

**Chicago Atlantic Real Estate (Q4 2025 Earnings)  
March 12, 2026**

**Corporate Speakers:**

- Tripp Sullivan; SCR Partners; President
- Peter Sack; Chicago Atlantic Real Estate Finance, Inc.; Co-Chief Executive Officer
- David Kite; Chicago Atlantic Real Estate Finance, Inc.; President & Chief Operating Officer
- Phillip Silverman; Chicago Atlantic Real Estate Finance, Inc.; Chief Financial Officer

**Participants:**

- Aaron Grey; Alliance Global Partners; Analyst
- Christopher Muller; Citizens Capital Markets; Analyst
- Pablo Zuanic; Zuanic & Associates; Analyst

**PRESENTATION**

Operator^ Good day. Welcome to the Chicago Atlantic Real Estate Finance, Inc. Fourth Quarter 2025 Earnings Call. (Operator Instructions)

Please note this event is being recorded.

I would now like to turn the call over to Tripp Sullivan of SCR Partners. Tripp, please go ahead.

Tripp Sullivan^ Thank you, Bailey [ph]. Good morning. Welcome to the Chicago Atlantic Real Estate Finance conference call to review the company's results.

On the call today will be Peter Sack, Co-Chief Executive Officer; David Kite, President and Chief Operating Officer; and Phil Silverman, Chief Financial Officer.

Our results were released this morning in our earnings press release which can be found on the Investor Relations section of our website, along with our supplemental filed with the SEC.

A live audio webcast of this call is being made available today.

For those who will listen to the replay of this webcast, we remind you that the remarks made herein are as of today and will not be updated subsequent to this call.

During this call certain comments and statements we make may be deemed forward-looking statements within the meaning prescribed by the securities laws including statements related to the future performance of our portfolio, our pipeline of potential loans and other investments, future dividends and financing activities.

All forward-looking statements represent Chicago Atlantic's judgment as of the date of this conference call and are subject to risks and uncertainties that could cause actual results to differ materially from our current expectations.

Investors are urged to carefully review various disclosures made by the company including the risk and other information disclosed in the company's filings with the SEC.

We will also discuss certain non-GAAP measures including but not limited to distributable earnings. Definitions of these non-GAAP measures and reconciliations to the most comparable GAAP measures are included in our filings with the SEC.

I will now turn the call over to Peter Sack. Please go ahead.

Peter Sack^ Thank you, Tripp, and good morning, everyone.

Chicago Atlantic operates within a unique intersection of real estate, credit and the emerging sector of the U.S. cannabis industry.

Our thesis is simple. We apply best-in-class sector expertise, highly developed relationship-based sourcing capabilities and fundamental credit and real estate investment principles to make debt investments in an industry with limited sources of debt capital.

We take advantage of limited lending competition to structure, first, what we believe to be differentiated downside risk of senior secured positions; and second, a highly outsized return profile relative to the broader credit and real estate lending portfolios.

Most lending companies are limited in their ability to invest in underwriting and originations expertise in any one particular sector. They become masters of none, and they are price takers, investing in whatever the next investment banker or private equity sponsor offers. Because we focus on one sector with limited lending competition, we have the luxury of investing in a highly respected originations team made up of the best-known leaders in our space.

We maintain an outsized underwriting, real estate and analytics team that specializes solely in this unique niche of cannabis. We directly originate and agent nearly all of our investments. We maintain a team of over 100 professionals overseeing only \$2.3 billion in capital under management because we know that with limited lending competition, our investment in expertise and execution capabilities translates directly into alpha generation for our investors.

Our discipline, our focus and institutional investment platform built for the long run is reflected in the execution of Chicago Atlantic Real Estate Finance in 2025 and already nearly three months into 2026, we're exceeding our expectations and more enthusiastic than ever about our opportunity set for the coming year. Thank you for indulging me in this reappraisal of the fundamentals of Chicago Atlantic's differentiation.

It's important to reinforce this in the context of the investor community's recent reconsideration of risk and reward in the broader private credit ecosystem.

Our portfolio has extremely limited overlap with other private credit markets. The drivers of current private credit market pressure simply are not relevant to us.

We have no exposure to software, receivables factoring nor recent examples of fraud and syndicated facilities.

Our sector has not experienced an overallocation of capital, leading to compressed yields that is happening across other sectors of private credit.

Our strategy is built on a disciplined focus on credit and collateral. We work collaboratively with our borrowers to create value, and our work is executed by a team of originators and underwriters with deep industry and rigorous risk management expertise.

I spoke last quarter about how optimistic we are about our current environment. The pipeline remains strong and currently stands at \$616 million.

We continue to get first looks at the largest opportunities within the cannabis sector, but we're also leading when it comes to creative solutions for our borrowers as well.

For example, during the fourth quarter, the Chicago Atlantic platform closed on a credit facility to support the largest cannabis ESOP completed to date.

We've talked about ESOPs as a compelling opportunity, and we believe this loan highlights our capabilities to Trailblaze, bringing financial solutions common in broader lending markets to the more nascent cannabis lending market.

Over recent months, there's been positive momentum in cannabis policy with bills introduced in several states to change the legality of the product.

In December 2025, President Trump signed an executive order directing his administration to reclassify cannabis from a Schedule I to Schedule III regulated product.

While this is not federal legalization, rescheduling would represent the most significant federal policy change in years.

We highlight on a slide in this quarter's supplemental how this sets the stage for improved industry economics without opening the door for increased lending competition.

We believe Chicago Atlantic is well positioned to benefit from these developments, but the success of our strategy is not dependent on these changes.

As we mentioned in previous quarters, we underwrite every investment assuming no regulatory-driven credit improvements. We continue to create a differentiated and low levered risk return profile that is insulated from cannabis equity volatility and outperforms our industry-agnostic mortgage REIT peers.

As David will break down for you in a moment, because we have structured our floating rate loans with high interest rate floors and no caps, only 9% of our total loan portfolio is exposed to further rate declines based on the prevailing prime rate. That discipline provides a meaningful measure of protection to the portfolio.

We are focused on outperforming and delivering a consistent yield to our shareholders despite volatile industry sentiment. The pipeline is expanding, and we have already established strong momentum to kick off 2026.

David, why don't you take it from here?

David Kite^ Thank you, Peter.

As of December 31, our loan portfolio principal totaled approximately \$411 million across 26 portfolio companies with a weighted average yield to maturity of 16.3% compared with 16.5% for the third quarter. Gross originations during the quarter were approximately \$19 million of principal fundings, of which \$5 million was advanced to a new borrower and \$14 million was advanced to existing borrowers.

As anticipated, all the loans that had maturities at the end of 2025 were extended with new contractual maturities in 2026.

During the quarter, we made significant progress on loan number nine.

We funded in advance for the borrower to acquire three additional dispensaries in Pennsylvania, bringing their total to six operating dispensaries.

In connection with this advance, the company received all past due interest from the borrower which brought the loan current as of December 31, 2025.

We expect the six dispensaries to provide sufficient free cash flow to enable the borrower to remain current on its outstanding indebtedness and applicable covenants. Despite being brought current which resulted in a risk rating upgrade from four to three, we maintained the loan on nonaccrual status as of December 31, 2025.

We expect to restore the loan to accrual status once the operator demonstrates sustained performance and continued timely debt service payments.

As of December 31, 2025, our portfolio consisted of 37.6% fixed rate loans and 62.4% floating rate loans. The floating rate portion is primarily benchmarked to the prime rate. Following December's 25 basis point rate reduction which brought the prime rate to 6.75%, only 9% of our portfolio remains exposed to further rate declines. The remaining 91% is either fixed rate or protected by prime rate floors of 6.75% or higher.

Importantly, our floating rate loans are not exposed to interest rate caps. This structural advantage, combined with our rate floor protection positions our portfolio favorably compared to most mortgage REITs.

We've included a slide in our supplemental presentation that highlights how well we have safeguarded our portfolio from interest rate volatility. You'll note that based on the current portfolio as of December 31, a hypothetical 100 basis point decline in benchmark rates is estimated to result in a mere \$14,000 decrease to net investment income and a 200 basis point decline would actually result in an increase to net investment income, all else remaining equal.

This is primarily the result of minimal exposure to rate declines within our asset portfolio, offset by the positive impact of interest rate expense declines resulting from a revolver loan bearing a prime rate floor of 3.25%.

Should rates begin to move back up, then of course we should expect to see material gains in net investment income.

Total leverage equaled 32% of book equity at December 31 compared with 33% as of September 30. As of December 31, we had \$49.1 million outstanding on our senior secured revolving credit facility and \$49.3 million outstanding on our unsecured term loan.

As of today we have approximately \$53 million available on the senior credit facility and total liquidity, net of estimated liabilities of approximately \$50 million.

I'll now turn it over to Phil.

Phillip Silverman^ Thank you, David.

Our net interest income of \$14.2 million for the fourth quarter represented a 4% increase from \$13.7 million during the third quarter of 2025. The increase was primarily attributable to the collection of past due on accrued interest on loan number nine, totaling \$1.7 million which is recognized upon receipt. This was offset by the impact of the multiple benchmark prime rate cuts in the fourth quarter totaling 50 basis points, 25 each in October and December 2025. Total interest expense including noncash amortization of financing costs for the fourth quarter was approximately \$1.8 million, an increase from \$1.6 million in the third quarter.

The weighted average borrowings on our revolving loan increased to \$33.6 million compared to \$14 million during the third quarter. Our CECL reserve on our loans held for investment as of December 31 was approximately \$5.1 million.

On a relative size basis, our reserve for expected credit losses represents 1.23% of the outstanding principal of our loans held for investment. The reserve remained consistent with prior quarter. On a weighted average basis, our portfolio maintains strong real estate coverage of 1.2x.

Our loans are secured by various forms of other collateral in addition to real estate including UCC one all asset liens on our borrower credit parties. These other collateral types contribute to overall credit quality and lower loan-to-value ratios.

Our portfolio has a loan-to-enterprise value ratio on a weighted average basis of 44.2% as of December 31, 2025, calculated as senior indebtedness of the borrower divided by the fair value of total collateral to refi.

Distributable earnings per weighted average share on a basic and fully diluted basis were approximately \$0.44 and \$0.43 for the fourth quarter and \$1.92 and \$1.88, respectively, for the year.

In January, we distributed the fourth quarter dividend of \$0.47 per common share declared by our Board in December. Since inception, we've distributed \$8.47 per common share in dividends which represents an annualized yield on cost of approximately 12.4% when measured against our IPO price.

Our book value per common share outstanding was \$14.60 as of December 31, 2025, and there are approximately 21.5 million common shares outstanding on a fully diluted basis as of such date.

During the subsequent period from January 1, 2026, through today the company has advanced new gross loan principal of approximately \$51.1 million, comprised of \$16.2 million advanced to one new borrower and \$34.9 million to existing borrowers on delayed draw and revolving credit facilities.

Additionally, the company received a total of \$40.4 million in loan repayments comprised of \$3.1 million of scheduled amortization payments and \$37.3 million in early prepayments which included the full repayment of loan number one and loan number 27.

We expect to continue to maintain a dividend payout ratio based on our basic distributable earnings per share of 90% to 100% for the 2026 tax year.

If our taxable income requires additional distributions in excess of the regular quarterly dividend to meet our taxable income requirements, we expect to meet that with a special dividend in the fourth quarter.

Operator, we're now ready to take questions.

## QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question comes from Aaron Grey with Alliance Global Partners.

Aaron Grey^ First question, it's encouraging to hear the commentary on demand for growth capital that you're seeing. Just in terms of the pipeline, can you provide maybe some general line of sight as to when some of those originations might come to fruition?

And how many of those are maybe at the later stage of being finalized?

Then secondly, can you provide comfort in being able to potentially deliver another year of net portfolio growth?

Peter Sack^ We are still targeting net portfolio growth for this year. I think we have a fairly high degree of confidence in our ability to execute on the pipeline.

I think it's helpful to put in context that as of March 12, we have about \$50 million of liquidity available. This, frankly, isn't as much as we would like relative to the pipeline that we have.

That amount of liquidity can be deployed relatively quickly. The bigger unknown at this part earlier in the year is what repayments in the portfolio will occur between now and December 31, and that's difficult to forecast.

Aaron Grey^ Appreciate the color, Peter, and can understand some of the uncertainty in terms of the repayments.

So maybe a second question outside of that, can you talk about maybe the outlook in terms of current yields for potential deals in the pipeline?

And has rescheduling been coming into play on rate negotiations, the underwriting process?

Or has that largely been not quite taking rescheduling into account yet?

Peter Sack^ Apologies.

We are – the rescheduling has driven increases in demand for debt capital that we're seeing in the market operators accelerating investment decisions and accelerating merger and acquisition decisions.

It has not changed the conversation around pricing nor has it changed how we underwrite and evaluate risk. That's largely due to the fact that reschedule -- the announcement of rescheduling and even the execution of rescheduling has yet to lead to new lenders entering the market in our - from the vantage point that we set at.

Aaron Grey^ Okay. Great.

So yes, increased demand, but you're not seeing more companies to come to the market. Okay.

Operator^ Our next question comes from Chris Muller with Citizens Capital Markets.

Christopher Muller^ I guess I'll stay on a similar line of questioning here.

So nice slide you guys have on the regulatory reform in the deck there.

On the point about not seeing increased competition, is that as we sit today?

Or does that assume Schedule III gets finalized?

Then maybe a second layer to that question, what do you think would increase competition in the space?

Peter Sack^ Well, as we sit today, we've not seen new lenders enter the market due to -- on the follow-on of Trump's announcement of rescheduling.

We also have not heard of lenders or significant lenders sitting on the sidelines and saying, well when rescheduling happens, we're ready to deploy x amount of capital, and we're gathering opportunities to be able to do that.

We have not observed that in the market.

What do I think would be required to -- what would be required to support a large influx of new lenders into the cannabis market?

I think there's a series of reforms that would be very helpful. And we, in general, look forward to that.

There's, I think one full legalization would open up cannabis would open up really the broad array of private credit market participants to enter a framework under which -- a regulatory framework under which existing cannabis operators could produce, market and distribute cannabis as a Schedule III substance perhaps would do that.

I think it would be helpful to have cannabis companies listed on New York Stock Exchange and NASDAQ.

It would be helpful to have the broader pieces of the financial ecosystem open to servicing cannabis companies. That includes major accounting firms, major law firms, major custodians. There's a lot of, I think little steps that individually don't seem like big hurdles, but are very important for opening up access to capital markets that are required and that I think still are going to take a long time to evolve in terms of how broader participants in our financial system approach and view cannabis as a market.

And that process perhaps hasn't even begun yet.

Christopher Muller^ Got it. Very helpful.

Then I guess changing gears a little bit. It looks like there's two new nonaccrual loans. Both of them are in Arizona.

Are these loans to the same sponsor?

Or is it something market specific in Arizona going on there?

Peter Sack^ They are loans related to the same sponsor. Arizona is having a challenging pricing environment that our borrower, in this case, is navigating in close collaboration with us.

Operator^ Our next question comes from Pablo Zuanic with Zuanic & Associates.

Pablo Zuanic^ Can we just go back to loan number nine?

I know you gave a little color there, but I'm just trying to understand, I think the principal -- the combined principal end of September was \$19 million, and now it's \$29 million.

So you decided to lend more money to a borrower that's in trouble, right?

So I'm just trying to understand the logic of that.

Then if you can provide more color in terms of what's going on with that borrower, please. I know you gave some color in the call.

Peter Sack^ Absolutely. I think this is -- loan number nine has been a good example of really the full toolkit that Chicago Atlantic can bring the table in addressing challenging credit situations and challenging -- and challenging workout and restructuring opportunities.

In this position, we completed a full foreclosure on the assets and change of control and change of control of the assets in 2025 over the course and a recapitalization of the business.

Over the course of 2025, the business reorganized its operations, improved its cash flow and revenue significantly. And at the end of 2025, Chicago Atlantic supported the company's acquisition of additional dispensaries within its market.

And it did so both with capital from Chicago Atlantic Real Estate Finance, Inc. and additional junior capital behind Chicago Atlantic Real Estate Finance, Inc.

It dramatically changed the operating profile of the business, the cash flow of the business, and it permits the company to become current on all of its interest in 2025.

And so we hold this loan in -- I think as we sit at the end of December 31, 2025, it's a little bit of a gray area from an accounting position on how we need to present this loan.

I say gray area because as of December 31, 2025, the loan is current on all interest, but we've chosen not to formally take it off nonaccrual.

I think that represents -- that's a high level of conservatism in how we view the portfolio and how we present the portfolio which I think is important in this environment of private credit investor skepticism.

But I think that those series of events make us confident or hopeful that we'll be revisiting that nonaccrual status in shortly in 2026.

Phillip Silverman^ And Peter, maybe -- sorry, if I could just chime in as well Pablo, just to be clear, despite the loan being on nonaccrual, the borrower made their January and February payments, and we recognize those as income on a cash basis.

So despite the loan not being accrued, to Peter's point and for those reasons, we still are recognizing the income as it's received in cash.

Pablo Zuanic^ Right. Then just moving on to the early repayments on loan number one and loan number 27. When those things happen, I try to think in terms of, will it have been extended or maybe you did not want to extend it because of credit issues or maybe that borrower had better alternatives out there.

I don't know if you can give some color in terms of those two early repayments.

Peter Sack^ Loan number one was refinanced with a new credit facility in which Chicago Atlantic participated.

So we did not extend the loan, but we executed -- we participated and led a refinancing of the existing loan, number 27, the loan did pay off, and we opted not to pursue a refinancing for a number of decisions, some pricing, some credit related.

But I think it's a healthy mix that you should expect to see that some loans will be refinanced, some loans will be extended.

In the case of a loan being refinanced and Chicago Atlantic not leading the refinancing, it doesn't mean that we've -- that the relationship is over and that there won't be opportunities in the future.

Pablo Zuanic^ Then just a bigger picture.

I was looking at the press release on the third quarter conference call. I think back then, you talked about a pipeline of \$415 million, and now it's \$616 million, right?

So obviously up \$200 million. But on the other hand, you said no changes in pricing, no changes in terms of discussions.

I'm just -- I'm trying to reconcile the fact that the pipeline increased by 50%.

On the other hand, you're saying you're not changing the way you're evaluating risk based on rescheduling potential and that there's no changes in pricing.

I'm just trying to connect the two.

Peter Sack^ Yes. Pipeline is a proxy for opportunity set. But there is -- within that pipeline, there's a broad range of risk reward of opportunities.

As our capital becomes particularly constrained, and perhaps this is where you're going with your question, as our capital becomes constrained relative to the opportunity set, you obviously will see a forced change in selection and a forced change in the opportunities that we can fund and the risk reward that we're funding.

I think it's -- and we're constantly evaluating what is the pricing that we can extract and how can we manage those -- the levers of risk for the advantage of the funds.

And so what I think I wanted to address more specifically is that rescheduling has not led us to change -- to lower the bar of underwriting to decrease our credit underwriting standards to increase.

It's not leading us to increase the leverage at which we're willing to lend as another example. It's not leading us to decrease the pricing at which we're deploying capital or willing -- it's not changing our willingness to deploy capital at lower levels.

I hope that gives you some clarity on our mindset as we approach what is an evolving market opportunity.

Pablo Zuanic^ That's very helpful.

One last one, if I may.

Obviously, thank you for all the color you gave on the slide deck about the reform outlook and the positive impact for the industry.

Of course, I agree, but maybe playing a little bit devil's advocate and not pushing back.

I could make the argument that from a cash flow perspective, nothing changes for the companies because none of them including in some, are paying 280E tax, right?

So the only thing that would change -- it could change is that share prices go up a lot and the companies are able to issue equity. But as we saw on December 18, the jump in share prices didn't last very long, right?

So I'm afraid that we would have a situation, cash flow, we get rescheduling, but cash flow doesn't change, obviously because they're not paying ADE. Then we don't really have the ability for companies to issue equity because share prices don't go up so much.

So from that perspective, in practical terms, very little would change. I mean I'm sure you would disagree with me, but if you can comment on that, Peter, and that's my last question.

Peter Sack^ Yes. I think the fundamental disagreement is -- the fundamental piece that I would push back on is that is, I think how you view the current environment.

The concept that companies are accruing a tax liability and not -- and are accruing a tax liability and not paying those taxes is not a particularly sustainable one in the long-term. It's an aspect of underwriting that we focus on very intensely when we're evaluating new opportunities.

We're evaluating what amount of taxes are unpaid on their balance sheet today. If they're not current and not paying their 280E taxes, how might that balance grow over the life of our investment?

Then what guardrails can we put in place within the -- as far -- from a covenant perspective and a loan agreement perspective to ensure that those balances don't grow and that those balances and their nonpayment of taxes are factored into how we measure risk on a monthly basis when we receive their compliance certificates.

And so we look at the current environment and to use -- to paraphrase your words, we do not say oh, they're not paying their taxes, so it doesn't matter. We look at the current -- that current environment with a very healthy amount of skepticism and factored into how we underwrite our loans.

So when rescheduling does occur and those taxes are no longer being accrued because they're no longer due on a go-forward basis, that to us is a strong credit improvement.

Operator^ This concludes our question-and-answer session. The conference has now concluded.

Thank you for attending today's presentation.

You may now disconnect.