new owner of the membership interests of the original borrower credit parties, Loan #9 remains a related party loan. For comparability to previously issued financial statements, management will continue to reference the Judgment Loan and the Term Loan, collectively, as Loan #9, as shown in Note 3.

In April 2025, the borrower opened its three dispensary locations, all of which were previously non-operational and expect improved financial performance as a result; however, given the history of non-payment resulting from these locations being non-operational, management will closely monitor and evaluate the financial and cash flow performance of the now operational assets, before restoring Loan #9 to accrual status. Accordingly, Loan #9 remains on non-accrual status as of September 30, 2025. The Company intends to hold both the Judgment Loan and the Term Loan until maturity or payoff, as applicable, and therefore has classified these assets as loans held for investment - related party as of September 30, 2025, with a carrying value of \$18.9 million and a CECL reserve of approximately \$0.7 million.

9. COMMITMENTS AND CONTINGENCIES

Off-Balance Sheet Arrangements

Off-balance sheet commitments may consist of unfunded commitments on delayed draw term loans. The Company does not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured investment vehicles, special purpose entities, or variable interest entities, established to facilitate off-balance sheet arrangements or other contractually narrow or limited purposes. Further, the Company has not guaranteed any obligations of unconsolidated entities or entered into any commitment to provide additional funding to any such entities. As of September 30, 2025 and December 31, 2024, the Company had unfunded commitments on existing loans of approximately \$29.8 million and \$20.9 million, respectively.

Refer to “Note 3 - Loans Held for Investment, Net” for further information regarding the CECL Reserve attributed to unfunded commitments. Total original loan commitments includes the impact of principal payments received since origination of the loan and future amounts to be advanced at sole discretion of the lender.

The following table summarizes our material commitments as of September 30, 2025:

	Total	2026	2027	2028	2029	2030	Thereafter
Undrawn commitments	\$ 29,761,667	\$ 29,761,667	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 29,761,667	\$ 29,761,667	\$ -	\$ -	\$ -	\$ -	\$ -

Other Contingencies

The Company from time to time may be a party to litigation in the normal course of business. As of September 30, 2025, the Company is not aware of any legal claims that could materially impact its business, financial condition, or results of operations.

The Company’s ability to grow or maintain its business depends, in part, on state laws pertaining to the cannabis industry. New laws that are adverse to the Company’s portfolio companies may be enacted, and current favorable state or national laws or enforcement guidelines relating to cultivation, production, and distribution of cannabis may be modified or eliminated in the future, which would impede the Company’s ability to grow and could materially and adversely affect its business.

Management’s plan to mitigate risks include monitoring the legal landscape as deemed appropriate. Also, should a loan default or otherwise be seized, the Company may be prohibited from owning cannabis assets and thus could not take possession of collateral, in which case the Company would look to sell the loan, provide consent to allow the borrower to sell the real estate to a third party, institute a foreclosure proceeding to have the real estate sold or evict the tenant, have the cannabis operations removed from the property and take title to the underlying real estate, each of which may result in the Company realizing a loss on the transaction.

10. STOCKHOLDERS’ EQUITY

Equity Incentive Plan

The Company has established an equity incentive compensation plan (the “2021 Plan”). The Board authorized the adoption of the 2021 Plan and the Compensation Committee of the Board administers the 2021 Plan. The 2021 Plan authorizes stock options, stock appreciation rights, restricted stock, stock bonuses, stock units, and other forms of awards granted or denominated in the Company’s common stock. The 2021 Plan retains flexibility to offer competitive incentives and to tailor benefits to specific needs and circumstances. Any award may be structured to be paid or settled in cash. The Company has and currently intends to continue to grant restricted stock awards to participants in the 2021 Plan, but it may also grant any other type of award available under the 2021 Plan in the future. Persons eligible to receive awards under the 2021 Plan include the Company’s officers and employees of the Manager and its affiliates or officers and employees of the Company’s subsidiaries, if any, the members of the Board, and certain consultants and other service providers.

As of September 30, 2025 and December 31, 2024, the maximum number of shares of the Company’s common stock that may be delivered pursuant to awards under the 2021 Plan (the “Share Limit”) equals 8.50% of the issued and outstanding shares of the Company’s common stock on a fully-diluted basis following the completion of the initial public offering (“IPO”). Shares that are subject to or underlie awards that expire or for any reason are cancelled or terminated, are forfeited, fail to vest, or for any other reason are not paid or delivered under the 2021 Plan will not be counted against the Share Limit and will again be available for subsequent awards under the 2021 Plan.

There were 6,469 and 0 shares forfeited during the nine months ended September 30, 2025 and 2024, respectively. As individual awards and options become fully vested, stock-based compensation expense is adjusted to recognize actual forfeitures.

Shares that are exchanged by a participant or withheld by the Company as full or partial payment in connection with any award granted under the 2021 Plan, as well as any shares exchanged by a participant or withheld by the Company to satisfy tax withholding obligations related to any award granted under the 2021 Plan, will not be counted against the Share Limit and will again be available for subsequent

awards under the 2021 Plan. To the extent that an award is settled in cash or a form other than shares, the shares that would have been delivered had there been no such cash or other settlement will not be counted against the Share Limit and will again be available for subsequent awards under the 2021 Plan.

Based on the closing market price of our common stock on September 30, 2025 and December 31, 2024 of \$12.79 and \$15.42, respectively, the aggregate intrinsic value of our restricted stock awards was as follows:

	As of September 30, 2025		As of December 31, 2024	
	Outstanding	Vested	Outstanding	Vested
Aggregate intrinsic value	\$ 5,250,014	\$ 5,043,941	\$ 6,342,292	\$ 3,182,441

The following table summarizes the restricted stock activity for the Company's directors and officers and employees of the Manager during the nine months ended September 30, 2025 and 2024.

	Unvested Restricted Stock	Weighted Average Grant Date Fair Value per Share
Balance at December 31, 2024	411,303	\$ 15.14
Granted	187,157	14.79
Vested	(181,513)	15.09
Forfeited	(6,469)	15.46
Balance at September 30, 2025	410,478	\$ 15.00

	Unvested Restricted Stock	Weighted Average Grant Date Fair Value per Share
Balance at December 31, 2023	366,647	\$ 14.86
Granted	187,335	15.59
Vested	(127,720)	14.89
Balance at September 30, 2024	426,262	\$ 15.17

Restricted stock compensation expense is based on the Company's stock price at the date of the grant and is amortized over the vesting period. The share-based compensation expense for the Company was \$2.5 million and \$2.2 million for the nine months ended September 30, 2025 and 2024, respectively. The unamortized share-based compensation expense, net for the Company was approximately \$4.6 million and \$5.2 million as of September 30, 2025 and 2024, respectively, which the Company expects to recognize over the remaining weighted-average term of 1.7 years.

At-the-Market Offering Program ("ATM Program")

On June 20, 2023, the Company entered into an At-the-Market Sales Agreement (the "Sales Agreement") with BTIG, LLC, Compass Point Research & Trading, LLC and Oppenheimer & Co. Inc. (each a "Sales Agent" and together the "Sales Agents") under which the Company may, from time to time, offer and sell shares of common stock, having an aggregate offering price of up to \$75.0 million. Under the terms of the Sales Agreement, the Company has agreed to pay the Sales Agents a commission of up to 3.0% of the gross proceeds from each sale of common stock sold through the Sales Agents. Sales of common stock, if any, may be made in transactions that are deemed to be "at-the-market" offerings, as defined in Rule 415(a)(4) promulgated under the Securities Act of 1933, as amended (the "Securities Act").

On March 18, 2025, the Company amended its ATM Program and entered into new At-the-Market Sales Agreements (the "2025 Sales Agreement") with BTIG, LLC, Oppenheimer & Co. Inc., ATB Capital Markets USA, Inc. and A.G.P./Alliance Global Partners LLC (each a "Sales Agent" and together the "Sales Agents"). Under the terms of the 2025 Sales Agreement, the maximum offering size was increased from \$75.0 million to \$100.0 million and the commissions paid to the Sales Agents was reduced from a maximum of 3.0% to a maximum of 2.0% of the gross proceeds from each sale of common stock sold through the Sales Agents. Sales of common stock, if any, may be made in transactions that are deemed to be "at-the-market" offerings, as defined in Rule 415(a)(4) promulgated under the Securities Act of 1933, as amended (the "Securities Act").

During the three and nine months ended September 30, 2025, the Company sold an aggregate of 0 and 64,557 shares, respectively, of the Company's common stock under the Sales Agreement. The weighted average sales price during the three and nine months ended September 30, 2025 was \$0 and \$16.01 per share, generating net proceeds of \$0 and approximately \$1.0 million, respectively.

During the three and nine months ended September 30, 2024, the Company sold an aggregate of 2,700 and 1,309,503 shares, respectively, of the Company's common stock under the Sales Agreement. The weighted average sales price during the three and nine months ended September 30, 2024 was \$16.12 and \$15.88 per share, generating net proceeds of approximately \$42.6 thousand and \$20.8 million, respectively.

As of September 30, 2025 and 2024, the shares of common stock sold pursuant to the registered direct offering in February 2023 and under the ATM Program are the only offerings that have been initiated under the Shelf Registration Statement.

11. EARNINGS PER SHARE

The following information sets forth the computations of basic earnings per common share for the three and nine months ended September 30, 2025 and 2024, respectively:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Net income attributable to common stockholders	\$ 8,934,539	\$ 11,211,636	\$ 27,853,228	\$ 29,125,711
Divided by:				
Basic weighted average shares of common stock outstanding	21,074,771	19,625,190	20,979,467	19,094,462
Diluted weighted average shares of common stock outstanding	21,485,776	20,058,417	21,413,422	19,531,691
Basic earnings per common share	\$ 0.42	\$ 0.57	\$ 1.33	\$ 1.53
Diluted earnings per common share	\$ 0.42	\$ 0.56	\$ 1.30	\$ 1.49

There were no anti-dilutive shares excluded from the computations of earnings per common share for the three and nine months ended September 30, 2025 and 2024.

12. INCOME TAX

To qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement that we distribute annually to our stockholders at least 90% of our REIT taxable income prior to the deduction for dividends paid. To the extent that we distribute less than 100% of our REIT taxable income in any tax year (taking into account any distributions made in a subsequent tax year under Sections 857(b)(9) or 858 of the Code), we will pay tax at regular corporate rates on that undistributed portion. Furthermore, if we distribute less than the sum of 1) 85% of our ordinary income for the calendar year, 2) 95% of our capital gain net income for the calendar year, and 3) any undistributed shortfall from our prior calendar year (the "Required Distribution") to our stockholders during any calendar year (including any distributions declared by the last day of the calendar year but paid in the subsequent year), then we are required to pay a non-deductible excise tax equal to 4% of any shortfall between the Required Distribution and the amount that was actually distributed. The 90% distribution requirement does not require the distribution of net capital gains. However, if we elect to retain any of our net capital gain for any tax year, we must notify our stockholders and pay tax at regular corporate rates on the retained net capital gain. Our stockholders must include their proportionate share of the retained net capital gain in their taxable income for the tax year, and they are deemed to have paid the REIT's tax on their proportionate share of the retained capital gain. Furthermore, such retained capital gain may be subject to the nondeductible 4% excise tax. If it is determined that our estimated current year taxable income will be in excess of estimated dividend distributions (including capital gain dividend) for the current year from such income, we will accrue excise tax on estimated excess taxable income as such taxable income is earned. The annual expense is calculated in accordance with applicable tax regulations. Excise tax expense, if any, is included in the line item, income tax expense. For the nine months ended September 30, 2025 and 2024, we did not incur excise tax expense.

As of September 30, 2025 and December 31, 2024, the Company does not have any material unrecognized tax benefits.

13. FAIR VALUE MEASUREMENTS

GAAP requires disclosure of fair value information about financial and non-financial assets and liabilities, whether or not recognized in the financial statements, for which it is practical to estimate the value. In cases where quoted market prices are not available, fair values are based upon the application of discount rates to estimated future cash flows using market yields, or other valuation methodologies. Any changes to the valuation methodology will be reviewed by the Company's management to ensure the changes are appropriate. The methods used may produce a fair value calculation that is not indicative of net realizable value or reflective of future fair values.

Furthermore, while the Company anticipates that the valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value of certain financial and non-financial assets and liabilities could result in a different estimate of fair value at the reporting date. The Company uses inputs that are current as of the measurement date, which may fall within periods of market dislocation, during which price transparency may be reduced.

Recurring Fair Value Measurements

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2024:

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Loans, at fair value - related party	\$ -	\$ -	\$ 5,335,000	\$ 5,335,000

Financial Assets and Liabilities Not Measured at Fair Value

As of September 30, 2025 and December 31, 2024, the carrying values and fair values of the Company's financial assets and liabilities recorded at amortized cost are as follows:

	Level	As of September 30, 2025		As of December 31, 2024	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:					
Loans held for investment	3	\$ 398,051,222	\$ 395,799,304	\$ 402,477,046	\$ 399,771,293
Cash and cash equivalents	1	28,920,537	28,920,537	26,400,448	26,400,448
Interest receivable	2	4,488,146	4,488,146	1,453,823	1,453,823
Other receivables and assets, net	2	581,815	581,815	459,187	459,187
Related party receivables	2	26,432	26,432	3,370,339	3,370,339
Financial liabilities:					
Revolving loan	2	52,400,000	52,128,718	55,000,000	54,694,925
Notes payable, net	2	49,274,644	49,383,677	49,096,250	49,306,996
Accounts payable and other liabilities	2	1,059,768	1,059,768	2,285,035	2,285,035
Interest reserve	2	14,597	14,597	1,297,878	1,297,878
Management and incentive fees payable	2	1,435,071	1,435,071	2,863,158	2,863,158
Related party payables	2	3,073,015	3,073,015	2,043,403	2,043,403
Dividend payable	2	9,905,390	9,905,390	13,605,153	13,605,153

Our loans are held for investment and are substantially secured by real estate, equipment, licenses and other assets of the borrowers to the extent permitted by the applicable laws and the regulations governing such borrowers. The aggregate fair value of the Company's portfolio of loans held for investment was \$395,799,304 and \$399,771,293, with gross unrecognized holding losses of \$2.3 million and \$2.7 million as of September 30, 2025 and December 31, 2024, respectively. The fair values, which are classified as Level 3 in the fair value hierarchy, are estimated using discounted cash flow models based on current market inputs for similar types of arrangements. The primary sensitivity in these models is based on the selection of appropriate discount rates. Fluctuations in these assumptions could result in different estimates of fair value.

14. DIVIDENDS AND DISTRIBUTIONS

The following table summarizes the Company's dividends declared during the nine months ended September 30, 2025 and 2024.

	Record Date	Payment Date	Common Share Distribution Amount	Taxable Ordinary Income	Return of Capital	Section 199A Dividends
Regular cash dividend	3/31/2025	4/15/2025	\$ 0.47	\$ 0.47	\$ -	\$ 0.47
Regular cash dividend	6/30/2025	7/15/2025	\$ 0.47	\$ 0.47	\$ -	\$ 0.47
Regular cash dividend	9/30/2025	10/15/2025	\$ 0.47	\$ 0.47	\$ -	\$ 0.47
Total cash dividend			<u>\$ 1.41</u>	<u>\$ 1.41</u>	<u>\$ -</u>	<u>\$ 1.41</u>

	Record Date	Payment Date	Common Share Distribution Amount	Taxable Ordinary Income	Return of Capital	Section 199A Dividends
Regular cash dividend	3/28/2024	4/15/2024	\$ 0.47	\$ 0.47	\$ -	\$ 0.47
Regular cash dividend	6/28/2024	7/15/2024	\$ 0.47	\$ 0.47	\$ -	\$ 0.47
Regular cash dividend	9/30/2024	10/15/2024	\$ 0.47	\$ 0.47	\$ -	\$ 0.47
Total cash dividend			<u>\$ 1.41</u>	<u>\$ 1.41</u>	<u>\$ -</u>	<u>\$ 1.41</u>

15. SEGMENT REPORTING

The Company uses the management approach to determine reportable operating segments. The Company operates through a single operating and reporting segment with an investment objective to generate both current income and capital appreciation through its investments in loans. The management approach considers the internal organization and reporting used by the Company's Co-Chief Executive Officers, the Chief Financial Officer, and the President which comprise the chief operating decision maker ("CODM") for making decisions, allocating resources and assessing performance. The CODM assesses the performance and makes operating decisions of the Company on a consolidated basis primarily based on the Company's net income as presented on the accompanying consolidated statements of income. In addition to other factors and metrics, the CODM utilizes net income as a key determinant of the amount of dividends to be distributed to the Company's stockholders.

As the Company's operations comprise of a single reporting segment, the segment assets are reflected on the accompanying consolidated balance sheets as "total assets" and the significant segment expenses are listed on the accompanying consolidated statement of operations.

16. SUBSEQUENT EVENTS

Investment Activity

During the period from October 1, 2025 to November 3, 2025, the Company advanced approximately \$3.3 million to existing borrowers and received \$0.9 million and \$2.3 million in scheduled and unscheduled principal repayments.

Revolving Loan

During the period from October 1, 2025 to November 3, 2025, the Company had net repayments on the Revolving Loan of \$11.5 million. As of November 4, 2025, remaining availability on the Revolving Loan is \$69.1 million.

Payment of Dividend

On October 15, 2025, the Company paid its regular quarterly dividend of \$0.47 per common share relating to the third quarter of 2025 to stockholders of record as of the close of business on September 30, 2025. The total amount of the cash dividend payment was approximately \$9.9 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD-LOOKING STATEMENTS

Some of the statements contained in this quarterly report constitute forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and we intend such statements to be covered by the safe harbor provisions contained therein. Forward-looking statements relate to future events or the future performance or financial condition of Chicago Atlantic Real Estate Finance, Inc. (the "Company," "we," "us," and "our"). The information contained in this section should be read in conjunction with our consolidated financial statements and notes thereto appearing elsewhere in this quarterly report on Form 10-Q. This description contains forward-looking statements that involve risks and uncertainties. Actual results could differ significantly from the results discussed in the forward-looking statements due to the factors set forth in this quarterly report and in "Risk Factors" in our annual report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") and in Part II, Item 1A of this quarterly report on Form 10-Q, as such risks may be updated, amended, or superseded from time to time by subsequent reports we file with the SEC. The forward-looking statements contained in this report involve a number of risks and uncertainties, including statements concerning:

- our future operating results and projected operating results;
- the ability of our Manager to locate suitable loan opportunities for us, monitor and actively manage our loan portfolio, and implement our investment strategy;
- the allocation of loan opportunities to us by our Manager;
- the impact of inflation on our operating results;
- actions and initiatives of the federal or state governments and changes to government policies related to cannabis 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 our cash flows, if any, from our loans;
- our ability to obtain and maintain financing arrangements;
- our expected leverage;
- changes in the value of our loans;
- our expected investment and underwriting process;
- rates of default or decreased recovery rates on our loans;
- the degree to which any interest rate or other hedging strategies may or may not protect us from interest rate volatility;
- changes in interest rates and impacts of such changes on our results of operations, cash flows, and the market value of our loans;
- interest rate mismatches between our loans and our borrowings used to fund such loans;
- the departure of any of the executive officers or key personnel supporting and assisting us from our Manager or its affiliates;
- impact of and changes in governmental regulations, tax law and rates, accounting guidance, and similar matters;

- changes in financial and economic conditions, including inflation, tariffs and the current government shutdown, which may have an adverse impact on our portfolio companies and commercial real estate in general;
- our ability to maintain our exclusion or exemption from registration under the Investment Company Act;
- our ability to qualify and maintain our qualification as a real estate investment trust (“REIT”) for U.S. federal income tax purposes;
- estimates relating to our ability to make distributions to our stockholders in the future;
- our understanding of our competition;
- market trends in our industry, interest rates, real estate values, the securities markets or the general economy; and
- any of the other risks, uncertainties and other factors we identify in our annual report on Form 10-K or this quarterly report on Form 10-Q.

Available Information

We routinely post important information for investors on our website, www.chicagoatlantic.com. We intend to use this webpage 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. We encourage investors, analysts, the media, and others interested in us to monitor the Investments section of our website, in addition to following our press releases, SEC filings, public conference calls, presentations, webcasts and other information we post from time to time on our website. To sign-up for email-notifications, please visit “Contact” section of our website under “Join Our Mailing List” and enter the required information to enable notifications.

Overview

We are a commercial mortgage real estate investment trust. Our primary investment objective is to provide attractive, risk-adjusted returns for stockholders over time primarily through consistent current income dividends and other distributions and secondarily through capital appreciation. We intend to achieve this objective by originating, structuring and investing in first mortgage loans and alternative structured financings secured by commercial real estate properties. Our current portfolio is comprised primarily of senior loans to state-licensed operators in the cannabis industry, secured by real estate, equipment, receivables, licenses or other assets of the borrowers to the extent permitted by applicable laws and regulations governing such borrowers. We also invest in companies or properties that are not related to the cannabis industry that provide return characteristics consistent with our investment objective. We intend to grow the size of our portfolio by continuing the track record of our business and the business conducted by our Manager and its affiliates by making loans to leading operators and property owners in the cannabis industry. There is no assurance that we will achieve our investment objective.

Our Manager and its affiliates seek to originate real estate loans between \$5 million and \$200 million, generally with one- to five-year terms and amortization when terms exceed three years. We generally act as co-lenders in such transactions and intend to hold up to \$50 million of the aggregate loan amount, with the remainder to be held by affiliates or third party co-investors. We may revise such concentration limits from time to time as our loan portfolio grows. Other investment vehicles managed by our Manager or affiliates of our Manager may co-invest with us or hold positions in a loan where we have also invested, including by means of splitting commitments, participating in loans or other means of syndicating loans. We will not engage in a co-investment transaction with an affiliate where the affiliate has a senior position to the loans held by us. To the extent that an affiliate provides financing to one of our borrowers, such loans will be working capital loans or loans that are subordinate to our loans. We may also serve as co-lenders in loans originated by third parties and, in the future, we may also acquire loans or loan participations. Loans that have one to two year maturities are generally interest only loans.

Our loans are secured by real estate and, in addition, when lending to owner-operators in the cannabis industry, other collateral, such as equipment, receivables, licenses or other assets of the borrowers to the extent permitted by applicable laws and regulations. In addition, we seek to impose strict loan covenants and seek personal or corporate guarantees for additional protection. As of September 30, 2025 and December 31, 2024, 34.8% and 50.0%, respectively, of the principal of loans held in our portfolio are backed by personal or corporate guarantees. We aim to maintain a portfolio diversified across jurisdictions and across verticals, including cultivators, processors, dispensaries, as well as ancillary businesses. In addition, we may invest in borrowers that have equity securities that are publicly traded on the Canadian Stock Exchange (“CSE”) in Canada and/or over-the-counter in the United States.

As of September 30, 2025, our portfolio is comprised primarily of first mortgages to established multi-state or single-state cannabis operators or property owners. We consider cannabis operators to be established if they are state-licensed and are deemed to be

operational and in good standing by the applicable state regulator. We do not own any stock, warrants to purchase stock or other forms of equity in any of our portfolio companies that are involved in the cannabis industry, and we will not take stock, warrants or equity in such issuers until permitted by applicable laws and regulations, including U.S. federal laws and regulations.

We are an externally managed Maryland corporation that elected to be taxed as a REIT under Section 856 of the Code, commencing with our taxable year ended December 31, 2021. We believe that our method of operation will enable us to continue to qualify as a REIT. However, no assurances can be given that our beliefs or expectations will be fulfilled, since qualification as a REIT depends on us continuing to satisfy numerous asset, income, and distribution tests, which in turn depend, in part, on our operating results. We also intend to operate our business in a manner that will permit us and our subsidiaries to maintain one or more exclusions or exemptions from registration under the Investment Company Act.

Revenues

We operate as one operating segment and are primarily focused on financing senior secured loans and other types of loans for established state-licensed operators in the cannabis industry. These loans are generally held for investment and are substantially secured by real estate, equipment, licenses and other assets of the borrowers to the extent permitted by the applicable laws and the regulations governing such borrowers.

We generate revenue primarily in the form of interest income on loans. As of September 30, 2025 and December 31, 2024, approximately 63.3% and 62.1%, respectively, of our portfolio of loans held for investment portfolio was comprised of floating rate loans, and 36.7% and 37.9% of our total portfolio was comprised of fixed rate loans, respectively. The floating rate loans described above are variable based upon the Prime Rate plus an applicable margin, and in many cases, a Prime Rate floor. We have two floating rate loan, which comprises approximately 5.1% of the aggregate portfolio outstanding principal that bears a rate based on SOFR.

The below table reflects the changes in the Prime Rate since January 1, 2024:

Effective Date	Rate ⁽¹⁾
September 18, 2025	7.25%
December 19, 2024	7.50%
November 8, 2024	7.75%
September 19, 2024	8.00%

(1) Rate obtained from the Wall Street Journal's "Bonds, Rates & Yields" table.

Interest on our loans is generally payable monthly. The principal amount of our loans and any accrued but unpaid interest thereon generally become due at the applicable maturity date. In some cases, our interest income includes a paid-in-kind ("PIK") component for a portion of the total interest. The PIK interest, computed at the contractual rate specified in each applicable loan agreement, is accrued in accordance with the terms of such loan agreement and capitalized to the principal balance of the loan and recorded as interest income. The PIK interest added to the principal balance is typically amortized and paid in accordance with the applicable loan agreement. In cases where the loans do not amortize, the PIK interest is collected upon repayment of the outstanding principal. We also generate revenue from original issue discounts ("OID"), which is also recognized as interest income from loans over the initial term of the applicable loans. Delayed draw loans may earn interest or unused fees on the undrawn portion of the loan, which is recognized as interest income in the period earned. Other fees, including prepayment fees and exit fees, are also recognized as interest income when received. Any such fees will be generated in connection with our loans and recognized as earned in accordance with generally accepted accounting principles ("GAAP").

Expenses

Our primary operating expense is the payment of Base Management Fees and Incentive Compensation under our Management Agreement with our Manager and the allocable portion of overhead and other expenses paid or incurred on our behalf, including reimbursing our Manager for a certain portion of the compensation of certain personnel of our Manager who assist in the management of our affairs, excepting only those expenses that are specifically the responsibility of our Manager pursuant to our Management Agreement. We bear all other costs and expenses of our operations and transactions, including (without limitation) fees and expenses relating to:

- organizational and offering expenses;
- quarterly valuation expenses;
- fees payable to third parties relating to, or associated with, making loans and valuing loans (including third party valuation firms);

- fees and expenses associated with investor relations and marketing efforts (including attendance at investment conferences and similar events);
- accounting and audit fees and expenses from our independent registered public accounting firm;
- federal and state registration fees;
- any exchange listing fees;
- federal, state and local taxes;
- independent directors' fees and expenses;
- brokerage commissions;
- costs of proxy statements, stockholders' reports and notices; and
- costs of preparing government filings, including periodic and current reports with the SEC.

Income Taxes

We are a Maryland corporation that elected to be taxed as a REIT under the Code, commencing with the taxable period ended December 31, 2021. We believe that we qualify as a REIT and that our method of operation will enable us to continue to qualify as a REIT. However, no assurances can be given that our beliefs or expectations will be fulfilled, since qualification as a REIT depends on us satisfying numerous asset, income and distribution tests which depends, in part, on our operating results.

To qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement that we distribute annually to our stockholders at least 90% of our REIT taxable income prior to the deduction for dividends paid. To the extent that we distribute less than 100% of our REIT taxable income in any tax year (taking into account any distributions made in a subsequent tax year under Sections 857(b)(9) or 858 of the Code), we will pay tax at regular corporate rates on that undistributed portion. Furthermore, if we distribute less than the sum of 1) 85% of our ordinary income for the calendar year, 2) 95% of our capital gain net income for the calendar year, and 3) any undistributed shortfall from our prior calendar year (the "Required Distribution") to our stockholders during any calendar year (including any distributions declared by the last day of the calendar year but paid in the subsequent year), then we are required to pay a non-deductible excise tax equal to 4% of any shortfall between the Required Distribution and the amount that was actually distributed. The 90% distribution requirement does not require the distribution of net capital gains. However, if we elect to retain any of our net capital gain for any tax year, we must notify our stockholders and pay tax at regular corporate rates on the retained net capital gain. Our stockholders must include their proportionate share of the retained net capital gain in their taxable income for the tax year, and they are deemed to have paid the REIT's tax on their proportionate share of the retained capital gain. Furthermore, such retained capital gain may be subject to the nondeductible 4% excise tax. If it is determined that our estimated current year taxable income will be in excess of estimated dividend distributions (including capital gain dividend) for the current year from such income, we will accrue excise tax on estimated excess taxable income as such taxable income is earned. The annual expense is calculated in accordance with applicable tax regulations. Excise tax expense, if any, is included in the line item, income tax expense. For the nine months ended September 30, 2025, we did not incur excise tax expense.

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740 - Income Taxes ("ASC 740"), prescribes a recognition threshold and measurement attribute for the consolidated financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. We have analyzed our various federal and state filing positions and believe that our income tax filing positions and deductions are documented and supported as of September 30, 2025. Based on our evaluation, there is no reserve for any uncertain income tax positions. Accrued interest and penalties, if any, are included within other liabilities in the consolidated balance sheets.

Factors Impacting our Operating Results

The results of our operations are affected by a number of factors and primarily depend on, among other things, the level of our net interest income, the market value of our assets and the supply of, and demand for, commercial real estate debt and other financial assets in the marketplace. Our net interest income, which includes the accretion and amortization of OID, is recognized based on the contractual rate and the outstanding principal balance of the loans we originate. Interest rates will vary according to the type of loan, conditions in the financial markets, creditworthiness of our borrowers, competition and other factors, some of which cannot be predicted with any certainty. Our operating results may also be impacted by credit losses in excess of initial anticipations or unanticipated credit events experienced by borrowers.

Changes in Market Interest Rates and Effect on Net Interest Income

Interest rates are highly sensitive to many factors, including fiscal and monetary policies and domestic and international economic and political considerations, as well as other factors beyond our control. We are subject to interest rate risk in connection with our assets and our related financing obligations.

Our operating results depend in large part on differences between the income earned on our assets and our cost of borrowing. The cost of our borrowings generally is based on prevailing market interest rates. During a period of rising interest rates, our borrowing costs generally will increase (a) while the yields earned on our leveraged fixed-rate loan assets will remain static, and (b) at a faster pace than the yields earned on our leveraged floating-rate loan assets, which could result in a decline in our net interest spread and net interest margin. The severity of any such decline would depend on our asset/liability composition at the time as well as the magnitude and duration of the interest rate increase. Further, an increase in short-term interest rates could also have a negative impact on the market value of our target investments. If any of these events happen, we could experience a decrease in net income or incur a net loss during these periods, which could adversely affect our liquidity and results of operations.

Interest Rate Cap Risk

We currently own and intend to acquire in the future floating-rate assets. These are assets in which the loans may be subject to periodic and lifetime interest rate caps and floors, which limit the amount by which the asset's interest yield may change during any given period. However, our borrowing costs pursuant to our financing agreements may not be subject to similar restrictions. Therefore, in a period of increasing interest rates, interest rate costs on our borrowings could increase without limitation by caps, while the interest-rate yields on our floating-rate assets would effectively be limited. In addition, floating-rate assets may be subject to periodic payment caps that result in some portion of the interest being deferred and added to the principal outstanding. This could result in our receipt of cash income from such assets in an amount that is less than the amount that we would need to pay the interest cost on our related borrowings.

These factors could lower our net interest income or cause a net loss during periods of rising interest rates, which would harm our financial condition, cash flows and results of operations. As of September 30, 2025, 63.3% of our portfolio of loans held for investment are floating rate loans, based on total principal outstanding have interest Prime rate floors as summarized below:

As of September 30, 2025		
Rate Floor	Outstanding Principal	Percentage of Portfolio
8.50%	\$ 48,747,824	12.2%
8.00%	1,440,000	0.4%
7.50%	59,512,774	14.9%
7.00%	89,394,471	22.4%
6.25%	15,862,855	4.0%
5.50%	400,000	0.1%
4.00%	20,233,333	5.1%
0.00%	17,400,000	4.4%
Fixed-rate	146,957,235	36.7%
	<u>\$ 399,948,492</u>	<u>100.0%</u>

Interest Rate Mismatch Risk

We may fund a portion of our origination of loans, or of loans that we may in the future acquire, with borrowings that are based on the Prime Rate or a similar measure, while the interest rates on these assets may be fixed or indexed to the Prime Rate or another index rate, including the Secured Overnight Financing Rate ("SOFR"). Accordingly, any increase in the Prime Rate or SOFR will generally result in an increase in our borrowing costs that would not be matched by fixed-rate interest earnings and may not be matched by a corresponding increase in floating-rate interest earnings. Any such interest rate mismatch could adversely affect our profitability, which may negatively impact distributions to our stockholders.

Our analysis of risks is based on our Manager's experience, estimates, models and assumptions. These analyses rely on models which utilize estimates of fair value and interest rate sensitivity. Actual economic conditions or implementation of decisions by our Manager and our management may produce results that differ significantly from the estimates and assumptions used in our models and the projected results.

Market Conditions

We believe that favorable market conditions, including an imbalance in supply and demand of credit to cannabis operating companies, have provided attractive opportunities for non-bank lenders, such as us, to finance commercial real estate loans and other loans that exhibit strong fundamentals but also require more customized financing structures and loan products than regulated financial institutions can presently provide. Additionally, to the extent that additional states legalize cannabis, our addressable market will increase. We intend to continue to capitalize on these opportunities and growing the size of our portfolio.

Developments During the Third Quarter of 2025

Updates to Our Loan Portfolio during the Third Quarter of 2025

In July 2025, the Company received principal repayments totaling \$56.8 million, relating to the full repayment of Loans #3, #20, #29, #32, #33 and #39. In connection with the repayments prior to maturity, the Company recognized \$1.0 million in prepayment fees.

In July 2025, Loan #19 was amended, which extended the maturity date from December 30, 2025 to December 30, 2027. In addition, the Company made a \$2.4 million commitment add-on.

Subsequent Updates to Our Loan Portfolio

During the period from October 1, 2025 to November 3, 2025, the Company advanced approximately \$3.3 million to existing borrowers and received \$0.9 million and \$2.3 million in scheduled and unscheduled principal repayments.

Dividends Declared Per Share

During the three months ended September 30, 2025, we declared an ordinary cash dividend of \$0.47 per share of our common stock, relating to the third quarter of 2025, which was paid on October 15, 2025 to stockholders of record as of the close of business on September 30, 2025. The total amount of the cash dividend payment was approximately \$9.9 million.

The payment of this dividend is not indicative of our ability to pay such dividends in the future.

Results of Operations

Comparison of the three months ended September 30, 2025 and 2024

	For the three months ended September 30,		Variance	
	2025	2024	Amount	%
Revenues				
Interest income	\$ 15,250,866	\$ 16,258,744	\$ (1,007,878)	-6%
Interest expense	(1,565,592)	(1,799,351)	233,759	-13%
Net interest income	13,685,274	14,459,393	(774,119)	-5%
Expenses				
Management and incentive fees, net	1,435,071	1,669,116	(234,045)	-14%
General and administrative expense	1,298,910	1,254,062	44,848	4%
Professional fees	530,880	468,652	62,228	13%
Stock based compensation	928,654	845,524	83,130	10%
Provision (benefit) for current expected credit losses	557,220	(989,597)	1,546,817	-156%
Total expenses	4,750,735	3,247,757	1,502,978	46%
Change in unrealized gain (loss) on investments	-	-	-	100%
Net Income before income taxes	8,934,539	11,211,636	(2,277,097)	-20%
Income tax expense	-	-	-	-
Net Income	\$ 8,934,539	\$ 11,211,636	\$ (2,277,097)	-20%

- Interest income decreased by approximately \$1.0 million, or 6%, during the quarter ended September 30, 2025, compared to the quarter ended September 30, 2024. The decrease in interest income was driven primarily by the decrease in the weighted average portfolio yield to 16.5% from 18.2% during the comparable periods, as a result of certain re-pricing amendments relating to de-risking our portfolio and the impact of 75 basis point prime rate decline. The decrease in interest income was offset by the increase in the average outstanding principal balance of loans during the comparable period which increased to \$410.9 million for the three months ended September 30, 2025 from \$372.8 million for the three months ended September 30, 2024.
- Interest expense decreased by approximately \$0.2 million, or 13%, over the comparative period. The decrease was due to the 25 basis point prime rate decline and a decrease in the weighted average outstanding balance on the Revolving Loan, which was approximately \$14.0 million and \$76.4 million, as of September 30, 2025, and 2024, respectively.
- Management and incentive fees to our Manager decreased by approximately \$234 thousand, or 14%, over the comparative period. The decrease was primarily related to the decrease in incentive fees of \$323 thousand during the three months ended September 30, 2025, as compared to the three months ended September 30, 2024, primarily as a result in the decrease in Core Earnings of approximately \$838 thousand over the comparable trailing twelve-month period.
- Stock based compensation expense increased by approximately \$83 thousand for the three months ended September 30, 2025, as compared to the three months ended September 30, 2024. The increase over the comparable period was driven by the incremental expense recognized on the 187,157 restricted stock awards granted to employees of our Manager on April 1, 2025, which have a vesting period of three years.
- Provision for current expected credit losses increased by approximately \$1.5 million over the comparative period. The provision for current expected credit losses was \$0.6 million in the three months ended September 30, 2025, as compared to a reversal of \$1.0 million in the three months ended September 30, 2024. The CECL Reserve represents approximately 125 basis points of our aggregate loans held for investment, at carrying value, of approximately \$398.1 million as of September 30, 2025, compared with 113 basis points as of September 30, 2024.
 - The increase in the CECL Reserve during the three months ended September 30, 2025 compared to June 30, 2025 is partially driven by new reserves from the gross loan originations, including capitalized fees, of \$40.8 million during the third quarter.

Comparison of the nine months ended September 30, 2025 and 2024

	For the nine months ended September 30,		Variance	
	2025	2024	Amount	%
Revenues				
Interest income	\$ 46,860,217	\$ 46,624,842	\$ 235,375	1%
Interest expense	(5,708,022)	(5,742,333)	34,311	-1%
Net interest income	41,152,195	40,882,509	269,686	1%
Expenses				
Management and incentive fees, net	5,103,561	5,198,738	(95,177)	-2%
General and administrative expense	3,766,140	3,898,864	(132,724)	-3%
Professional fees	1,503,939	1,327,659	176,280	13%
Stock based compensation	2,459,094	2,213,150	245,944	11%
Provision (benefit) for current expected credit losses	631,233	(884,789)	1,516,022	-171%
Total expenses	13,463,967	11,753,622	1,710,345	15%
Change in unrealized gain (loss) on investments	165,000	(75,604)	240,604	NM
Realized gain on debt securities, at fair value	-	72,428	(72,428)	100%
Net Income before income taxes	27,853,228	29,125,711	(1,272,483)	-4%
Income tax expense	-	-	-	-
Net Income	\$ 27,853,228	\$ 29,125,711	\$ (1,272,483)	-4%

- Interest income increased by approximately \$0.2 million, during the nine months ended September 30, 2025, compared to the nine months ended September 30, 2024. The increase was primarily due to an increase in the outstanding principal balance of the loan portfolio which increased to approximately \$399.9 million as of September 30, 2025 from approximately \$356.3 million as of September 30, 2024. The increase was offset by the decrease of weighted-average yield-to-maturity internal rate of return ("YTM IRR") on our portfolio to 16.5% at September 30, 2025 from 18.2% at September 30, 2024, as a result of certain re-pricing amendments relating to de-risking of our portfolio and the impact of the 75 basis point prime rate decline on our floating rate portfolio.
- Interest expense decreased slightly by approximately \$34 thousand, over the comparative period. The decrease attributable to the average outstanding balance on the Revolving Loan was approximately \$32.5 million and \$81.7 million, for the nine months ended September 30, 2025 and 2024, respectively. The decrease was offset by an increase in interest expense attributable to the Notes Payable, which contributed to approximately \$3.6 million of the expense during the nine months ended September 30, 2025, which were not included in the interest expense during the nine months ended September 30, 2024.
- Management and incentive fees to our Manager was approximately \$5.1 million for the nine months ended September 30, 2025, as compared to approximately \$5.2 million for the nine months ended September 30, 2024, a decrease of \$0.1 million. Management fees were approximately \$3.5 million for the nine months ended September 30, 2025, as compared to approximately \$3.2 million for the nine months ended September 30, 2024. Incentive fees were approximately \$1.7 million for the nine months ended September 30, 2025, as compared to \$2.0 million and for the nine months ended September 30, 2024. The decrease in incentive fees primarily as a result from the decrease in annualized Core Earnings of approximately \$716 thousand over the comparable trailing twelve-month period.
- Stock based compensation expense increased by approximately \$0.2 million for the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024. The increase over the comparable period was driven by the incremental expense recognized on the 187,157 restricted stock awards granted to employees of our Manager on April 1, 2025. The increase was offset by the 181,513 shares that vested during the nine months ended September 30, 2025.
- Our provision for current expected credit losses increased due to both borrower specific credit factors and regular re-evaluations of overall current macroeconomic conditions affecting our borrowers and the industry.
 - o Provision of current expected credit losses were approximately \$631 thousand in the nine months ended September 30, 2025, as compared benefit of \$885 thousand during the nine months ended September 30, 2024. The increase in expected credit losses was primarily driven by the increase of loans held for investment risk rated "4" for the nine months ended September 30, 2025. The current expected credit loss reserve represents approximately 125 basis points of our aggregate loan commitments held at carrying value of approximately \$5.0 million as of September 30, 2025. As of September 30, 2025, the carrying value of loans held for investment risk rated "4", was approximately \$40.5 million, or 10.2%, of which \$23.9 million relates to loans placed on non-accrual status.
 - o We record a reserve liability based on the unfunded portion of loan commitments over the full contractual period over which we are exposed to credit risk through a current obligation to extend credit. Management considered the likelihood that funding will occur, and if funded, the expected credit loss on the funded portion. We continuously evaluate the credit quality of each loan by assessing the risk factors of each loan. The reserve recorded applicable to the \$29.8 million of unfunded commitments as of September 30, 2025 is approximately \$33 thousand.

Loan Portfolio

As of September 30, 2025 and December 31, 2024, the Company's portfolio included loans to 26 and 30 borrowers, respectively, of which approximately \$398.1 million and \$402.5 million at carrying value, respectively, prior to the reserve for current expected credit losses, are classified as held for investment. The aggregate outstanding principal was approximately \$399.9 million and \$404.7 million as of September 30, 2025 and December 31, 2024, respectively.

As of September 30, 2025 and December 31, 2024, our portfolio of loans held for investment had a weighted-average YTM IRR of 16.5% and 17.2%, and was substantially secured by real estate and, with respect to certain of our loans, substantially all assets of the borrowers and certain of their subsidiaries, including equipment, receivables, and licenses. YTM IRR is calculated using various inputs, including (i) cash and PIK interest, which is capitalized and added to the outstanding principal balance of the applicable loan, (ii) original issue discount ("OID"), (iii) amortization, (iv) unused fees, and (v) exit fees. Certain of our loans have extension fees, which are not included in our YTM IRR calculations, but may increase YTM IRR if such extension options are exercised by borrowers.

The below table summarizes our portfolio of loans held for investment by rate type as of September 30, 2025 and December 31, 2024:

As of September 30, 2025				
	Total Principal	Original Issue Discount	Carrying Value	Percentage of loans held for investment
Fixed-rate loans	\$ 146,957,235	\$ (621,865)	\$ 146,335,370	36.7%
Floating-rate loans	252,991,257	(1,275,405)	251,715,852	63.3%
Total	<u>\$ 399,948,492</u>	<u>\$ (1,897,270)</u>	<u>\$ 398,051,222</u>	<u>100.0%</u>

As of December 31, 2024				
	Total Principal	Original Issue Discount	Carrying Value	Percentage of loans held for investment
Fixed-rate loans	\$ 149,771,871	\$ (545,081)	\$ 149,226,790	37.1%
Floating-rate loans	254,949,683	(1,699,427)	253,250,256	62.9%
Total	<u>\$ 404,721,554</u>	<u>\$ (2,244,508)</u>	<u>\$ 402,477,046</u>	<u>100.0%</u>

The below summarizes our portfolio of loans held for investment as of September 30, 2025:

Loan	Location(s)	Initial Funding	Maturity	Principal	Original Issue	Carrying	Percent of Loans held	Future	Interest Rate (3)	Periodic	YTM
		Date (1)	Date (2)	Balance	Premium/(Discount)	Value	for investment	Fundings		Payment (4)	IRR (5)
1	Various	10/27/2022	10/30/2026	\$ 15,862,855	\$ (128,073)	\$ 15,734,782	4.0%	\$ -	P+6.5% Cash (8)	P&I	17.1%
2	Michigan	12/31/2021	12/31/2025	27,110,506	(9,590)	27,100,916	6.8%	-	P+3% Cash (13)	P&I	17.3%
4	Arizona	6/1/2024	6/17/2026	6,626,809	-	6,626,809	1.7%	-	11.91% Cash	I/O	17.0%
6	Michigan	8/20/2021	1/30/2026	4,958,672	(1,537)	4,957,135	1.2%	-	P+6.5% Cash (13)(18)	P&I	17.2%
7	Illinois, Arizona	6/30/2025	6/30/2028	36,130,667	(492,556)	35,638,111	9.0%	-	P+5.75% Cash (9)	P&I	15.3%
8	West Virginia	8/30/2024	12/31/2025	8,491,943	-	8,491,943	2.1%	-	10% Cash	I/O	15.0%
9a	Pennsylvania	3/31/2025	3/31/2028	14,576,987	(55,030)	14,521,957	3.6%	-	9% Cash (14)	I/O	9.7%
9b	Pennsylvania	3/31/2025	3/31/2028	4,450,000	(53,007)	4,396,993	1.1%	-	9% Cash (14)	I/O	10.0%
12	Various	11/8/2021	10/31/2027	15,354,404	(89,976)	15,264,428	3.8%	-	P+7% Cash, 2% PIK (10)	P&I	19.6%
16	Florida	6/1/2025	1/29/2027	10,557,500	(116,931)	10,440,569	2.6%	-	16.75% Cash	P&I	24.5%
18	Ohio	2/3/2022	12/31/2025	46,573,256	(113,359)	46,459,897	11.6%	-	P+1.75% Cash, 5% PIK (9)(15)	P&I	16.6%
19	Florida	3/11/2022	12/31/2027	21,091,573	(41,973)	21,049,600	5.3%	-	11% Cash, 5% PIK	P&I	19.4%
21	Illinois	7/1/2022	7/29/2026	6,690,548	(14,925)	6,675,623	1.7%	-	P+7% Cash, 2% PIK (9)	P&I	23.3%
23	Arizona	3/27/2023	3/31/2026	1,440,000	(5,924)	1,434,076	0.4%	-	P+7.5% Cash (12)	P&I	18.7%
24	Oregon	9/27/2022	9/27/2026	400,000	-	400,000	0.1%	-	P+10.5% Cash (7)	P&I	20.6%
25	New York	7/1/2023	6/29/2036	23,076,799	-	23,076,799	5.8%	-	15% Cash	P&I	16.6%
27	Nebraska	8/15/2023	6/30/2027	17,400,000	-	17,400,000	4.4%	-	P+6.5% Cash (16)	I/O	15.5%
30	Missouri, Arizona	12/19/2023	12/31/2026	16,678,646	(71,849)	16,606,797	4.2%	-	P+7.75% Cash (13)	P&I	18.7%
31	California, Illinois	5/3/2023	9/30/2028	6,680,000	-	6,680,000	1.7%	-	P+8.75% Cash(10) (19)	P&I	18.7%
34	Arizona	6/17/2024	5/29/2026	10,000,000	-	10,000,000	2.5%	-	11.91% Cash	I/O	12.8%
35	California	8/23/2024	8/23/2027	24,753,660	-	24,753,660	6.2%	-	12% Cash, 3% PIK	P&I	16.6%
36	Illinois	10/28/2024	1/1/2027	26,570,000	(78,927)	26,491,073	6.6%	1,030,000	P+6.25% Cash (10)	P&I	15.4%
37	Various	11/26/2024	11/24/2028	20,155,535	(315,284)	19,840,251	5.0%	10,000,000	12% Cash, 1% PIK (17)	P&I	15.2%
38a	Various	12/13/2024	12/12/2025	2,065,000	(23,148)	2,041,852	0.5%	2,065,000	10% Cash (17)	P&I	15.3%
38b	Various	1/15/2025	12/12/2025	840,000	(10,534)	829,466	0.2%	-	10% Cash (17)	I/O	15.3%
40	Various	3/28/2025	7/28/2028	233,333	(19,751)	213,582	0.1%	-	SOFR +10.25% Cash (6)	P&I	26.9%
41	Ohio	3/1/2025	3/13/2027	271,429	(5,958)	265,471	0.1%	-	14.5% Cash	P&I	16.1%
42	Various	9/30/2025	9/29/2028	20,000,000	(91,583)	19,908,417	5.0%	16,666,667	SOFR +8.33% Cash (6)	I/O	14.5%
43	Missouri	8/20/2025	8/20/2028	10,908,370	(157,355)	10,751,015	2.7%	-	P+5.5% Cash (10)	P&I	15.2%
				399,948,492		398,051,222		29,761,667			
Subtotal				\$ 2	\$ (1,897,270)	\$ 22	100.0%	\$ 7	16.5%		

- (4) P&I = principal and interest. I/O = interest only. P&I loans may include interest only periods for a portion of the loan term.
- (5) Estimated YTM, calculated on a weighted average principal basis, includes a variety of fees and features that affect the total yield, which may include, but is not limited to, OID, exit fees, prepayment fees, unused fees and contingent features. OID is recognized as a discount to the funded loan principal and is accreted to income over the term of the loan. The estimated YTM calculations require management to make estimates and assumptions, including, but not limited to, the timing and amounts of loan draws on delayed draw loans, the timing and collectability of exit fees, the probability and timing of prepayments and the probability of contingent features occurring. For example, certain credit agreements contain provisions pursuant to which certain PIK interest rates and fees earned by us under such credit agreements will decrease upon the satisfaction of certain specified criteria which we believe may improve the risk profile of the applicable borrower. To be conservative, we have not assumed any prepayment penalties or early payoffs in our estimated YTM calculation. Estimated YTM is based on current management estimates and assumptions, which may change. Actual results could differ from those estimates and assumptions.
- (6) This Loan is subject to a prime rate floor of 3.25%
- (7) This Loan is subject to a prime rate floor of 5.50%
- (8) This Loan is subject to a prime rate floor of 6.25%
- (9) This Loan is subject to a prime rate floor of 7.00%
- (10) This Loan is subject to a prime rate floor of 7.50%
- (11) This Loan is subject to a prime rate floor of 7.75%
- (12) This Loan is subject to a prime rate floor of 8.00%
- (13) This Loan is subject to a prime rate floor of 8.50%
- (14) Loan #9, is comprised of two tranches, a \$14.5 million first lien judgment loan (the "Judgment Loan") and a \$2.0 million second lien term loan (the "Term Loan"). The Judgment Loan and the Term Loan bear interest at a rate of 9.0%. The Judgment Loan has no contractual maturity and will remain outstanding until paid by the obligor and the Term Loan has a maturity of March 31, 2028. For comparability to previously issued financial statements, management will continue to reference the Judgment Loan and the Term Loan, collectively, as Loan #9, and the maturity date presented represents the maturity date of the Term Loan. See Note 8 for additional information. On May 1, 2023, Loan #9 was placed on non-accrual status and remains on non-accrual as of September 30, 2025.
- (15) An affiliate under common control holds a controlling equity investment in this portfolio company (Note 8).
- (16) This loan has floating grid pricing based on the Prime Rate plus a spread of 5.00% to 8.75% based on monthly annualized EBITDA performance. As of September 30, 2025, applied interest rate is Prime Rate + 6.50%.
- (17) Loan #37 and Loan #38 bear unused fees on the unfunded commitment of 0.75% and 1.50% per annum, respectively.
- (18) Loan #6 was placed on non-accrual on May 9, 2025 and all accrued interest after April 1, 2025 was reversed. This loan remains on non-accrual as of September 30, 2025.
- (19) Loan #31 was amended on October 1, 2025 and the maturity date reflects the updated maturity.

The following tables summarize our loans held for investment as of September 30, 2025 and December 31, 2024:

	As of September 30, 2025			Weighted Average Remaining Life (Years) (1)
	Outstanding Principal	Original Issue Discount	Carrying Value	
Loans held for investment	\$ 399,948,492	\$ (1,897,270)	\$ 398,051,222	2.1
Current expected credit loss reserve	-	-	(4,990,988)	
Total loans held at carrying value, net	\$ 399,948,492	\$ (1,897,270)	\$ 393,060,234	

As of December 31, 2024				
	Outstanding Principal	Original Issue Discount	Carrying Value	Weighted Average Remaining Life (Years) (1)
Loans held for investment	\$ 404,721,554	\$ (2,244,508)	\$ 402,477,046	2.2
Current expected credit loss reserve	-	-	(4,346,869)	
Total loans held at carrying value, net	\$ 404,721,554	\$ (2,244,508)	\$ 398,130,177	

(1) Weighted average remaining life is calculated based on the carrying value of the loans as of September 30, 2025 and December 31, 2024, respectively.

The following tables present changes in loans held for investment at carrying value as of and for the nine months ended September 30, 2025 and 2024:

	Principal	Original Issue Discount	Current Expected Credit Loss Reserve	Carrying Value
Balance at December 31, 2024	\$ 404,721,554	\$ (2,244,508)	\$ (4,346,869)	\$ 398,130,177
Purchase of investments	60,370,807	(1,365,731)	-	59,005,076
Principal repayment of loans	(69,516,982)	-	-	(69,516,982)
Accretion of original issue discount	-	1,712,969	-	1,712,969
PIK Interest	4,373,113	-	-	4,373,113
Increase in provision for current expected credit losses	-	-	(644,119)	(644,119)
Balance at September 30, 2025	\$ 399,948,492	\$ (1,897,270)	\$ (4,990,988)	\$ 393,060,234

	Principal	Original Issue Discount	Current Expected Credit Loss Reserve	Carrying Value
Balance at December 31, 2023	\$ 355,745,305	\$ (2,104,695)	\$ (4,972,647)	\$ 348,667,963
Purchase of investments	76,051,190	(820,335)	-	75,230,855
Principal repayment of loans	(64,198,999)	-	-	(64,198,999)
Accretion of original issue discount	-	1,311,760	-	1,311,760
Transfer of loan held for investment to loan held for sale	(19,000,000)	-	213,913	(18,786,087)
PIK Interest	7,688,284	-	-	7,688,284
Increase in provision for current expected credit losses	-	-	667,784	667,784
Balance at September 30, 2024	\$ 356,285,780	\$ (1,613,270)	\$ (4,090,950)	\$ 350,581,560

We may make modifications to loans, including loans that are in default. Loan terms that may be modified include interest rates, required prepayments, maturity dates, covenants, principal amounts and other loan terms. The terms and conditions of each modification vary based on individual circumstances and will be determined on a case by case basis. Our Manager monitors and evaluates each of our loans held for investment and has maintained regular communications with borrowers regarding potential impacts on our loans.

Non-GAAP Measures and Key Financial Measures and Indicators

As a commercial mortgage real estate investment trust, we believe the key financial measures and indicators for our business are Distributable Earnings, Adjusted Distributable Earnings, book value per share, and dividends declared per share.

Distributable Earnings and Adjusted Distributable Earnings

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) depreciation and amortization, (iii) any unrealized gains, losses or other non-cash items recorded in net income (loss) for the period; 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, (iv) provision for current expected credit losses and (v) 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.

The following table provides a reconciliation of GAAP net income to Distributable Earnings and Adjusted Distributable Earnings (in thousands, except per share data):

	Three months ended September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
Net Income	\$ 8,934,539	\$ 11,211,636	\$ 27,853,228	\$ 29,125,711
Adjustments to net income				
Stock based compensation	928,654	845,524	2,459,094	2,213,150
Amortization of debt issuance costs	101,729	91,678	322,186	182,593
Provision (benefit) for current expected credit losses	557,220	(989,597)	631,233	(884,789)
Change in unrealized gain (loss) on investments	-	-	(165,000)	75,604
Distributable Earnings	<u>\$ 10,522,142</u>	<u>\$ 11,159,241</u>	<u>\$ 31,100,741</u>	<u>\$ 30,712,269</u>
Basic weighted average shares of common stock outstanding (in shares)	21,074,771	19,625,190	20,979,467	19,094,462
Basic Distributable Earnings per Weighted Average Share	\$ 0.50	\$ 0.57	\$ 1.48	\$ 1.61
Diluted weighted average shares of common stock outstanding (in shares)	21,485,776	20,058,417	21,413,422	19,531,691
Diluted Distributable Earnings per Weighted Average Share	\$ 0.49	\$ 0.56	\$ 1.45	\$ 1.57

Book Value Per Share

The book value per share of our common stock as of September 30, 2025 and December 31, 2024 was approximately \$14.71 and \$14.83, respectively.

Liquidity and Capital Resources

Liquidity is a measure of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain our assets and operations, make distributions to our stockholders, and meet other general business needs. We use significant cash to invest in loans, repay principal and interest on our borrowings, make distributions to our stockholders, and fund our operations.

Our primary sources of cash generally consist of unused borrowing capacity under our financing sources, the net proceeds of future offerings of equity or debt securities, payments of principal and interest we receive on our portfolio of assets and cash generated from our operating results. On a long-term basis, we expect that our primary sources of financing will be, to the extent available to us, through (a) credit facilities and (b) public and private offerings of our equity and debt securities. We may utilize other sources of financing to the extent available to us. As the cannabis industry continues to evolve and to the extent that additional states legalize cannabis, we expect the demand for capital will continue to increase as operators seek to enter and build out new markets. In the short-term, we expect the principal amount of the loans we originate will increase and that we will need to raise additional equity and/or debt financing to increase our liquidity. We expect to achieve this through recycling capital from loan paydowns, repayments, and sales of common stock related to our shelf registration statement.

As of September 30, 2025 and December 31, 2024, all of our cash was unrestricted and totaled approximately \$28.9 million and \$26.4 million, respectively. We believe that our cash on hand, capacity available under our Revolving Loan, the Unsecured Notes and cash flows from operations for the next twelve months will be sufficient to satisfy the operating requirements of our business through at least the next twelve months. The sources of financing for our target investments are described below.

Credit Facility

As of September 30, 2025 and December 31, 2024, unamortized debt issuance costs related to the Revolving Loan, including all amendments and amendments and restatements thereto, as applicable, of \$271,282 and \$305,075, respectively, are recorded in other receivables and assets, net on the consolidated balance sheets.

For the nine months ended September 30, 2025, the Company had net paydowns of \$2.6 million against the Revolving Loan. As of September 30, 2025, the Company had \$57.6 million available and \$52.4 million outstanding under the Revolving Loan (Note 7).

Notes Payable

On October 18, 2024 (the "Closing Date"), the Company entered into a Loan Agreement by and among the Company and the various financial institutions party thereto, for an aggregate commitment of \$50.0 million in senior unsecured notes (the "Unsecured Notes"). The Unsecured Notes have a contractual four year term maturing on October 18, 2028 and bear a fixed interest rate of 9.00% per annum. The Company may prepay the Unsecured Notes at any time without penalty following the second anniversary of the Closing Date. A prepayment penalty of 3.00% and 2.00% would be due and payable in the event of prepayment prior to the first and second anniversary of the Closing Date, respectively.

The \$50.0 million aggregate commitment was advanced on the closing date and proceeds were used to temporarily repay outstanding obligations on the Revolving Loan and for other working capital purposes. The Company incurred debt issuance costs of approximately \$0.9 million related to Unsecured Notes, which were capitalized and offset against the outstanding face value of the Unsecured Notes within the line item titled Notes Payable, net on the consolidated balance sheets.

The Unsecured Notes provide for certain affirmative covenants, including requiring us to deliver certain financial information and any notices of default, and conducting business in the normal course. Additionally, the Company must comply with certain financial and non-financial covenants including but not limited to: (1) minimum stockholders' equity of \$200.0 million, (2) maximum aggregate indebtedness of \$225.0 million, subject to increase from time to time based upon ratable increases in stockholders' equity, and (3) maintenance of a credit rating. As of September 30, 2025, the Company is in compliance with all financial covenants with respect to the Unsecured Notes.

Capital Markets

We may seek to raise further equity capital and issue debt securities in order to fund our future investments in loans. Our Shelf Registration Statement became effective on January 19, 2023, allowing us to sell, from time to time in one or more offerings, up to \$500 million of our securities, including common stock, preferred stock, debt securities, warrants and rights (including as part of a unit) to purchase shares of our common stock, preferred stock, or debt securities. The specifics of any future offerings, along with the use of proceeds of any securities offered, will be described in detail in a prospectus supplement, or other offering materials, at the time of any offering. We may also access liquidity through our ATM Program, which was established in June 2023 and amended in March 2025, pursuant to which we may sell, from time to time, up to \$100.0 million of our common stock.

For the nine months ended September 30, 2025, the Company sold an aggregate of 64,557 shares of the Company's common stock under the Sales Agreement at a weighted average price of \$16.01 per share, generating net proceeds of approximately \$1.0 million.

For the nine months ended September 30, 2024, the Company sold an aggregate of 1,309,503 shares of the Company's common stock under the Sales Agreement at a weighted average price of \$15.88 per share, generating net proceeds of approximately \$20.4 million.

Cash Flows

The following table sets forth changes in cash and cash equivalents for the nine months ended September 30, 2025 and 2024, respectively:

	For the nine months ended September 30,	
	2025	2024
Net income	\$ 27,853,228	\$ 29,125,711
Adjustments to reconcile net income to net cash used in operating activities and changes in operating assets and liabilities	(5,579,543)	(7,793,897)
Net cash provided by operating activities	22,273,685	21,331,814
Net cash provided by investing activities	16,011,906	1,968,144
Net cash used in financing activities	(35,765,502)	(24,437,565)
Change in cash and cash equivalents	2,520,089	(1,137,607)

Net Cash Provided by Operating Activities

For the nine months ended September 30, 2025 and 2024, we reported “Net cash provided by operating activities” of approximately \$22.3 million and \$21.3 million, respectively. Net cash provided by operating activities increased approximately \$0.9 million, primarily attributable to a decrease in PIK interest income of \$3.3 million, an increase in related party receivables of \$4.7 million, and an increase in stock based compensation expense of \$0.2 million, an decrease in net income over the comparable period of approximately \$1.3 million, a decrease in the interest reserve for applied interest payments of approximately \$2.8 million, a decrease in accounts payable and accrued expenses of approximately \$1.4 million and a decrease in interest receivable of approximately \$3.6 million, over the comparable period.

Net Cash Provided by Investing Activities

For the nine months ended September 30, 2025 and 2024, we reported “Net cash provided by investing activities” of approximately \$16.0 million and \$2.0 million, respectively.

For the nine months ended September 30, 2025, cash outflows primarily related to \$59.0 million used for the origination and funding of loans held for investment, offset by cash inflows \$69.5 million of cash received from the principal repayment of loans held for investment and \$5.5 million of cash received from the principal repayment of loans held a fair value.

For the nine months ended September 30, 2024, cash outflows primarily related to \$75.2 million used for the origination and funding of loans held for investment, offset by cash inflows \$64.2 million of cash received from the principal repayment of loans held for investment and \$13.0 million of cash received from proceeds from sales of loans.

Net Cash Used in Financing Activities

For the nine months ended September 30, 2025 and 2024, we reported “Net cash used in financing activities” of approximately \$(35.8) million and \$(24.4) million, respectively.

For the nine months ended September 30, 2025, cash inflows of approximately \$1.0 million related to proceeds received from sales of our common stock through the ATM offering and \$106.1 million related to draw downs on our Revolving Loan, which were offset by \$108.7 million in repayments on our Revolving Loan, approximately \$33.9 million in dividends paid, approximately \$151 thousand in offering costs associated with the registered at-the-market offering and \$132 thousand in payment of debt issuance costs.

For the nine months ended September 30, 2024, cash inflows of approximately \$20.8 million related to proceeds received from sales of our common stock through the ATM offering and \$73.5 million related to draw downs on our Revolving Loan, which were offset by \$85.5 million in repayments on our Revolving Loan, approximately \$32.4 million in dividends paid, approximately \$113 thousand in debt issuance costs paid, and approximately \$757 thousand in offering costs associated with the registered at-the-market offering.

Leverage Policies

Although we are not required to maintain any particular leverage ratio, we expect to employ prudent amounts of leverage and, when appropriate, to use debt as a means of providing additional funds for the acquisition of loans, to refinance existing debt or for general corporate purposes. Leverage is primarily used to provide capital for forward commitments until additional equity is raised or additional medium- to long-term financing is arranged. This policy is subject to change by management and our Board.

Dividends

We have elected to be taxed as a REIT for United States federal income tax purposes and, as such, anticipate annually distributing to our stockholders at least 90% of our REIT taxable income, prior to the deduction for dividends paid and our net capital gain. If we distribute less than 100% of our REIT taxable income in any tax year (taking into account any distributions made in a subsequent tax year under Sections 857(b)(9) or 858 of the Code), we will pay tax at regular corporate rates on that undistributed portion. Furthermore, if we distribute less than the sum of (i) 85% of our ordinary income for the calendar year, (ii) 95% of our capital gain net income for the calendar year and (iii) any Required Distribution to our stockholders during any calendar year (including any distributions declared by the last day of the calendar year but paid in the subsequent year), then we are required to pay non-deductible excise tax equal to 4% of any shortfall between the Required Distribution and the amount that was actually distributed. Any of these taxes would decrease cash available for distribution to our stockholders. The 90% distribution requirement does not require the distribution of net capital gains. However, if we elect to retain any of our net capital gain for any tax year, we must notify our stockholders and pay tax at regular corporate rates on the retained net capital gain. The stockholders must include their proportionate share of the retained net capital gain in their taxable income for the tax year, and they are deemed to have paid the REIT's tax on their proportionate share of the retained capital gain. Furthermore, such retained capital gain may be subject to the nondeductible 4% excise tax. If we determine that our estimated current year taxable income (including net capital gain) will be in excess of estimated dividend distributions (including capital gains dividends) for the current year from such income, we accrue excise tax on a portion of the estimated excess taxable income as such taxable income is earned.

To the extent that our cash available for distribution is less than the amount required to be distributed under the REIT provisions of the Code, we may be required to fund distributions from working capital or through equity, equity-related or debt financings or, in certain circumstances, asset sales, as to which our ability to consummate transactions in a timely manner on favorable terms, or at all, cannot be assured, or we may make a portion of the Required Distribution in the form of a taxable stock distribution or distribution of debt securities.

The following table summarizes the Company's dividends declared during the nine months ended September 30, 2025 and 2024, respectively.

	Record Date	Payment Date	Common Share Distribution Amount	Taxable Ordinary Income	Return of Capital	Section 199A Dividends
Regular cash dividend	3/31/2025	4/15/2025	\$ 0.47	\$ 0.47	\$ -	\$ 0.47
Regular cash dividend	6/30/2025	7/15/2025	\$ 0.47	\$ 0.47	\$ -	\$ 0.47
Regular cash dividend	9/30/2025	10/15/2025	\$ 0.47	\$ 0.47	\$ -	\$ 0.47
Total cash dividend			<u>\$ 1.41</u>	<u>\$ 1.41</u>	<u>\$ -</u>	<u>\$ 1.41</u>

	Record Date	Payment Date	Common Share Distribution Amount	Taxable Ordinary Income	Return of Capital	Section 199A Dividends
Regular cash dividend	3/28/2024	4/15/2024	\$ 0.47	\$ 0.47	\$ -	\$ 0.47
Regular cash dividend	6/28/2024	7/15/2024	\$ 0.47	\$ 0.47	\$ -	\$ 0.47
Regular cash dividend	9/30/2024	10/15/2024	\$ 0.47	\$ 0.47	\$ -	\$ 0.47
Total cash dividend			<u>\$ 1.41</u>	<u>\$ 1.41</u>	<u>\$ -</u>	<u>\$ 1.41</u>

CECL Reserve

In accordance with ASC 326, we record allowances for our loans held for investment. The allowances are deducted from the gross carrying amount of the assets to present the net carrying value of the amounts expected to be collected on such assets. The Company estimates its CECL Reserve using among other inputs, third-party valuations, and a third-party probability-weighted model that

considers the likelihood of default and expected loss given default for each individual loan based on the risk profile for approximately three years after which we immediately revert to use of historical loss data.

ASC 326 requires an entity to consider historical loss experience, current conditions, and a reasonable and supportable forecast of the macroeconomic environment. We consider multiple datapoints and methodologies that may include likelihood of default and expected loss given default for each individual loans, valuations derived from discounted cash flows (“DCF”), and other inputs including the risk rating of the loan, how recently the loan was originated compared to the measurement date, and expected prepayment, if applicable. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost, and off-balance sheet credit exposures such as unfunded loan commitments.

We evaluate our loans on a collective (pool) basis by aggregating on the basis of similar risk characteristics as explained above. We make the judgment that loans to cannabis-related borrowers that are fully collateralized by real estate exhibit similar risk characteristics and are evaluated as a pool. Further, loans that have no real estate collateral, but are secured by other forms of collateral, including equity pledges of the borrower, and otherwise have similar characteristics as those collateralized by real estate are evaluated as a pool. All other loans are analyzed individually, either because they operate in a different industry, may have a different risk profile, or have maturities that extend beyond the forecast horizon for which we are able to derive reasonable and supportable forecasts.

Estimating the CECL Reserve also requires significant judgment with respect to various factors, including (i) the appropriate historical loan loss reference data, (ii) the expected timing of loan repayments, (iii) calibration of the likelihood of default to reflect the risk characteristics of our loan portfolio, and (iv) our current and future view of the macroeconomic environment. From time to time, we may consider loan-specific qualitative factors on certain loans to estimate our CECL Reserve, which may include (i) whether cash from the borrower’s operations is sufficient to cover the debt service requirements currently and into the future, (ii) the ability of the borrower to refinance the loan and (iii) the liquidation value of collateral. For loans where we have deemed the borrower/sponsor to be experiencing financial difficulty, we may elect to apply a practical expedient, in which the fair value of the underlying collateral is compared to the amortized cost of the loan in determining a CECL Reserve.

To estimate the historic loan losses relevant to our portfolio, we evaluate our historical loan performance, which includes zero realized loan losses since our inception of operations. Additionally, we analyzed our repayment history, noting we have limited “true” operating history, since the incorporation date of March 30, 2021. However, our Sponsor has had operations for the past five fiscal years and has made investments in similar loans that have similar characteristics, including interest rate, collateral coverage, guarantees, and prepayment/make whole provisions, which fall into the pools identified above.

In addition, we review each loan on a quarterly basis and evaluate the borrower’s ability to pay the monthly interest and principal, if required, as well as the loan-to-value (LTV) ratio. In considering the potential current expected credit loss, the Manager primarily considers significant inputs to our forecasting methods, which include (i) key loan-specific inputs such as the value of the real estate collateral, liens on equity (including the equity in the entity that holds the state-issued license to cultivate, process, distribute, or retail cannabis), presence of personal or corporate guarantees, among other credit enhancements, LTV ratio, ratio type (fixed or floating) and IRR, loan-term, geographic location, and expected timing and amount of future loan fundings, (ii) performance against the underwritten business plan and our internal loan risk rating and (iii) a macro-economic forecast. Estimating the enterprise value of our borrowers in order to calculate LTV ratios is often a significant estimate. We rely primarily on comparable transactions to estimate enterprise value of our portfolio companies and supplement such analysis with a multiple-based approach to enterprise value to revenue multiples of publicly-traded comparable companies obtained from S&P Capital IQ as of the quarter end, to which we apply a private company discount based on our current borrower profile. These estimates may change in future periods based on available future macro-economic data and might result in a material change in our future estimates of expected credit losses for our loan portfolio.

Regarding real estate collateral, we generally cannot take the position of mortgagee-in-possession as long as the property is used by a cannabis operator, but we can request that the court appoint a receiver to manage and operate the subject real property until the foreclosure proceedings are completed. Additionally, while we cannot foreclose under state Uniform Commercial Code (“UCC”) and take title or sell equity in a licensed cannabis business, a potential purchaser of a delinquent or defaulted loan could.

In order to estimate the future expected loan losses relevant to our portfolio, we utilize historical market loan loss data obtained from a third-party database for commercial real estate loans, which we believe is a reasonably comparable and available data set to use as an input for our type of loans. We expect this dataset to be representative for future credit losses whilst considering that the cannabis industry is maturing, and consumer adoption, demand for production, and retail capacity are increasing akin to commercial real estate over time. For periods beyond the reasonable and supportable forecast period, we revert back to historical loss data.

All of the above assumptions, although made with the most available information at the time of the estimate, are subjective and actual activity may not follow the estimated schedule. These assumptions impact the future balances that the loss rate will be applied to and as such impact our CECL Reserve. As we acquire new loans and our Manager monitors loan and borrower performance, these estimates will be revised each period.

Risk Ratings

We assess the risk factors of each loan, and assign a risk rating based on a variety of factors, including, without limitation, payment history, real estate collateral coverage, property type, geographic and local market dynamics, financial performance, enterprise value of the portfolio company, loan structure and exit strategy, and project sponsorship. This review is performed quarterly. Based on a 5-point scale, our loans are rated “1” through “5,” from less risk to greater risk, which ratings are defined as follows:

Rating	Definition
1	Very low risk
2	Low risk
3	Moderate/average risk
4	High risk/potential for loss: a loan that has a risk of realizing a principal loss
5	Impaired/loss likely: a loan that has a high risk of realizing principal loss, has incurred principal loss or an impairment has been recorded

The risk ratings are primarily based on historical data and current conditions specific to each portfolio company, as well as consideration of future economic conditions and each borrower’s estimated ability to meet debt service requirements. The risk ratings shown in the following table as of September 30, 2025 and December 31, 2024 consider borrower specific credit history and performance and quarterly re-evaluation of overall current macroeconomic conditions affecting the borrowers. As interest rates have increased due to rising rates from the Federal Reserve Board, it has impacted borrowers’ ability to service their debt obligations on a global scale. Changes in risk ratings had an effect on the level of the CECL reserve though, other than the two loans placed on non-accrual status, the loans continued to perform as expected. For approximately 54% of the portfolio, the fair value of the underlying real estate collateral exceeded the amounts outstanding under the loans as of September 30, 2025. The remaining approximately 46% of the portfolio, while not fully collateralized by real estate, may be partially collateralized by real estate and was secured by other forms of collateral including equipment, receivables, licenses and/or other assets of the borrowers to the extent permitted by applicable laws and regulations governing such borrowers.

As of September 30, 2025 and December 31, 2024, the carrying value, excluding the CECL Reserve, of the Company’s loans within each risk rating by year of origination is as follows:

Risk Rating	As of September 30, 2025(1)						Total
	2025	2024	2023	2022	2021		
1	\$ -	\$ -	\$ -	\$ 400,000	\$ -	\$ -	\$ 400,000
2	56,589,576	26,795,512	63,763,596	43,460,005	-	-	190,608,689
3	21,457,055	54,823,267	1,434,076	46,459,897	42,365,344	-	166,539,639
4	18,918,950	16,626,809	-	-	4,957,135	-	40,502,894
5	-	-	-	-	-	-	-
Total	\$ 96,965,581	\$ 98,245,588	\$ 65,197,672	\$ 90,319,902	\$ 47,322,479	\$ -	\$ 398,051,222

(1) Amounts are presented by loan origination year with subsequent advances shown in the original year of origination.

Accounting Policies and Estimates

As of September 30, 2025, there were no significant changes in the application of our accounting policies or estimates from those presented in our annual report on Form 10-K. Refer to Note 2 to our consolidated financial statements for the nine months ended September 30, 2025, titled “*Significant Accounting Policies*” for information on recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks in the ordinary course of our business. These risks primarily relate to fluctuations in interest rates. Our loans are typically valued using a yield analysis, which is typically performed for performing loans to borrowers. Changes in market yields may change the fair value of certain of our loans. Generally, an increase in market yields may result in a decrease in the fair value of certain of our loans, however this is mitigated to the extent our loans bear interest at a floating rate. As of September 30, 2025, we had 16 floating-rate loans, representing approximately 63.3% of our loan total portfolio based on aggregate outstanding principal balances, subject to a Prime Rate floor. We estimate that a hypothetical 100 basis points increase in the Prime Rate would result in an increase in annual cash interest income, excluding the effects of PIK interest, of approximately \$2.5 million and a 100 basis points decrease in the Prime Rate would result in a decrease in annual interest income of approximately \$0.8 million. Our loans generally have a Prime Rate floor established at the prevailing Prime Rate at the time of origination. Refer to Note 3 for Prime Rate floor by loan.

In addition, our Revolving Loan is exposed to similar market risks. Changes in market rates may change the fair value of our Revolving Loan as our loan bears interest at the greater of (1) the Prime Rate plus the applicable margin and (2) 3.25%. As of September 30, 2025, we had an outstanding balance of \$52.4 million under the Revolving Loan. Based on our outstanding balance as of September 30, 2025, we estimate that a hypothetical 100 basis points increase in the Prime Rate would result in an increase in annual cash interest expense, excluding unused fees, of approximately \$0.5 million and a 100 basis points decrease in the Prime Rate would result in a decrease in annual interest expense of approximately \$0.5 million.

The Unsecured Notes bear a fixed interest rate of 9.00% per annum and are not impacted by changes in market rates. The fair market value of the Unsecured Notes is impacted by fluctuations in market rate. A decrease in market rates will result in an increase in the fair market value and an increase in market rates will result in decrease in the fair market value.

Changes in Market Interest Rates and Effect on Net Interest Income

Interest rates are highly sensitive to many factors, including fiscal and monetary policies and domestic and international economic and political considerations, as well as other factors beyond our control. We are subject to interest rate risk in connection with our assets and our related financing obligations.

Our operating results depend in large part on differences between the income earned on our assets and our cost of borrowing. The cost of our borrowings generally are based on prevailing market interest rates. During a period of rising interest rates, our borrowing costs generally will increase (a) while the yields earned on our leveraged fixed-rate loan assets will remain static, and (b) at a faster pace than the yields earned on our leveraged floating-rate loan assets, which could result in a decline in our net interest spread and net interest margin. The severity of any such decline would depend on our asset/liability composition at the time as well as the magnitude and duration of the interest rate increase. Further, an increase in short-term interest rates could also have a negative impact on the market value of our target investments. If any of these events happen, we could experience a decrease in net income or incur a net loss during these periods, which could adversely affect our liquidity and results of operations.

Risk Management

To the extent consistent with maintaining our REIT qualification and our exemption from registration under the Investment Company Act, we seek to manage risk exposure by closely monitoring our portfolio and actively managing the financing, interest rate, credit, prepayment and convexity (a measure of the sensitivity of the duration of a loan to changes in interest rates) risks associated with holding our portfolio of loans. Generally, with the guidance and experience of our Manager:

- we manage our portfolio through an interactive process with our Manager and service our self-originated loans through our Manager's servicer;
- we invest in a mix of floating-rate and fixed-rate loans to mitigate the interest rate risk associated with the financing of our portfolio;
- we actively employ portfolio-wide and asset-specific risk measurement and management processes in our daily operations, including utilizing our Manager's risk management tools such as software and services licensed or purchased from third-parties and proprietary analytical methods developed by our Manager; and
- we seek to manage credit risk through our due diligence process prior to origination or acquisition and through the use of non-recourse financing, when and where available and appropriate. In addition, with respect to any particular target investment, prior to origination or acquisition our Manager's investment team evaluates, among other things, relative valuation, comparable company analysis, supply and demand trends, shape-of-yield curves, delinquency and default rates, recovery of various sectors and vintage of collateral.

Market Conditions

We provide loans to established companies operating in the cannabis industry which involves significant risks, including the risk of strict enforcement against our borrowers of the federal illegality of cannabis, our borrowers' inability to renew or otherwise maintain their licenses or other requisite authorizations for their cannabis operations, and such loans lack of liquidity, and we could lose all or part of any of our loans.

We believe that favorable market conditions, including an imbalance in supply and demand of credit to cannabis operating companies, have provided attractive opportunities for non-bank lenders, such as us, to finance commercial real estate loans and other loans that exhibit strong fundamentals but also require more customized financing structures and loan products than regulated financial institutions can presently provide. Additionally, to the extent that additional states legalize cannabis, our addressable market will

increase. While we intend to continue capitalizing on these opportunities and growing the size of our portfolio, we are aware that the competition for the capital we provide is increasing.

Our ability to grow or maintain our business depends on state laws pertaining to the cannabis industry. New laws that are adverse to our borrowers may be enacted, and current favorable state or national laws or enforcement guidelines relating to cultivation, production and distribution of cannabis may be modified or eliminated in the future, which would impede our ability to grow and could materially adversely affect our business.

Management's plan to mitigate risks include monitoring the legal landscape as deemed appropriate. Also, should a loan default or otherwise be seized, we may be prohibited from owning cannabis assets and thus could not take possession of collateral, in which case we would look to sell the loan, which could result in us realizing a loss on the transaction.

While we believe the principal amounts of our loans are generally adequately protected by underlying collateral value, there is a risk that we will not realize the entire principal value of certain loans, particularly those not fully collateralized by real estate. In order to mitigate that risk, our loans are generally collateralized by other assets, such as equipment, receivables, licenses or other assets of the borrowers to the extent permitted by applicable laws and regulations. In addition, we seek to impose strict loan covenants and seek personal or corporate guarantees for additional protection. As of September 30, 2025 and September 30, 2024, our portfolio on average had real estate collateral coverage of 1.2x and 1.2x, respectively, and all of our loans are secured by equity pledges of the borrower and all asset liens.

Credit Risk

We are subject to varying degrees of credit risk in connection with our loans and interest receivable. Our Manager seeks to mitigate this risk by seeking to originate loans, and may in the future acquire loans, of higher quality at appropriate prices given anticipated and unanticipated losses, by employing a comprehensive review and selection process and by proactively monitoring originated and acquired loans. Nevertheless, unanticipated credit losses could occur that could adversely impact our operating results. For additional information regarding the credit risk associated with our loans and interest receivables, see *"Risk Factors- Loans to relatively new and/or small companies and companies operating in the cannabis industry generally involve significant risks"* in our Annual Report on Form 10-K for the year ended December 31, 2024.

Our Manager or affiliates of our Manager have originated all of our loans and intend to continue to originate our loans, but we may in the future also acquire loans from time to time. Our Investment Guidelines are not subject to any limits or proportions with respect to the mix of target investments that we make or that we may in the future acquire other than as necessary to maintain our exemption from registration under the Investment Company Act and our qualification as a REIT. Our investment decisions will depend on prevailing market conditions and may change over time in response to opportunities available in different interest rate, economic and credit environments. As a result, we cannot predict the percentage of our capital that will be invested in any individual target investment at any given time.

Our loan portfolio as of September 30, 2025 and December 31, 2024, was concentrated with the top three borrowers representing approximately 27.5% and 24.0% of principal outstanding, respectively. As of and for the nine months ended September 30, 2025 and 2024, the top three borrowers represented approximately 25.6% and 27.9% of the total interest income, respectively. The largest loan represented approximately 11.6% and 11.1% of principal outstanding as of September 30, 2025 and December 31, 2024, respectively.

As of September 30, 2025 and December 31, 2024, our borrowers have operations in the jurisdictions noted within the table below based on real estate collateral location or principal place of business:

As of September 30, 2025			As of December 31, 2024		
Jurisdiction	Outstanding Principal ⁽¹⁾	Percentage of Our Loan Portfolio	Jurisdiction	Outstanding Principal ⁽¹⁾	Percentage of Our Loan Portfolio
Illinois	\$ 77,380,222	19%	Illinois	\$ 55,958,079	14%
Ohio	65,098,447	16%	Ohio	60,065,707	15%
Florida	57,014,988	14%	Florida	42,712,285	11%
Pennsylvania	36,264,811	9%	Pennsylvania	35,727,045	9%
Michigan	32,069,178	8%	Michigan	32,068,629	8%
Arizona	26,471,100	7%	Arizona	28,023,340	7%
California	26,407,775	7%	California	26,057,479	6%
Missouri	24,350,597	6%	Missouri	38,208,259	9%
New York	23,076,799	6%	New York	25,093,595	6%
Nebraska	17,400,000	4%	Nebraska	17,400,000	4%
West Virginia	8,491,943	2%	West Virginia	8,491,943	2%
Texas	2,775,611	1%	Texas	2,756,870	1%
Maryland	1,312,711	*%	Maryland	21,835,901	5%
Massachusetts	826,679	*%	Massachusetts	2,626,423	1%
Oregon	505,429	*%	Oregon	580,000	*%
Nevada	254,624	*%	Nevada	6,000,000	1%
Other ⁽²⁾	192,089	*%	Other	-	*%
Minnesota	55,489	*%	Minnesota	1,116,000	*%
Total	\$ 399,948,492	100%	Total	\$ 404,721,554	100%

* Less than 1%

⁽¹⁾ The principal balance of the loans not secured by real estate collateral are included in the jurisdiction representing the principal place of business. Amounts presented include loans held for investment and loans held for sale.

⁽²⁾ Represents Connecticut and Washington.

Real Estate Risk

Commercial real estate loans are subject to volatility and may be affected adversely by a number of factors, including, but not limited to, national, regional and local economic conditions (which may be adversely affected by industry slowdowns and other factors); local real estate conditions; changes or continued weakness in specific industry segments; construction quality, age and design; demographic factors; and retroactive changes to building or similar codes. In addition, decreases in property values reduce the value of the collateral and the potential proceeds available to a borrower to repay the underlying loan or loans, as the case may be, which could also cause us to suffer losses.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to provide reasonable assurance that information required to be disclosed in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the forms and rules of the SEC and that such information is accumulated and communicated to management, including the Principal Executive Officer and Principal Financial Officer, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

In connection with the preparation of this quarterly report on Form 10-Q, our management, including the Principal Executive Officer and Principal Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2025. Based on that evaluation, our Principal Executive Officer and Principal Financial Officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of September 30, 2025 to ensure that (a) information required to be disclosed in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the forms and rules of the SEC and (b) such information is accumulated and communicated to management, including the Principal Executive Officer and Principal Financial Officer, to allow timely decisions regarding required disclosures.

Changes in Internal Control over Financial Reporting

During the three months ended June 30, 2025, the Company engaged a new third-party provider to support its ongoing CECL reporting including modeling, data aggregation, and documentation. While the Company substantially completed the implementation activities with assistance from the vendor during the quarter ended June 30, 2025, it continues to finalize execution and documentation of its augmented internal control procedures. The transition from the Company's previous third-party provider is being overseen by the Chief Financial Officer, which concluded that the change is not expected to materially alter the ultimate credit loss estimate or design of internal controls. The Company remains responsible for validating assumptions, methodologies, forecasts, and controls, and intends to maintain documentation consistent with regulatory and other requirements, as applicable.

There were no other changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2025 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

In the normal course of business, we may be subject to various legal proceedings from time to time. We are not party to any material pending legal proceedings required to be disclosed pursuant to Item 103 of Regulation S-K.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2024, which could materially affect our business, financial condition and/or results of operations. Except to the extent additional factual information disclosed elsewhere in this Quarterly Report on Form 10-Q relates to such risk factors, there have been no material changes to the risk factors described in the “Risk Factors” sections in our Annual Report on Form 10-K for the year ended December 31, 2024. The risks described in our Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None of the Company’s officers or directors have adopted, modified or terminated trading plans under either a Rule 10b5-1 or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933) for the nine months ended September 30, 2025.

Item 6. Exhibits

Exhibit

Exhibit No.	Description of Exhibits
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document.*
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents.*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHICAGO ATLANTIC REAL ESTATE FINANCE, INC.

Dated: November 4, 2025

By: /s/ Peter Sack
Peter Sack
Co-Chief Executive Officer and Director
(Principal Executive Officer)

Dated: November 4, 2025

By: /s/ Phillip Silverman
Phillip Silverman
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Peter Sack, Co-Chief Executive Officer of Chicago Atlantic Real Estate Finance, Inc., certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of Chicago Atlantic Real Estate Finance, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2025

By: /s/ Peter Sack

Peter Sack

Co-Chief Executive Officer and Director

(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Phillip Silverman, Chief Financial Officer of Chicago Atlantic Real Estate Finance, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Chicago Atlantic Real Estate Finance, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2025

By: /s/ Phillip Silverman

Phillip Silverman

Chief Financial Officer

(Principal Financial Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. 1350)**

In connection with the Quarterly Report on Form 10-Q for the period ended September 30, 2025 (the “Report”) of Chicago Atlantic Real Estate Finance, Inc. (the “Registrant”), as filed with the Securities and Exchange Commission on the date hereof, I, Peter Sack, the Co-Chief Executive Officer of the Registrant, hereby certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: November 4, 2025

By: /s/ Peter Sack
Peter Sack
Co-Chief Executive Officer and Director
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. 1350)**

In connection with the Quarterly Report on Form 10-Q for the period ended September 30, 2025 (the “Report”) of Chicago Atlantic Real Estate Finance, Inc. (the “Registrant”), as filed with the Securities and Exchange Commission on the date hereof, I, Phillip Silverman, the Chief Financial Officer of the Registrant, hereby certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: November 4, 2025

By: /s/ Phillip Silverman
Phillip Silverman
Chief Financial Officer
(Principal Financial Officer)
