
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, 2023**

or

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

For the transition period from _____ to _____

Commission file number **000-56327**



NewLake Capital Partners, Inc.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

83-4400045
(I.R.S. Employer Identification No.)

50 Locust Avenue, First Floor, New Canaan CT 06840
(Address of principal executive offices)

203-594-1402
(Registrants Telephone number)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	None	None

Securities registered pursuant to section 12(g) of the Act:

Common Stock, par value \$0.01 per share

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. Yes No

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

The number of shares of the registrant's Common Stock, par value \$0.01 per share, outstanding as of November 7, 2023 was 20,694,363.

NewLake Capital Partners, Inc.

FORM 10-Q

September 30, 2023

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PART I - FINANCIAL INFORMATION**Item 1. Financial Statements.**

NEWLAKE CAPITAL PARTNERS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	September 30, 2023	December 31, 2022
	(Unaudited)	
Assets:		
Real Estate		
Land	\$ 21,397	\$ 21,427
Building and Improvements	382,087	378,047
Total Real Estate	403,484	399,474
Less Accumulated Depreciation	(28,931)	(19,736)
Net Real Estate	374,553	379,738
Cash and Cash Equivalents	31,065	45,192
In-Place Lease Intangible Assets, net	20,275	21,765
Loan Receivable	5,000	5,000
Property Held for Sale	1,949	—
Other Assets	2,300	2,554
Total Assets	<u>\$ 435,142</u>	<u>\$ 454,249</u>
Liabilities and Equity:		
Liabilities:		
Accounts Payable and Accrued Expenses	\$ 1,000	\$ 1,659
Revolving Credit Facility	1,000	1,000
Loan Payable, net	997	1,986
Dividends and Distributions Payable	8,231	8,512
Security Deposits	7,338	7,774
Rent Received in Advance	907	1,375
Other Liabilities	199	1,005
Total Liabilities	<u>19,672</u>	<u>23,311</u>
Commitments and Contingencies		
Equity:		
Preferred Stock, \$0.01 Par Value, 100,000,000 Shares Authorized, 0 and 0 Shares Issued and Outstanding, Respectively	—	—
Common Stock, \$0.01 Par Value, 400,000,000 Shares Authorized, 20,694,363 and 21,408,194 Shares Issued and Outstanding, Respectively	207	214
Additional Paid-In Capital	447,531	455,822
Accumulated Deficit	(39,635)	(32,487)
Total Stockholders' Equity	<u>408,103</u>	<u>423,549</u>
Noncontrolling Interests	7,367	7,389
Total Equity	<u>415,470</u>	<u>430,938</u>
Total Liabilities and Equity	<u>\$ 435,142</u>	<u>\$ 454,249</u>

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except share and per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Revenue:				
Rental Income	\$ 11,297	\$ 11,595	\$ 33,637	\$ 30,217
Interest Income from Loans	131	434	390	2,301
Fees and Reimbursables	63	49	256	239
Total Revenue	11,491	12,078	34,283	32,757
Expenses:				
Depreciation and Amortization Expense	3,568	3,630	10,698	9,113
General and Administrative Expenses:				
Compensation Expense	1,173	1,040	3,450	5,100
Professional Fees	300	279	986	1,486
Other General and Administrative Expenses	467	419	1,537	1,387
Total General and Administrative Expenses	1,940	1,738	5,973	7,973
Total Expenses	5,508	5,368	16,671	17,086
Loss on Sale of Real Estate	—	—	—	(60)
Income From Operations	5,983	6,710	17,612	15,611
Other Income (Expenses):				
Other Income	178	7	607	103
Interest Expense	(95)	(94)	(284)	(167)
Total Other Income (Expense)	83	(87)	323	(64)
Net Income	6,066	6,623	17,935	15,547
Net Income Attributable to Noncontrolling Interests	(108)	(113)	(312)	(262)
Net Income Attributable to Common Stockholders	\$ 5,958	\$ 6,510	\$ 17,623	\$ 15,285
Net Income Attributable to Common Stockholders Per Share - Basic	\$ 0.28	\$ 0.30	\$ 0.83	\$ 0.71
Net Income Attributable to Common Stockholders Per Share - Diluted	\$ 0.28	\$ 0.30	\$ 0.83	\$ 0.71
Weighted Average Shares of Common Stock Outstanding - Basic	21,199,638	21,428,905	21,330,046	21,417,149
Weighted Average Shares of Common Stock Outstanding - Diluted	21,582,314	21,802,487	21,710,101	21,815,763

The accompanying notes are an integral part of the consolidated financial statements

NEWLAKE CAPITAL PARTNERS, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)
(In thousands, except share amounts)

Three Months Ended September 30, 2023						
	Common Stock		Additional Paid- in Capital	Accumulated Deficit	Noncontrolling Interest	Total Equity
	Shares	Par				
Balance as of June 30, 2023	21,302,515	\$ 213	\$ 455,143	\$ (37,508)	\$ 7,328	\$ 425,176
Repurchase of Common Stock	(608,152)	(6)	(7,914)	—	—	(7,920)
Stock-Based Compensation	—	—	379	—	—	379
Dividends to Common Stock	—	—	—	(8,071)	—	(8,071)
Dividend Equivalents to Restricted Stock Units	—	—	—	(14)	—	(14)
Distributions to OP Unit Holders	—	—	—	—	(146)	(146)
Adjustment for Noncontrolling Interest Ownership in Operating Partnership	—	—	(77)	—	77	—
Net Income	—	—	—	5,958	108	6,066
Balance as of September 30, 2023	20,694,363	\$ 207	\$ 447,531	\$ (39,635)	\$ 7,367	\$ 415,470

Three Months Ended September 30, 2022						
	Common Stock		Additional Paid- in Capital	Accumulated Deficit	Noncontrolling Interest	Total Equity
	Shares	Par				
Balance as of June 30, 2022	21,318,637	\$ 213	\$ 456,083	\$ (29,395)	\$ 7,422	\$ 434,323
Conversion of Vested RSUs to Common Stock	85,180	1	(1)	—	—	—
Stock-Based Compensation	—	—	280	—	—	280
Dividends to Common Stock	—	—	—	(7,919)	—	(7,919)
Dividend Equivalents to Restricted Stock Units	—	—	—	(7)	—	(7)
Distributions to OP Unit Holders	—	—	—	—	(137)	(137)
Adjustment for Noncontrolling Interest Ownership in Operating Partnership	—	—	(10)	—	10	—
Net Income	—	—	—	6,510	113	6,623
Balance as of September 30, 2022	21,403,817	\$ 214	\$ 456,352	\$ (30,811)	\$ 7,408	\$ 433,163

The accompanying notes are an integral part of the consolidated financial statements

NEWLAKE CAPITAL PARTNERS, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)
(In thousands, except share amounts)

Nine Months Ended September 30, 2023						
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Noncontrolling Interest	Total Equity
	Shares	Par				
Balance as of December 31, 2022	21,408,194	\$ 214	\$ 455,822	\$ (32,487)	\$ 7,389	\$ 430,938
Repurchase of Common Stock	(713,831)	(7)	(9,247)	—	—	(9,254)
Stock-Based Compensation	—	—	1,060	—	—	1,060
Dividends to Common Stock	—	—	—	(24,709)	—	(24,709)
Dividend Equivalents to Restricted Stock Units	—	—	—	(62)	—	(62)
Distributions to OP Unit Holders	—	—	—	—	(438)	(438)
Adjustment for Noncontrolling Interest Ownership in Operating Partnership	—	—	(104)	—	104	—
Net Income	—	—	—	17,623	312	17,935
Balance as of September 30, 2023	20,694,363	\$ 207	\$ 447,531	\$ (39,635)	\$ 7,367	\$ 415,470

Nine Months Ended September 30, 2022						
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Noncontrolling Interest	Total Equity
	Shares	Par				
Balance as of December 31, 2021	21,235,914	\$ 213	\$ 450,916	\$ (23,574)	\$ 11,780	\$ 439,335
Conversion of Vested RSUs to Common Stock	88,182	1	125	—	(126)	—
Conversion of OP Units to Common Stock	79,721	—	1,586	—	(1,586)	—
Stock-Based Compensation	—	—	1,201	—	—	1,201
Dividends to Common Stock	—	—	—	(22,410)	—	(22,410)
Dividend Equivalents to Restricted Stock Units	—	—	—	(112)	—	(112)
Distributions to OP Unit Holders	—	—	—	—	(398)	(398)
Adjustment for Noncontrolling Interest Ownership in Operating Partnership	—	—	2,524	—	(2,524)	—
Net Income	—	—	—	15,285	262	15,547
Balance as of September 30, 2022	21,403,817	\$ 214	\$ 456,352	\$ (30,811)	\$ 7,408	\$ 433,163

The accompanying notes are an integral part of the consolidated financial statements

NEWLAKE CAPITAL PARTNERS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	For the Nine Months Ended	
	September 30, 2023	September 30, 2022
Cash Flows from Operating Activities:		
Net Income	\$ 17,935	\$ 15,547
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Stock-Based Compensation	1,060	1,201
Loss on Sale of Real Estate	—	60
Depreciation and Amortization Expense	10,698	9,113
Amortization of Debt Issuance Costs	201	72
Amortization of Debt Discount	10	20
Non-Cash Application of Security Deposit	(945)	—
Changes in Assets and Liabilities		
Other Assets	22	(1,618)
Accounts Payable and Accrued Expenses	(659)	577
Security Deposits	510	1,263
Interest Reserve	—	(2,144)
Rent Received in Advance	(468)	(567)
Other Liabilities	(761)	—
Net Cash Provided by Operating Activities	27,603	23,524
Cash Flows from Investing Activities:		
Funding of Tenant Improvements	(5,609)	(43,518)
Investment in Loans Receivable	—	(5,000)
Acquisition of Real Estate	(350)	(35,419)
Disposition of Real Estate	—	761
Net Cash Used in Investing Activities	(5,959)	(83,176)
Cash Flows from Financing Activities:		
Repurchase of Common Stock	(9,254)	—
Common Stock Dividends Paid	(24,987)	(21,074)
Restricted Stock Units Dividend Equivalents Paid	(65)	(147)
Distributions to OP Unit Holders	(437)	(401)
Borrowings from Revolving Credit Facility	—	1,000
Principal Repayment on Loan Payable	(1,000)	(1,800)
Deferred Financing Costs	(28)	—
Net Cash Used in Financing Activities	(35,771)	(22,422)
Net (Decrease) in Cash and Cash Equivalents	(14,127)	(82,074)
Cash and Cash Equivalents - Beginning of Period	45,192	127,097
Cash and Cash Equivalents - End of Period	\$ 31,065	\$ 45,023
Supplemental Disclosure of Cash Flow Information:		
Interest Paid	\$ 123	\$ 15
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Dividends and Distributions Declared, Not Paid	\$ 8,231	\$ 8,064
Conversion of Mortgage Loan Receivable to Real Estate	\$ —	\$ 30,000
Operating lease liability for obtaining right of use asset	\$ —	\$ 277

The accompanying notes are an integral part of the consolidated financial statements

NEWLAKE CAPITAL PARTNERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2023
(Unaudited)

Note 1 - Organization

NewLake Capital Partners, Inc. (the "Company"), a Maryland corporation, was formed on April 9, 2019, originally as GreenAcreage Real Estate Corp. ("GARE"). The Company is an internally managed Real Estate Investment Trust ("REIT") focused on providing long-term, single-tenant, triple-net sale-leaseback and build-to-suit transactions for the cannabis industry. The Company conducts its business through its subsidiary, NLCP Operating Partnership LP, a Delaware limited partnership (the "Operating Partnership" or "OP"). The Company holds a controlling equity interest in the Operating Partnership and is the sole general partner. The Company's common stock trades on the OTCQX® Best Market operated by the OTC Markets Group, Inc., under the symbol "NLCP".

Note 2 - Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of the Company, the Operating Partnership, as well as wholly owned subsidiaries of the Operating Partnership and variable interest entities ("VIEs") in which the Company is considered the primary beneficiary. The accompanying unaudited financial statements and related notes have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") for interim financial statements and with the instructions to Form 10-Q and Article 10 of Regulation S-X. They do not include all of the information and footnotes required by GAAP for complete financial statements. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements. In management's opinion, all adjustments (which include only normal recurring adjustments) necessary to present fairly the Company's financial position, results of operations and cash flows have been made. The results of operations for the three and nine months ended September 30, 2023 are not necessarily indicative of the operating results for the full year or any future period. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, and filed with the Securities and Exchange Commission ("SEC") on March 9, 2023.

Substantially all of the Company's asset are held by and all of its operations are conducted through the Operating Partnership. The Company is the sole managing general partner of the Operating Partnership. Noncontrolling investors in the Operating Partnership are included in Noncontrolling Interest in the Company's consolidated financial statements. Refer to Note 8 for details. The Operating Partnership is a VIE because the holders of limited partnership interests do not have substantive kick-out rights or participating rights. Furthermore, the Company is the primary beneficiary of the Operating Partnership because it has the obligation to absorb losses and the right to receive benefits from the Operating Partnership and the exclusive power to direct the activities of the Operating Partnership. As of September 30, 2023 and December 31, 2022, the assets and liabilities of the Company and the Operating Partnership are substantially the same, as the Company does not have any significant assets other than its investment in the Operating Partnership.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Management will adjust such estimates when facts and circumstances dictate. Such estimates include, but are not limited to, useful lives for depreciation of property, the fair value and impairment of property and in-place lease intangibles acquired, and the fair value of stock-based compensation. Actual results could differ from those estimates.

NEWLAKE CAPITAL PARTNERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2023
(Unaudited)

Note 2 - Basis of Presentation and Summary of Significant Accounting Policies (continued)

Reclassification

Certain prior year balances have been reclassified to conform to the Company's current year presentation.

Significant Accounting Policies

There have been no changes to the Company's accounting policies included in Note 2 to the Consolidated Financial Statements of the Company's Annual Report on Form 10-K for the year ended December 31, 2022, except as follows:

Property Held for Sale

The Company classifies real estate held for sale when the following criteria are met: (i) management commits to a plan to sell the property, (ii) the property is available for sale, (iii) the property is actively being marketed for sale at a price that is reasonable, (iv) the sale of the property within one year is considered probable, and (v) significant change to the plan to sell the property is not expected. A real estate asset held for sale is classified as "Property Held for Sale" in the consolidated balance sheets. A property classified as held for sale is no longer depreciated and is required to be reported at the lower of its carrying value or its fair value less cost to sell.

Financial Instruments - Credit Losses

The Company adopted Accounting Standards Codification ("ASC") ASC 326, Financial Instruments - Credit Losses ("CECL") on January 1, 2023, which did not have a material impact to its financial statements. The CECL expected loss model requires an allowance for all expected credit losses for the life of a loan be recognized when the loan is either originated or acquired. The allowance for credit losses is a valuation account that is deducted from, or added to, the amortized cost basis of the financial asset(s) to present the net amount expected to be collected on the financial asset(s). At each reporting period, the company will update its estimate and adjust the allowance for credit losses accordingly. Increases in the allowance are recorded through net income as credit loss expense. Decreases in the allowance are recorded through net income as a reversal of credit loss expense. This standard does not specify a specific measurement technique for estimating expected credit losses. Approaches can vary based on a variety of factors. The Company generally uses a discounted cash flow model approach to determine the credit loss, if any, for its financial instruments subject to the CECL guidance.

NEWLAKE CAPITAL PARTNERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2023
(Unaudited)

Note 3 - Real Estate

As of September 30, 2023, the Company owned 32 properties, including one that is classified as held for sale, located in 12 states. The following table presents the Company's held for investment real estate portfolio as of September 30, 2023 (dollars in thousands):

Tenant	Market	Site Type	Land	Building and Improvements	Total Real Estate	Accumulated Depreciation	Net Real Estate
Acreage	Connecticut	Dispensary	\$ 395	\$ 534	\$ 929	\$ (71)	\$ 858
Acreage	Massachusetts	Cultivation	481	9,310	9,791	(1,091)	8,700
Acreage	Pennsylvania	Cultivation	952	9,209	10,161	(1,042)	9,119
Ayr Wellness, Inc.	Nevada	Cultivation	1,002	12,577	13,579	(484)	13,095
Ayr Wellness, Inc.	Pennsylvania	Cultivation	2,964	11,565	14,529	(512)	14,017
Bloom Medicinal (1)	Missouri	Cultivation	948	14,346	15,294	(419)	14,875
Calypso Enterprises	Pennsylvania	Cultivation	1,486	28,514	30,000	(1,168)	28,832
Columbia Care	California	Dispensary	1,082	2,692	3,774	(219)	3,555
Columbia Care	Illinois	Dispensary	162	1,053	1,215	(83)	1,132
Columbia Care	Illinois	Cultivation	801	10,560	11,361	(838)	10,523
Columbia Care	Massachusetts	Dispensary	108	2,212	2,320	(194)	2,126
Columbia Care	Massachusetts	Cultivation	1,136	12,690	13,826	(1,348)	12,478
Cresco Labs	Illinois	Cultivation	276	50,456	50,732	(5,368)	45,364
Curaleaf	Connecticut	Dispensary	184	2,748	2,932	(232)	2,700
Curaleaf	Florida	Cultivation	388	75,595	75,983	(5,765)	70,218
Curaleaf	Illinois	Dispensary	69	525	594	(46)	548
Curaleaf	Illinois	Dispensary	65	959	1,024	(87)	937
Curaleaf	Illinois	Dispensary	606	1,128	1,734	(101)	1,633
Curaleaf	Illinois	Dispensary	281	3,072	3,353	(266)	3,087
Curaleaf	North Dakota	Dispensary	779	1,395	2,174	(124)	2,050
Curaleaf	Ohio	Dispensary	574	2,788	3,362	(281)	3,081
Curaleaf	Pennsylvania	Dispensary	877	1,041	1,918	(118)	1,800
Curaleaf	Pennsylvania	Dispensary	216	2,011	2,227	(174)	2,053
Greenlight (2)	Arkansas	Dispensary	238	1,919	2,157	(166)	1,991
Mint (3)	Arizona	Cultivation	2,400	12,907	15,307	—	15,307
Organic Remedies	Missouri	Cultivation	204	20,897	21,101	(1,910)	19,191
PharmaCann	Massachusetts	Dispensary	411	1,701	2,112	(261)	1,851
PharmaCann	Ohio	Dispensary	281	1,269	1,550	(33)	1,517
PharmaCann	Pennsylvania	Dispensary	44	1,271	1,315	(100)	1,215
Revolutionary Clinics	Massachusetts	Cultivation	926	41,934	42,860	(2,768)	40,092
Trulieve	Pennsylvania	Cultivation	1,061	43,209	44,270	(3,662)	40,608
Total Real Estate(4)			\$ 21,397	\$ 382,087	\$ 403,484	\$ (28,931)	\$ 374,553

(1) A portion of this investment is currently under development. Once the expansion is completed and placed in service, the Company will begin depreciating this part of the property.

(2) GL Partners, Inc. (Greenlight) took over as tenant, however Curaleaf remains the guarantor subject to certain conditions in the lease agreement.

(3) This property is under development. Once completed and placed in service, the Company will start depreciating this property.

(4) The table does not include one property held for sale.

NEWLAKE CAPITAL PARTNERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 September 30, 2023
 (Unaudited)

Note 3 - Real Estate (continued)

Real Estate Acquisitions

In March 2023, the Company exercised its option and invested approximately \$350 thousand to acquire one parcel of land and committed to fund \$16.2 million to expand an existing cultivation facility in Missouri (refer to the Tenant Improvement ("TI") table below).

The following table presents the real estate acquisition for the nine months ended September 30, 2023 (in thousands):

Tenant	Market	Site Type	Closing Date	Real Estate Acquisition Costs
Bloom Medicinal	Missouri	Cultivation	March 3, 2023	\$ 350 ⁽¹⁾
Total				\$ 350

(1) The Company exercised its option to purchase the adjacent parcel of land to expand its cultivation facility in Missouri and has committed to fund \$16.2 million for the expansion.

During the year ended December 31, 2022, the Company invested approximately \$67.0 million to acquire four cultivation facilities and one dispensary. The following table presents the real estate acquisitions for the year ended December 31, 2022 (in thousands):

Tenant	Market	Site Type	Closing Date	Real Estate Acquisition Costs ⁽¹⁾
Bloom Medicinal	Missouri	Cultivation	April 1, 2022	\$ 7,301 ⁽²⁾
Ayr Wellness, Inc.	Pennsylvania	Cultivation	June 30, 2022	14,529
Ayr Wellness, Inc.	Nevada	Cultivation	June 30, 2022	13,579
Calypso Enterprises	Pennsylvania	Cultivation	August 5, 2022	30,000 ⁽³⁾
PharmaCann	Ohio	Dispensary	November 3, 2022	1,550
Total				\$ 66,959

(1) Includes the purchase price (and in some cases, transaction costs that have been capitalized into the purchase price) and TI commitments funded at closing, if any, as of December 31, 2022. Excludes TI commitments not funded as of December 31, 2022.

(2) Includes approximately \$5.0 million of TI funded at closing of the property.

(3) The Company entered into a \$30.0 million mortgage loan on October 29, 2021, which converted to a sale-leaseback on August 5, 2022.

Conversion of Mortgage Loan

The Company funded a \$30.0 million mortgage loan to Hero Diversified Associates, Inc. ("HDAI" or "Calypso") on October 29, 2021. On August 5, 2022 the mortgage loan converted to a twenty year sale-leaseback and the Company recorded land and building and improvements which have been included in "Total Real Estate" on the consolidated balance sheets.

NEWLAKE CAPITAL PARTNERS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2023
(Unaudited)

Note 3 - Real Estate (continued)

Tenant Improvements Funded

During the nine months ended September 30, 2023, the Company funded approximately \$5.6 million of tenant improvements. The following table presents the tenant improvements funded for the nine months ended September 30, 2023 (in thousands):

Tenant	Market	Site Type	Closing Date	TI Funded	Unfunded Commitments
Mint	Arizona	Cultivation	June 24, 2021	\$ 2,366	\$ 5,703 ⁽¹⁾
Organic Remedies	Missouri	Cultivation	December 20, 2021	282	—
Bloom Medicinal	Missouri	Cultivation	April 1, 2022	2,961 ⁽²⁾	13,722
Ayr Wellness, Inc.	Pennsylvania	Cultivation	June 30, 2022	—	750
Total				\$ 5,609	\$ 20,175

(1) Effective June 1, 2023, the lease agreement was amended to include an additional TI commitment of approximately \$5 million.

(2) Approximately \$534 thousand of the TI funded related to our commitment prior to exercising our option related to the additional parcel.

During the year ended December 31, 2022, the Company funded approximately \$45.2 million of tenant improvements. The following table presents the tenant improvements funded for the year ended December 31, 2022 (in thousands):

Tenant	Market	Site Type	Closing Date	TI Funded	Unfunded Commitments
Curaleaf	Florida	Cultivation	August 4, 2020	\$ 20,983 ⁽¹⁾	\$ —
Mint	Massachusetts	Cultivation	April 1, 2021	349	—
Mint	Arizona	Cultivation	June 24, 2021	7,415	1,554 ⁽²⁾
PharmaCann	Massachusetts	Dispensary	March 17, 2021	25	—
Trulieve	Pennsylvania	Cultivation	March 17, 2021	7,046 ⁽³⁾	—
Organic Remedies	Missouri	Cultivation	December 20, 2021	4,745	282
Bloom Medicinal	Missouri	Cultivation	April 1, 2022	4,682	534 ⁽⁴⁾
Ayr Wellness, Inc.	Pennsylvania	Cultivation	June 30, 2022	—	750
Total				\$ 45,245	\$ 3,120

(1) On June 16, 2022, the Company funded the expansion of an existing property.

(2) The tenant had been paying rent for the remaining commitment since July 2022 in accordance with the lease agreement.

(3) The tenant had been paying rent for the TI since December 2021 in accordance with the lease agreement. As of May 2022, the TI had been fully funded.

(4) The unfunded commitment did not include an option, because the Company did not have an obligation to acquire the adjacent property from an existing tenant and fund TIs.

Disposal of Real Estate

There were no sales of real estate during the nine months ended September 30, 2023.

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Note 3 - Real Estate (continued)

On March 21, 2022, the Company sold one of its Massachusetts properties for approximately \$0.8 million, which was leased to PharmaCann. The Company recognized a loss on sale of the property of \$60 thousand. PharmaCann continued to pay rent for the sold Massachusetts property through increased rent payments from each of the remaining two properties leased by PharmaCann until a suitable replacement property was found. In November 2022 a replacement property was acquired by the Company and leased to PharmaCann.

Real Estate Held for Sale

The Company is under contract with a broker to sell a property with a carrying amount of \$1.9 million located in Massachusetts leased to Mint. The property is available for immediate sale in its present condition and management expects the property will sell within one year, accordingly the property is classified in "Property Held for Sale" in the accompanying consolidated balance sheet. The lease agreement contains a make-whole provision. As of September 30, 2023, the property continues to be recorded at its carrying value.

On August 25, 2023, the Company entered into a purchase and sale agreement for the sale of its Massachusetts property that is leased to Mint, subject to customary buyer's due diligence. In connection with the agreement, the buyer deposited \$100,000 into an escrow account. The escrow deposit was fully refundable if the contract was terminated during the due diligence period. As of September 30, 2023, the due diligence period had expired and \$75,000 of the escrow deposit was non-refundable in the event the buyer terminated the contract. The escrow deposit was not recorded in the accompanying consolidated balance sheet as of September 30, 2023. The sale closed subsequent to September 30, 2023, refer to Note 15 - Subsequent Events for details.

Construction in Progress

As of September 30, 2023 and December 31, 2022, construction in progress was \$5.3 million and \$12.1 million, respectively, and is classified in "Buildings and Improvements" in the accompanying consolidated balance sheets.

Depreciation and Amortization

Depreciation expense for the three months ended September 30, 2023 and 2022 was \$3.1 million and \$3.1 million, respectively. Depreciation expense for the nine months ended September 30, 2023 and 2022, was \$9.2 million and \$7.6 million, respectively.

Amortization of the Company's acquired in-place lease intangible assets was approximately \$0.5 million for both the three months ended September 30, 2023 and 2022. Amortization of the Company's acquired in-place lease intangible assets was approximately \$1.5 million for both the nine months ended September 30, 2023 and 2022. The acquired in-place lease intangible assets have a weighted average remaining amortization period of 10.5 years.

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In-place Leases

The following table presents the future amortization of the Company's acquired in-place leases as of September 30, 2023 (in thousands):

Year	Amortization Expense
2023 (three months ending December 31, 2023)	\$ 496
2024	1,985
2025	1,985
2026	1,985
2027	1,985
Thereafter	11,839
Total	\$ 20,275

Impairment

The Company reviewed tenant activities and changes in the business condition of all of its properties and reviewed the existence of potential triggering events for impairment indicators to determine if there were impairments at any property. Based on our review, as of September 30, 2023 and September 30, 2022, no impairment losses were recognized.

Note 4 - Leases***As Lessor***

The Company's properties are leased to single tenants on a long-term, triple-net basis, which obligates the tenant to be responsible for the ongoing expenses of a property, in addition to its rent obligations. Under certain circumstances the Company will pay for certain expenses on behalf of the tenant and the tenant is required to reimburse the Company. The presentation in the statements of operations for these expenses are gross where the Company records revenue and a corresponding reimbursable expense. Expenses paid directly by a tenant are not reimbursable and therefore not reflected in the statement of operations. The amount may differ due to timing. The revenues associated with the reimbursable expenses were classified in "Fees and Reimbursables" in the accompanying consolidated statements of operations. For the three months ended September 30, 2023, and 2022 the reimbursable revenues were \$14.5 thousand and \$4.9 thousand, respectively. For the nine months ended September 30, 2023, and 2022 the reimbursable revenues were \$111.9 thousand, and \$138.6 thousand, respectively. The reimbursable expenses were classified in "Other General and Administrative Expenses" in the accompanying consolidated statements of operations. The reimbursable expenses for the three months ended September 30, 2023 and 2022 were \$77.9 thousand and \$14.8 thousand, respectively. For the nine months ended September 30, 2023 and 2022 reimbursable expenses were \$228.1 thousand, and \$148.4 thousand, respectively.

The Company's tenants operate in the cannabis industry. All of the Company's leases generally contain annual increases in rent (typically between 2% and 3%) over the expiring rental rate at the time of expiration. Certain leases of the Company also contain a Tenant Improvement Allowance ("TIA"). TIA is generally available to be funded between 12 and 18 months. In some leases, the tenant becomes liable to pay rent as if the full TIA has been funded, even if there are still unfunded commitments. TIA also contains annual increases which generally increase at the same rate as base rent, per the lease agreement. Certain of the Company's leases provide the lessee with a right of first refusal or right of first offer in the event the Company markets the leased property for sale. Two of the Company's leases that were entered into in December 2019 provide the lessee with a purchase option to

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purchase the leased property at the end of the initial lease term in December 2029, subject to the satisfaction of certain conditions. The purchase option provision allows the lessee to purchase the leased property for an amount based on the fair market value of the Company's investment. As of September 30, 2023, the Company's gross investment in these two properties was approximately \$6.3 million.

The following table presents the future contractual minimum rent under the Company's operating leases as of September 30, 2023 (in thousands):

Year	Contractual Minimum Rent⁽¹⁾
2023 (three months ending December 31, 2023)	\$ 12,463
2024	52,076
2025	54,333
2026	55,734
2027	57,171
Thereafter	609,709
Total	\$ 841,486

(1) This table includes future contractual rent from one non-performing tenant who did not pay rent for the nine months ended September 30, 2023. Subsequent to September 30, 2023, the Company reached an agreement to amend the existing lease agreement. Refer to Note 15 - Subsequent Events for details.

Concentration of Credit Risk

The ability of any of the Company's tenants to honor the terms of its lease are dependent upon the economic, regulatory, competitive, natural and social factors affecting the community in which that tenant operates.

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Note 4 - Leases (continued)

The following table presents the five tenants in the Company's portfolio that represented the largest percentage of the Company's recognized rental income for each of the periods presented:

For the Three Months Ended September 30,					
2023			2022		
Tenant	Number of Leases	Percentage of Rental Income⁽¹⁾	Tenant	Number of Leases	Percentage of Rental Income⁽¹⁾
Curaleaf	10	25%	Curaleaf	10	25%
Cresco Labs	1	15%	Cresco Labs	1	17%
Trulieve	1	12%	Trulieve	1	14%
Columbia Care	5	9%	Revolutionary Clinics ⁽³⁾	1	13%
Calypso	1 ⁽²⁾	8%	Columbia Care	5	10%

(1) Calculated based on rental income received during the period. This amount excludes revenue from fees and reimbursements.

(2) This tenant held a mortgage loan as of the three months ended September 30, 2022, therefore the Company received interest income rather than rental income during that period. In August 2022, the mortgage loan converted to a twenty year sale-leaseback.

(3) This tenant is in default of its lease agreement. For the three months ended September 30, 2023, the Company applied approximately \$5 thousand of their security deposit towards the outstanding rent.

For the Nine Months Ended September 30,					
2023			2022		
Tenant	Number of Leases	Percentage of Rental Income⁽¹⁾	Tenant	Number of Leases	Percentage of Rental Income⁽¹⁾
Curaleaf	10	25%	Curaleaf	10	25%
Cresco Labs	1	14%	Cresco Labs	1	16%
Trulieve	1	12%	Trulieve	1	13%
Columbia Care	5	9%	Revolutionary Clinics ⁽³⁾	1	13%
Calypso	1 ⁽²⁾	8%	Columbia Care	5	10%

(1) Calculated based on rental income received during the period. This amount excludes revenue from fees and reimbursements.

(2) This tenant held a mortgage loan as of the nine months ended September 30, 2022, therefore the Company received interest income rather than rental income during that period. In August 2022, the mortgage loan converted to a twenty year sale-leaseback.

(3) This tenant failed to pay rental income during the nine months ended September 30, 2023. A security deposit of approximately \$45 thousand was applied towards the outstanding rent.

Non-Performing Tenant

For the nine months ended September 30, 2023, Revolutionary Clinics failed to pay contractual rent under one lease agreement. The Company is currently in discussion with the tenant to negotiate a resolution, which could include rent deferrals, rent concessions or other concessions. The Company held a security deposit of approximately three months of contractual rent, of which the Company applied \$945 thousand towards the outstanding rent during the nine months ended September 30, 2023. Approximately \$315 thousand of security deposit remains for future application. Subsequent to September 30, 2023, the Company reached an agreement to restructure the existing lease agreement. Refer to Note 15 - Subsequent Events for details.

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Note 4 - Leases (continued)*As Lessee*

As of September 30, 2023, the Company was the lessee under one office lease that qualifies under the right-of-use ("ROU") model. Upon entering into the lease in June 2022, the Company recorded a ROU asset of \$273 thousand which is classified in "Other Assets" and a lease liability, which is classified in "Other Liabilities" in the accompanying consolidated balance sheets. The ROU asset is amortized over the remaining lease term. The amortization is made up of the principal amortization under the lease liability plus or minus the straight-line adjustment of the operating lease rent.

The following table presents the future contractual rent obligations as lessee as of September 30, 2023 (in thousands):

Year	Contractual Base Rent
2023 (three months ended December 31, 2023)	\$ 19
2024	75
2025	77
2026	52
Total Minimum Lease Payments	\$ 223
Less: Amount Discounted Using Incremental Borrowing Rate	84
Total Lease Liability	\$ 139

As of September 30, 2023, the weighted-average discount rate used to calculate the lease liability was 5.65% and the remaining lease term was 2.92 years.

Note 5 – Loan Receivable

The Company funded a \$5.0 million unsecured loan to Bloom Medicinals on June 10, 2022. The loan initially bore interest at a rate of 10.25% and is structured to increase annually in April by the product of 1.0225 times the interest rate in effect immediately prior to the anniversary date. The loan can be prepaid at any time without penalty and matures on June 30, 2026. The loan is cross defaulted with their lease agreement with the Company. As of September 30, 2023, the aggregate principal amount outstanding on the unsecured loan receivable was \$5.0 million with an interest rate of 10.48%.

CECL Reserve

The Company adopted CECL on January 1, 2023, which did not have a material impact on its financial statements. The Company has only one \$5.0 million unsecured loan (discussed above) subject to this guidance, since originating loans is not a core asset class. Estimating the CECL reserve requires significant judgement and based on the Company's analysis as of September 30, 2023, the reserve was de-minimis.

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Note 6 – Financings

Seller Financing

In connection with the purchase and leaseback of a cultivation facility in Chaffee, Missouri on December 20, 2021, the Company entered into a \$8 million loan payable to the seller, which is an independent third party from the tenant. The loan bears interest at a rate of 4.0% per annum. Principal on the loan is payable in annual installments of which \$1.8 million and \$1.0 million were paid in January 2022 and January 2023, respectively. The remaining principal of \$1.0 million and accrued interest is payable in January 2024. The loan's outstanding balance as of September 30, 2023 was \$1.0 million and the remaining unamortized discount was \$3.4 thousand.

Revolving Credit Facility

On May 6, 2022, the Company's Operating Partnership entered into a loan and security agreement (the "Loan and Security Agreement") with a commercial federally regulated bank, as a lender and as agent for lenders that become party thereto from time to time (the "Agent"). The Loan and Security Agreement matures on May 6, 2027. The Loan and Security Agreement provides, subject to the Accordion Feature described below, \$30.0 million in aggregate commitments for secured revolving loans ("Revolving Credit Facility"), the availability of which is based on a borrowing base consisting of fee simple owned real properties that satisfy eligibility criteria specified in the Loan and Security Agreement and the lease income thereunder which are owned by certain subsidiaries of the Operating Partnership.

On July 29, 2022, the Operating Partnership, entered into an amendment to the Revolving Credit Facility, amending the Loan and Security Agreement, to increase the aggregate commitment under the Revolving Credit Facility from \$30.0 million to \$90.0 million and added two additional lenders. The Loan and Security Agreement also allows the Company, subject to certain conditions, to request additional revolving incremental loan commitments such that the Revolving Credit Facility may be increased to a total aggregate principal amount of up to \$100.0 million. Borrowings under the Revolving Credit Facility may be voluntarily prepaid and re-borrowed, subject to certain fees.

The Revolving Credit Facility bears a fixed rate of 5.65% for the first three years and thereafter a variable rate based upon the greater of (a) the Prime Rate quoted in the Wall Street Journal (Western Edition) ("Base Rate") plus an applicable margin of 1.0% or (b) 4.75%.

As of September 30, 2023, the Company had approximately \$1.0 million in borrowings under the Revolving Credit Facility and \$89.0 million in funds available to be drawn, subject to sufficient collateral in the borrowing base.

The facility is subject to certain liquidity and operating covenants and includes customary representations and warranties, affirmative and negative covenants and events of default. As of September 30, 2023, the Company complied with the terms of such covenants.

Note 7 - Related Party Transactions

Merger Agreement

In connection with the merger, pursuant to which we combined the Company with a separate company that owned a portfolio of dispensaries and cultivation facilities utilized in the cannabis industry, and renamed ourselves NewLake Capital Partners, Inc. (the "Merger") on March 17, 2021, the Company entered into an Investor Rights Agreement (the "Investor Rights Agreement"). The Investor Rights Agreement provides the stockholders party thereto with certain rights with respect to the nomination of members to the Company's board of directors. Prior to the completion of the Company's IPO, pursuant to the Investor Rights Agreement, HG Vora Capital Management,

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Note 7 - Related Party Transactions (continued)

LLC (“HG Vora”) had the right to nominate four directors to our board of directors. Following the completion of our IPO, for so long as HG Vora owns (i) at least 9% of our issued and outstanding common stock for 60 consecutive days, HG Vora may nominate two of the members of our board of directors, and (ii) at least 5% of our issued and outstanding common stock for 60 consecutive days, HG Vora may nominate one member of our board of directors. If HG Vora owns less than 5% of our issued and outstanding common stock for 60 consecutive days, then HG Vora may not nominate any members of our board of directors pursuant to the Investor Rights Agreement.

Following the completion of our IPO, the West Stockholders may nominate one member of our board of directors for so long as the West Stockholders own in the aggregate at least 5% of the issued and outstanding shares of our common stock. If the West Stockholders own in the aggregate less than 5% of our issued and outstanding common stock for 60 consecutive days, then the West Stockholders may not nominate any members of our board of directors pursuant to the Investor Rights Agreement.

Following the completion of our IPO, Pangea may nominate one member of our board of directors for so long as Pangea owns at least 4% of our issued and outstanding common stock for 60 consecutive days. If Pangea owns less than 4% of our issued and outstanding common stock for 60 consecutive days, then Pangea may not nominate any members of our board of directors pursuant to the Investor Rights Agreement.

Note 8 - Noncontrolling Interests

The Company's noncontrolling interests represent limited partnership interest in the Operating Partnership not held by the Company. Noncontrolling interests represented 1.7% ownership in the Operating Partnership at September 30, 2023 and December 31, 2022.

The following table presents the activity for the Company's noncontrolling interests issued by the Operating Partnership for the nine months ended September 30, 2023 and the year ended December 31, 2022:

	September 30, 2023			December 31, 2022		
	OP Units	Noncontrolling Interests %		OP Units	Noncontrolling Interests %	
Balance at January 1,	373,582	1.7	%	453,303	2.1	%
OP Units Converted	—	—	%	(79,721)	(0.4)	%
Balance at End of Period	373,582	1.7	%	373,582	1.7	%

Note 9 - Stock Based Compensation

The Company's board of directors adopted the 2021 Equity Incentive Plan (the “Plan”), to provide employees of the Company and its subsidiaries, certain consultants and advisors who perform services for the Company or its subsidiaries, and non-employee members of the board of directors of the Company with the opportunity to receive grants of incentive stock options, nonqualified stock options, stock appreciation rights, stock awards, stock units, other stock-based awards, and cash awards to enable the Company to motivate, attract and retain the services of directors, officers and employees considered essential to the long term success of the Company. Under the terms of the Plan, the aggregate number of shares of awards will be no more than 2,275,727 shares. If and to the extent shares of awards granted under the Plan, expire or are canceled, forfeited, exchanged or surrendered without having been exercised, or if any stock awards, stock units or other stock-based awards are forfeited, terminated or otherwise not paid in full, the shares subject to such grants shall again be available for issuance or transfer under the Plan. The Plan has a term of ten years until August 12, 2031. As of September 30, 2023, there were approximately 1,912,535 shares available for issuance under the Plan.

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Note 9 - Stock Based Compensation (continued)

Restricted Stock Units

Restricted Stock Units ("RSUs") are granted to certain directors, officers and employees of the Company. Per the terms of the agreements, certain director RSUs that vest cannot be converted until the director separates from the Company. Total outstanding RSUs as of September 30, 2023 and 2022 were 106,820 and 54,175, respectively.

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Note 9 - Stock Based Compensation (continued)

Unvested Restricted Stock Units

The following table sets forth the Company's unvested RSU activity for the nine months ended September 30,:

	For the Nine Months Ended September 30,			
	2023		2022	
	Number of Unvested Shares of RSUs	Weighted Average Grant Date Fair Value Per Share	Number of Unvested Shares of RSUs	Weighted Average Grant Date Fair Value Per Share
Balance at January 1,	29,255	\$ 22.89	45,018	\$ 27.49
Granted	59,031	\$ 12.87	19,362	\$ 20.54
Forfeited	—	\$ —	(8,566)	\$ 27.49
Vested	(18,318)	\$ 23.54	(20,173)	\$ 27.49
Balance at September 30,	<u>69,968</u>	<u>\$ 15.15</u>	<u>35,641</u>	<u>\$ 23.71</u>

Vested Restricted Stock Units

The following table sets forth the Company's vested RSU activity for the nine months ended September 30,:

	For the Nine Months ended September 30,			
	2023		2022	
	Number of Vested Shares of RSUs	Weighted Average Grant Date Fair Value Per Share	Number of Vested Shares of RSUs	Weighted Average Grant Date Fair Value Per Share
Balance at January 1,	18,534	\$ 23.93	127,176	\$ 21.08
Vested	18,318	20.14	9,493	27.49
Converted	—	—	(118,135)	21.15
Balance at September 30,	<u>36,852</u>	<u>\$ 22.05</u>	<u>18,534</u>	<u>\$ 23.93</u>

Each RSU represents the right to receive one share of common stock upon vesting. Each RSU is also entitled to receive a dividend equivalent payment equal to the dividend paid on one share of common stock upon vesting. Unearned dividend equivalents on unvested RSUs as of September 30, 2023 and 2022 were \$8,756 and \$35,850, respectively.

The amortization of compensation costs for the awards of RSUs are classified in "Compensation Expense" in the accompanying consolidated statements of operations and amounted to approximately \$0.5 million and \$0.8 million for the nine months ended September 30, 2023 and 2022, respectively. Included in the \$0.8 million of stock-based compensation for the nine months ended September 30, 2022 is approximately \$0.2 million of accelerated expense related to the retirement and separation of certain officers. There was no accelerated expense for the nine months ended September 30, 2023. The amortization of compensation costs for the awards of RSUs amounted to approximately \$0.2 million and \$0.1 million for the three months ended September 30, 2023 and 2022, respectively. The remaining unrecognized compensation cost of approximately \$0.7 million for RSU awards is expected to be recognized over a weighted average amortization period of 1.2 years as of September 30, 2023.

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Note 9 - Stock Based Compensation (continued)

Performance Stock Units

Performance Stock Units (“PSUs”) are granted to officers and certain employees of the Company. Total outstanding PSUs as of September 30, 2023 and 2022 were 121,858 and 66,841, respectively.

The following table sets forth the Company's unvested performance stock activity for the nine months ended September 30,:

	For the Nine Months Ended September 30,			
	2023		2022	
	Number of Unvested Shares of PSUs	Weighted Average Grant Date Fair Value Per Share	Number of Unvested Shares of PSUs	Weighted Average Grant Date Fair Value Per Share
Balance at January 1,	66,841	\$ 24.04	77,742	\$ 24.04
Granted	55,017	\$ 11.23	—	\$ —
Forfeited	—	—	(10,901)	\$ 24.03
Balance at September 30,	<u>121,858</u>	<u>\$ 18.26</u>	<u>66,841</u>	<u>\$ 24.04</u>

PSUs vest subject to the achievement of relative total shareholder return as measured against a peer group of companies and absolute compounded annual growth in stock price during each performance period. The actual number of shares of common stock issued will range from 0 to 243,716 depending upon performance. The performance periods are August 13, 2021 through December 31, 2023, January 1, 2022 through December 31, 2024, and January 1, 2023 through December 31, 2025 and 18,858, 47,983 and 55,017 PSUs are scheduled to vest at the end of each performance period, respectively.

PSUs are recorded at fair value which involved using a Monte Carlo simulation for the future stock prices of the Company and its corresponding peer group. A fair value of \$24.15, \$24.00 and \$11.23 were used for PSUs with performance periods ending December 31, 2023, 2024 and 2025, respectively. PSUs are subject to restrictions on transfer and may be subject to a risk of forfeiture if the award recipient ceases to be an employee of the Company prior to vesting of the award.

Each PSU is entitled to receive a dividend equivalent payment equal to the dividend paid on the number of shares of common stock issued per PSU vesting. Unearned dividend equivalents on unvested PSUs as of September 30, 2023 and 2022 were \$259,546 and \$90,904, respectively.

The amortization of compensation costs for the awards of PSUs are included in "Compensation Expense" in the accompanying consolidated statements of operations and amounted to \$0.6 million and \$0.4 million for the nine months ended September 30, 2023 and 2022, respectively. The amortization of compensation costs for the awards of PSUs amounted to \$0.2 million for both the three months ended September 30, 2023 and 2022. The remaining unrecognized compensation cost of approximately \$1.0 million for PSU awards is expected to be recognized over a weighted average amortization period of 1.7 years as of September 30, 2023.

Stock Options

Prior to the completion of the IPO, the Company issued 791,790 nonqualified stock options (the “Options”) to purchase shares of the Company’s common stock, subject to the terms and conditions of the applicable Option Grant Agreements, with an exercise price per share of common stock equal to \$24.00 and in such amounts as set forth in the Option Grant Agreements. The Options vested on August 31, 2020 and were fully exercisable as of September 30, 2023. The options expire on July 15, 2027.

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Note 10 - Warrants

On March 17, 2021, in connection with the Merger, the Company entered into a warrant agreement which granted the right to purchase 602,392 shares of common stock of the Company at a purchase price of \$24.00 per share. Warrants are immediately exercisable and expire on July 15, 2027.

The following table summarizes warrant activity for the nine months ended September 30,:

	2023		2022	
	Number of Warrants ⁽¹⁾	Weighted Average Exercise Price	Number of Warrants ⁽¹⁾	Weighted Average Exercise Price
Exercisable at January 1,	602,392	\$ 24.00	602,392	\$ 24.00
Granted	—	—	—	—
Exercised	—	—	—	—
Exercisable at September 30,	602,392	\$ 24.00	602,392	\$ 24.00

(1) Warrants were granted on March 17, 2021.

Note 11 - Stockholders' Equity***Preferred Stock***

As of September 30, 2023 and December 31, 2022, the Company had 100,000,000 shares of preferred stock authorized and 0 shares of preferred stock outstanding.

Common Stock

On August 13, 2021, the Company completed its initial public offering ("IPO") of 3,905,950 shares of common stock, with a par value \$0.01 per share.

Stock Repurchase Program

On November 7, 2022, the board of directors of the Company authorized a stock repurchase program of its common stock up to \$0.0 million through December 31, 2023. On September 15, 2023, the board of directors authorized an amendment to the stock repurchase program for the repurchase of up to an additional \$10.0 million of outstanding common stock and extended the program through December 31, 2024. Purchases made pursuant to the stock repurchase program will be made in the open market, in privately negotiated transactions, or pursuant to any trading plan that may be adopted in accordance with Rule 10b-18 of the Securities and Exchange Act of 1934, as amended. The authorization of the stock repurchase program does not obligate the Company to acquire any particular amount of common stock. The timing, manner, price and amount of any repurchases will be determined by the Company in its discretion and will be subject to economic and market conditions, stock price, applicable

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Note 11 - Stockholders' Equity (continued)

legal requirements and other factors. The stock repurchase program may be suspended or discontinued by us at any time and without prior notice.

For the nine months ended September 30, 2023, pursuant to the repurchase plan, the Company acquired 713,831 shares of common stock with an average price, including commissions, of \$12.96 totaling approximately \$9.3 million. The remaining availability under the program as of September 30, 2023 was approximately \$10.7 million.

Conversion of OP Units

There were no OP Units converted to common stock during the nine or three months ended September 30, 2023. During the nine months ended September 30, 2022, 79,721 OP Units were converted one for one into shares of the Company's common stock. During the three months ended September 30, 2022, no OP Units were converted to common stock.

Dividends

The following tables describe the cash dividends, dividend equivalents on vested RSUs and, in the Company's capacity as general partner of the operating partnership, authorized distributions on the Company's OP Units declared by the Company during the nine months ended September 30, 2023 and 2022:

Declaration Date	Record Date	Period Covered	Distributions Paid Date	Amount per Share/Unit
March 7, 2023	March 31, 2023	January 1, 2023 to March 31, 2023	April 14, 2023	\$ 0.39
June 15, 2023	June 30, 2023	April 1, 2023 to June 30, 2023	July 14, 2023	\$ 0.39
September 15, 2023	September 29, 2023	July 1, 2023 to September 30, 2023	October 13, 2023	\$ 0.39
Total				\$ 1.17

Declaration Date	Record Date	Period Covered	Distributions Paid Date	Amount per Share/Unit
March 15, 2022	March 31, 2022	January 1, 2022 to March 31, 2022	April 14, 2022	\$ 0.33
June 15, 2022	June 30, 2022	April 1, 2022 to June 30, 2022	July 15, 2022	\$ 0.35
September 15, 2022	September 30, 2022	July 1, 2022 to September 30, 2022	October 14, 2022	\$ 0.37
Total				\$ 1.05

During the nine months ended September 30, 2023 and 2022, the Company paid \$5,264 and \$17,628, respectively, of dividend equivalents that became earned upon vesting of RSUs. During the three months ended September 30, 2023 and 2022, the Company paid \$0 and \$10,116, respectively, of dividend equivalents that became earned upon vesting of RSUs. There were no unearned dividends on PSUs that became earned during the three and nine months ended September 30, 2023 and 2022. The Company had unearned dividend equivalents on unvested RSUs and unvested PSUs of \$348,302 and \$126,754, as of September 30, 2023 and 2022, respectively.

NEWLAKE CAPITAL PARTNERS, INC.
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(Unaudited)

Note 12 - Earnings Per Share

The following table presents the computation of basic and diluted earnings per share (in thousands, except share data):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerator:				
Net Income Attributable to Common Stockholders	\$ 5,958	\$ 6,510	\$ 17,623	\$ 15,285
Add: Net Income Attributable to Noncontrolling Interest	108	113	312	262
Net Income	\$ 6,066	\$ 6,623	\$ 17,935	\$ 15,547
Denominator:				
Weighted Average Shares of Common Stock Outstanding - Basic	21,199,638	21,428,905	21,330,046	21,417,149
Dilutive Effect of OP Units	373,582	373,582	373,582	398,614
Dilutive Effect of Unvested Restricted Stock Units	9,094	—	6,473	—
Weighted Average Shares of Common Stock - Diluted	21,582,314	21,802,487	21,710,101	21,815,763
Earnings Per Share - Basic				
Net Income Attributable to Common Stockholders	\$ 0.28	\$ 0.30	\$ 0.83	\$ 0.71
Earnings Per Share - Diluted				
Net Income Attributable to Common Stockholders	\$ 0.28	\$ 0.30	\$ 0.83	\$ 0.71

During the three and nine months ended September 30, 2023 and 2022, the effect of outstanding stock options and warrants were excluded in the Company's calculation of weighted average shares of common stock outstanding – diluted as their inclusion would have been anti-dilutive. During the three and nine months ended September 30, 2023, the effect of including outstanding unvested RSUs were included in the Company's calculation of weighted average shares of common stock outstanding - dilutive. During the three and nine months ended September 30, 2022, the effect of unvested RSUs were excluded in the Company's calculation of weighted average shares of common stock outstanding – diluted as their inclusion would have been anti-dilutive.

Note 13 – Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Accounting guidance also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standards describe three levels of inputs that may be used to measure fair value:

Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Includes other inputs that are directly or indirectly observable in the marketplace.

NEWLAKE CAPITAL PARTNERS, INC.
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(Unaudited)

Note 13 – Fair Value Measurements (continued)

Level 3 – Unobservable inputs that are supported by little or no market activities, therefore requiring an entity to develop its own assumptions.

The following table presents the carrying value and estimated fair value of financial instruments at September 30, 2023 and December 31, 2022 (in thousands):

	September 30, 2023		December 31, 2022	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Note Receivable ⁽¹⁾	\$ 5,000	\$ 4,800	\$ 5,000	\$ 4,952
Revolving Credit Facility ⁽²⁾	\$ 1,000	\$ 952	\$ 1,000	\$ 915
Seller Financing ⁽²⁾	\$ 997	\$ 980	\$ 1,986	\$ 1,942

(1) The fair value measurement of the \$0 million Note Receivable is based on unobservable inputs, and as such, is classified as Level III.

(2) The fair value measurement of the Company's Revolving Credit Facility and Seller Financing is based on observable inputs, and as such, is classified as Level II.

As of September 30, 2023 and December 31, 2022, the carrying amounts of financial instruments such as cash and cash equivalents, accounts payable and accrued expenses and other liabilities approximate their fair values due to their generally short-term nature and the market rates of interest of these instruments, and as such, are classified as Level I.

Note 14 - Commitments and Contingencies

As of September 30, 2023, the Company had aggregate unfunded commitments to invest \$20.2 million to develop and improve its existing cultivation facilities in Arizona, Missouri, and Pennsylvania. Refer to Note 3 for further details on the Company's commitments.

The Company owns a portfolio of properties that it leases to entities which cultivate, harvest, process and distribute cannabis. Cannabis is an illegal substance under the Controlled Substances Act. Although the operations of the Company's tenants are legalized in the states and local jurisdictions in which they operate, the Company and its tenants are subject to certain risks and uncertainties associated with conducting operations subject to conflicting federal, state and local laws in an industry with a complex regulatory environment which is continuously evolving. These risks and uncertainties include the risk that the strict enforcement of federal laws regarding cannabis would likely result in the Company's inability, and the inability of its tenants, to execute their respective business plans.

Note 15 - Subsequent Events***Tenant Improvements***

Subsequent to September 30, 2023, the Company funded approximately \$2.9 million of tenant improvements for the expansion of the Company's cultivation facilities located in Arizona and Missouri.

Leases***Revolutionary Clinics***

In October 2023, the Company entered into a lease amendment and forbearance agreement (the "Agreements") for its existing lease agreement with Revolutionary Clinics on its cultivation facility in Massachusetts, where Revolutionary Clinics is the sole tenant. Under the terms of the Agreements, the lease term was extended by five

NEWLAKE CAPITAL PARTNERS, INC.
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(Unaudited)

Note 15 - Subsequent Events (continued)

years. The Company received \$480 thousand of unpaid rent and applied the remaining \$315 thousand of security deposit; these amounts will be recognized as income in the fourth quarter of 2023. Additionally, the Company has received October and November contractual rent payments pursuant to the amended lease. The rental payments may escalate as the tenant's business achieves certain gross revenue metrics. Under the forbearance agreement, the Company provided forbearance for approximately \$2.0 million of back rental income. Lastly, the Company received 9.95% of equity in Revolutionary Clinics in the form of warrants.

Calypso

Calypso did not make its weekly October rent payments. However, it has resumed its weekly rent payments in November.

Disposition of Real Estate

In October 2023, the Company closed on the sale of its cultivation facility in Palmer, Massachusetts, for \$2.0 million, which was leased to Mint. The Company's investment in the property was \$1.9 million. Upon closing, Mint's lease agreement was terminated and they paid a portion of the closing costs, resulting in a break-even sale of the property.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

SPECIAL NOTE REGARDING FORWARD LOOKING INFORMATION

NewLake Capital Partners, Inc. ("the Company," "we," "our," "us,") makes statements in this Quarterly Report on Form 10-Q ("Form 10-Q") that are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In particular, statements pertaining to our capital resources, property performance, leasing rental rates, future dividends and results of operations contain forward-looking statements. Likewise, all of our statements regarding anticipated growth in our funds from operations, adjusted funds from operations, anticipated market conditions, demographics, and results of operations are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as "believe," "continue," "could," "expect," "may," "will," "should," "would," "seek," "approximately," "intend," "plan," "pro forma," "estimates," "forecast," "project," or "anticipate" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- actions and initiatives of the U.S. or state governments and changes to government policies and the execution and impact of these actions, initiatives and policies, including the fact that cannabis remains illegal under federal law;
- general economic conditions;
- adverse economic or real estate developments, either nationally or in the markets in which our properties are located;
- other factors affecting the real estate industry generally;
- increase in interest rates and operating costs;
- the impact of inflation;
- financial market fluctuations;
- the competitive environment in which we operate;
- the estimated growth in and evolving market dynamics of the regulated cannabis market;
- adverse economic effects on the cannabis market;
- the expected medical-use or adult-use cannabis legalization in certain states;
- shifts in public opinion regarding regulated cannabis;
- the additional risks that may be associated with certain of our tenants cultivating adult-use cannabis in our cultivation facilities;
- the risks associated with the development of cultivation centers and dispensaries;
- our ability to successfully identify opportunities in target markets;
- the lack of tenant security deposits will impact our ability to recover rents should our tenants default under their respective lease agreement;

- our status as an emerging growth company and a smaller reporting company;
- our lack of an extensive operating history;
- the concentration of our tenants in certain geographical areas;
- our failure to generate sufficient cash flows to service any outstanding indebtedness;
- defaults on, early terminations of or non-renewal of leases by tenants, including significant tenants;
- our failure to acquire the properties in our identified pipeline successfully, on the anticipated timeline or at the anticipated costs;
- our failure to properly assess employment growth or other trends in target markets and other markets in which we seek to invest;
- lack or insufficient amounts of insurance;
- bankruptcy or insolvency of a significant tenant or a substantial number of smaller tenants;
- our access to certain financial resources, including banks and other financial institutions;
- reduced liquidity of our common stock resulting from limited availability of clearing firms that will settle our securities offerings;
- our failure to successfully operate acquired properties;
- our ability to operate successfully as a public company;
- our dependence on key personnel and ability to identify, hire and retain qualified personnel in the future;
- conflicts of interests with our officers and/or directors stemming from their fiduciary duties to other entities, including our operating partnership;
- our failure to obtain necessary outside financing on favorable terms or at all;
- general volatility of the market price of our common stock;
- changes in GAAP;
- environmental uncertainties and risks related to adverse weather conditions and natural disasters;
- our failure to maintain our qualification as a REIT for federal income tax purposes;
- changes in governmental regulations or interpretations thereof, such as real estate and zoning laws and increases in real property tax rates and taxation of REITs; and
- the impact of COVID-19 pandemic, or future pandemics, on us, our business, our tenants, or the economy generally.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes after the date of this report, except as required by applicable law. You should not place undue reliance on any forward-looking statements that are based on information currently available to us or the third parties making the forward-looking statements.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and the related notes and the discussion under the heading

"Management's Discussion and Analysis of Financial Condition and Results of Operations" for the fiscal year ended December 31, 2022 included in our most recent Annual Report on Form 10-K and our subsequent Quarterly Reports on Form 10-Q.

This discussion, particularly information with respect to our future results of operations or financial condition, business strategy and plans, and objectives of management for future operations, includes forward-looking statements that involve risks and uncertainties as described under the heading "Special Note Regarding Forward-Looking Information" in this Quarterly Report on Form 10-Q. You should review the disclosure under the heading "Risk Factors" in our most recent annual report on Form 10-K for a discussion of important factors that could cause our actual results to differ materially from those anticipated in these forward-looking statements.

Overview

NewLake Capital Partners, Inc., ("the "Company," "we," "our," "us,") is an internally managed REIT and a leading provider of real estate capital to state-licensed cannabis operators primarily through sale-leaseback transactions, third-party purchases and funding for build-to-suit projects. Our properties are leased to single tenants on a long-term, triple-net basis, which obligates the tenant for the ongoing expenses of the leased property, in addition to its rent obligations.

We were incorporated in Maryland on April 9, 2019. We conduct our business through a traditional umbrella partnership REIT structure, in which properties are owned by an operating partnership, directly or through subsidiaries. We are the sole general partner of our operating partnership and currently own approximately 98% of the OP Units. We have elected to be taxed as a REIT for U.S. federal income tax purposes beginning with our short taxable year ended December 31, 2019 and intend to operate our business so as to continue to qualify as a REIT.

As of September 30, 2023, we owned a geographically diversified portfolio consisting of 32 properties, including one property held for sale, across 12 states with 13 tenants, comprised of 17 dispensaries and 15 cultivation facilities.

Emerging Growth Company

We have elected to be an emerging growth company, as defined in the JOBS Act. An emerging growth company may take advantage of specified reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. As an emerging growth company, among other things:

- We are exempt from the requirement to obtain an attestation and report from our auditors on the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act;
- We are permitted to provide less extensive disclosure about our executive compensation arrangements; and
- We are not required to give our stockholders non-binding advisory votes on executive compensation or golden parachute arrangements.

We have elected to use an extended transition period for complying with new or revised accounting standards.

We may take advantage of the other provisions for up to five years or such earlier time that we are no longer an emerging growth company. We will cease to be an emerging growth company upon the earliest to occur of: (i) the last day of the first fiscal year in which our annual gross revenues exceed \$1.2 billion, (ii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the exchange, which would occur if the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter, or (iii) the date on which we have issued more than \$1 billion in non-convertible debt during the preceding three-year period.

Factors Impacting Our Operating Results

Our results of operations are affected by a number of factors and depend on the rental revenue we receive from the properties that we own, interest income we receive from the loans we may originate, the timing of lease expirations, general market conditions, the regulatory environment in the cannabis industry, and the competitive environment for real estate assets that support the cannabis industry.

Rental Revenues

We receive income from rental revenue generated from our real estate properties that we own and expect to acquire in the future. The amount of rental revenue depends upon a number of factors, including:

- Our ability to enter into new leases at market value rents inclusive of annual rent increases; and
- Rent collection, which primarily relates to each of our current and future tenant's or guarantor's financial condition and ability to make rent payments to us on time.

For the period ended September 30, 2023, all of our rental revenues were derived from triple-net leases to 13 tenants. Our leases obligate the tenant for all the ongoing expenses of a property, including real estate taxes, insurance, maintenance and utilities, in addition to its rent obligations and include a parent or other affiliate guarantee. Our revenues are, therefore, dependent on our tenants (and related guarantors) ability to meet their respective obligations to us. Our tenants operate in the regulated cannabis industry, which is an evolving and highly regulated space. Further, because the regulated cannabis industry is a relatively new space, some of our existing tenants have limited operating histories and may be more susceptible to payment and other lease defaults. Thus, our operating results will be significantly impacted by the ability of our tenants to achieve and sustain positive financial results.

Financial Performance and Condition of Our Tenants

We have 32 properties, including one that is held for sale, leased to 13 tenants. All of our tenants are performing under their lease agreement with the exception of one tenant discussed below.

We had one tenant, Revolutionary Clinics, Inc., who did not pay contractual rent for the nine months ended September 30, 2023. We held a security deposit of approximately three months of contractual rent, of which the Company applied \$945 thousand towards the outstanding rent during the nine months ended September 30, 2023. Approximately \$315 thousand of security deposit remains for future application. We will continue to assess and apply the remaining security deposit, as needed. We are currently in discussion with the tenant to negotiate a resolution, which could include rent deferrals, rent concessions or other concessions. Subsequent to September 30, 2023 we reached an agreement to restructure the existing lease agreement. Refer to Recent Development in Item 2 for details.

Market Conditions

Through the nine months ended September 30, 2023, financial markets were volatile in the first half of 2023, reflecting heightened geopolitical risks and material tightening of financial conditions since the U.S. Federal Reserve began increasing interest rates in the spring of 2022. The volatile financial markets have been subdued and lost steam during the quarter, with investors taking a risk-off stance. The tense regional banking crisis was short-lived as the banking system remains strong. Central banks continued to shrink their balance sheets during the quarter, reducing market liquidity. The inverted yield curve and tight monetary policy, have resulted in banks tightening their lending standards across multiple sectors, further reducing market liquidity. There continues to be uncertainty regarding monetary policy and inflation. With less than three months left in the year, most concerns about an economic recession have been pushed to 2024. While inflation is steadily trending downward, there are concerns that inflation may still prove stickier than the market anticipates, creating risks to corporate profit margins. Even though the Federal Reserve left rates unchanged in September, it has been signaling higher rates for longer as it continues to fight inflation, with borrowing costs at the highest level in 22 years. The increasing cost of capital is pressuring many U.S. corporations. U.S. corporate defaults have significantly increased in 2023 compared to 2022. These current market conditions have increased the cost of capital and reduced the availability of capital for us and our tenants.

Inflation and Supply Chain Constraints

Inflation continues to trend significantly higher than in prior periods, which may be negatively impacting some of our tenants. This inflation has impacted costs for labor and production inputs for regulated cannabis operators, in addition to increasing costs of construction for development and redevelopment projections. Ongoing labor shortages and global supply chain issues, geopolitical issues and the war in Ukraine, also continue to adversely impact costs and timing for

completion of these development and redevelopment projects, which are resulting in cost overruns and delays in commencing operations on certain of our tenants' projects.

Competitive Environment

We face competition from a diverse mix of market participants, including but not limited to, other companies with similar business models, independent investors, hedge funds and other real estate investors, mortgage REITs, hard money lenders, as well as would-be tenants and cannabis operators themselves, all of whom may compete with us in our efforts to acquire real estate zoned for cannabis cultivation, production or dispensary operations. Competition from others may diminish our opportunities to acquire a desired property on favorable terms or at all. In addition, this competition may put pressure on us to reduce the rental rates below those that we expect to charge for the properties that we own and expect to acquire, which would adversely affect our financial results.

Critical Accounting Policies and Estimates

In accordance with generally accepted accounting principles in the United State of America, ("GAAP"), our consolidated financial statements require the use of estimates and assumptions that involve the exercise of judgment and use of assumptions. Our most critical accounting policies will involve decisions and assessments that could affect our reported assets and liabilities, as well as our reported revenues and expenses. Actual results could differ materially from those estimates and assumptions.

We believe that all of the decisions and assessments upon which our consolidated financial statements have been based were reasonable at the time made and based upon information available to us at that time. There have been no changes to the Company's critical accounting policies included in Note 2 to the Consolidated Financial Statements of the Company's Annual Report on Form 10-K for the year ended December 31, 2022, except as follows:

Property Held for Sale

We classify real estate held for sale when the following criteria are met: (i) management commits to a plan to sell the property, (ii) the property is available for sale, (iii) the property is actively being marketed for sale at a price that is reasonable, (iv) the sale of the property within one year is considered probable, and (v) significant change to the plan to sell the property is not expected. A real estate asset held for sale is classified as "Property Held for Sale" in the consolidated balance sheets. A property classified as held for sale is no longer depreciated and is required to be reported at the lower of its carrying value or its fair value less cost to sell.

Financial Instruments - Credit Losses

We adopted ASC 326, Financial Instruments - Credit Losses ("CECL") on January 1, 2023, which did not have a material impact to our financial statements. The CECL expected loss model requires an allowance for all expected credit losses for the life of a loan be recognized when the loan is either originated or acquired. The allowance for credit losses is a valuation account that is deducted from, or added to, the amortized cost basis of the financial asset(s) to present the net amount expected to be collected on the financial asset(s). At each reporting period, the company will update its estimate and adjust the allowance for credit losses accordingly. Increases in the allowance are recorded through net income as credit loss expense. Decreases in the allowance are recorded through net income as a reversal of credit loss expense. This standard does not specify a specific measurement technique for estimating expected credit losses. Approaches can vary based on a variety of factors. We generally use a discounted cash flow model approach to determine the credit loss, if any, for its financial instruments subject to the CECL guidance.

Q3 2023 Highlights

Investment Activity

Real Estate Acquisitions

As of September 30, 2023, we owned a geographically diversified portfolio consisting of 32 properties, including one property held for sale, across 12 states with 13 tenants, comprised of 17 dispensaries and 15 cultivation facilities with a weighted average remaining lease term of 14.2 years. All of our leases, and the secured loan, include a parent or other affiliate guarantee.

The following table presents our investment activity for the nine months ended September 30, 2023 (in thousands):

Tenant	Market	Site Type	Closing Date	Real Estate Acquisition Costs
Bloom Medicinal	Missouri	Cultivation	March 3, 2023	\$ 350 ⁽¹⁾
Total				\$ 350

(1) The Company exercised its option to purchase the adjacent parcel of land to expand our cultivation facility in Missouri and has committed to fund \$16.2 million for the expansion.

The following table presents the tenant improvements funded during the nine months ended September 30, 2023 (in thousands):

Tenant	Market	Site Type	Acquisition Closing Date	Tenant Improvements Funded	Unfunded Commitments
Mint	Arizona	Cultivation	June 24, 2021	\$ 2,366	\$ 5,703 ⁽¹⁾
Organic Remedies	Missouri	Cultivation	December 20, 2021	282	—
Bloom Medicinal	Missouri	Cultivation	April 1, 2022	2,961	13,722
Ayr Wellness, Inc.	Pennsylvania	Cultivation	June 30, 2022	—	750
Total				\$ 5,609	\$ 20,175

(1) The tenant had been paying rent on approximately \$1.6 million of the TI funded since July 2022 in accordance with the lease agreement. Effective June 1, 2023, the lease agreement was amended to include an additional TI commitment of approximately \$6.5 million.

Held for Sale Real Estate

On August 25, 2023, we entered into a purchase and sale agreement for the sale of our Massachusetts property that is leased to Mint, subject to customary buyer's due diligence. In connection with the agreement, the buyer deposited \$100,000 into an escrow account. The escrow deposit was fully refundable if the contract was terminated during the due diligence period. As of September 30, 2023, the due diligence period had expired and \$75,000 of the escrow deposit became non-refundable in the event the buyer terminated the contract. The escrow deposit was not recorded in the accompanying consolidated balance sheet as of September 30, 2023. The sale closed subsequent to September 30, 2023 refer Recent Development in Item 2 for additional information.

Financing Activity

Seller Financing

In January 2023, we made our annual principal payment of \$1.0 million. The loan's outstanding balance as of September 30, 2023 was \$1.0 million and the remaining unamortized discount was \$3.4 thousand. The final principal payment is due in January 2024.

Revolving Credit Facility

The outstanding borrowings under the Revolving Credit Facility were \$1.0 million as September 30, 2023. Refer to Note 6 in the Notes to Consolidated Financial Statements in Part I – Item 1 for further information.

Capital Markets Activity

Stock Repurchase Program

On November 7, 2022, our board of directors approved a repurchase program of up to \$10.0 million of our common stock through December 31, 2023. On September 15, 2023, our board of directors authorized an amendment to the stock repurchase program for the repurchase of up to an additional \$10.0 million of our outstanding common stock and extended the program through December 31, 2024. During the nine months ended September 30, 2023, pursuant to the repurchase

plan, we acquired 713,831 shares of common stock with an average price, including commissions, of \$12.96, totaling approximately \$9.3 million.

Recent Developments

Tenant Improvements

We funded approximately \$2.9 million of tenant improvements for the expansion of our cultivation facilities located in Arizona and Missouri subsequent to quarter end.

Leases

Revolutionary Clinics

In October 2023, we entered into a lease amendment and forbearance agreement (the “Agreements”) for our existing lease agreement with Revolutionary Clinics on our cultivation facility in Massachusetts, where Revolutionary Clinics is the sole tenant. Under the terms of the Agreements, the lease term was extended by five years. We received \$480 thousand of unpaid rent and applied the remaining \$315 thousand of security deposit; these amounts will be recognized as income in the fourth quarter of 2023. Additionally, we received October and November contractual rent payments pursuant to the amended lease. The new reduced rental payments are expected to represent approximately 6.1% of our estimated fourth quarter 2023 portfolio contractual rental income. The rental payments may escalate as the tenant’s business achieves certain gross revenue metrics. Under the Agreements, we provided forbearance for approximately \$2.0 million of back rental income. Lastly, we received 9.95% of equity in Revolutionary Clinics in the form of warrants.

Calypso

Calypso did not make their weekly October rent payments. However, they resumed their weekly rent payments in November. Calypso continues to work towards a sale of its business.

Disposition of Real Estate

In October 2023, we closed on the sale of our cultivation facility in Palmer, Massachusetts, for \$2.0 million, which was leased to Mint. Our investment in the property was approximately \$1.9 million. Upon closing, Mint's lease agreement was terminated and they paid a portion of the closing costs, resulting in a break-even sale of the property.

Results of Operations

General

We derive substantially all our revenue from rents received from single tenants of each of our properties under triple-net leases. Our triple-net leases obligate the tenant for all the ongoing expenses of a property, including real estate taxes, insurance, maintenance and utilities, in addition to its rent obligations. Our leases also typically include annual rent escalations (typically within the range of 2-3%) as a set percentage or based on an inflation index, which generally provides us with contractual revenue growth and inflation-protected returns. All of our leases include a parent or other affiliate guarantee.

Comparison of the three months ended September 30, 2023 and 2022 (in thousands):

	For the Three Months Ended September 30,		Increase/(Decrease)
	2023	2022	Q3'23 vs Q3'22
Revenue:			
Rental Income	\$ 11,297	\$ 11,595	\$ (298)
Interest Income from Loans	131	434	(303)
Fees and Reimbursables	63	49	14
Total Revenue	11,491	12,078	(587)
Expenses:			
Depreciation and Amortization Expense	3,568	3,630	(62)
General and Administrative Expenses:			
Compensation Expense	1,173	1,040	133
Professional Fees	300	279	21
Other General and Administrative Expenses	467	419	48
Total General and Administrative Expenses	1,940	1,738	202
Total Expenses	5,508	5,368	140
Income From Operations	5,983	6,710	(727)
Other Income (Expenses):			
Interest Income	178	7	171
Interest Expense	(95)	(94)	(1)
Total Other Income (Expense)	83	(87)	170
Net Income	6,066	6,623	(557)
Net Income Attributable to Noncontrolling Interests	(108)	(113)	5
Net Income Attributable to Common Stockholders	\$ 5,958	\$ 6,510	\$ (552)

Revenues
Rental Income

Rental income for the three months ended September 30, 2023 decreased by approximately \$0.3 million to approximately \$11.3 million, compared to approximately \$11.6 million for the three months ended September 30, 2022. The decrease in rental income was mainly attributable to one non-performing tenant, Revolutionary Clinics, that failed to pay contractual rent of approximately \$1.3 million for three months ended September 30, 2023. We applied 25% or \$315 thousand of the security deposit towards the outstanding rent. In October, we entered into a lease amendment and forbearance agreement with Revolutionary Clinics. Refer to Recent Development in Item 2 of this Form 10-Q for details. Also, to a lesser extent the sale of one of our properties in Massachusetts during 2022 contributed to the decrease in rental income.

The decrease was partially offset by increases in rental income from the following:

- A full quarter of rental income from a cultivation facility that converted from a mortgage loan to a 20 year sale-leaseback on August 5, 2022. The increase also includes a full quarter of rental income from

exercising our option to acquire the adjacent land parcel to expand one of our existing cultivation facility in Missouri during the first quarter of 2023. These acquisitions generated approximately \$0.3 million of rental income during the three months ended September 30, 2023.

- Funding of tenant improvements at our Arizona and Missouri cultivation facilities which generated approximately \$0.1 million of additional rental income during the three months ended September 30, 2023.
- Annual escalations on our portfolio generated an increase of approximately \$0.2 million of rental revenue during the three months ended September 30, 2023.

Interest Income from Loans

Interest income from loans decreased by approximately \$0.3 million for the three months ended September 30, 2023 compared to the three months ended September 30, 2022. The decrease of approximately \$0.3 million was attributable to the conversion of the \$30.0 million mortgage loan we entered into during the fourth quarter of 2021 that converted to a 20 year sale-leaseback, in accordance with the loan agreement, on August 5, 2022.

Expenses

Depreciation and Amortization Expense

Depreciation and amortization expense was relatively flat quarter over quarter.

General and Administrative Expense

Total general and administrative expenses for the three months ended September 30, 2023 increased by approximately \$0.2 million, to \$1.9 million, compared to \$1.7 million for the three months ended September 30, 2022. The increase in general and administrative expense is described below by category.

Compensation Expense

Compensation expense includes compensation to employees and officers of the Company and stock-based compensation awards. Compensation expense increased by approximately \$0.1 million for the three months ended September 30, 2023 compared to the three months ended September 30, 2022. The increase was attributable to a full quarter of compensation expense for two new hires in the second and third quarters of 2022 and an increase in stock based compensation from 2023 RSU and PSU grants. The increase was partially offset by one-time severance payments related to the retirement and separation of certain executive officers during 2022.

Professional Fees

Professional fees were relatively flat quarter over quarter.

Other General and Administrative Expenses

Other general and administrative expense was relatively flat quarter over quarter.

Other Income (Expense)

Interest income increased during the three months ended September 30, 2023 by approximately \$171 thousand, to \$178 thousand compared to \$7 thousand for the three months ended September 30, 2022, primarily due to higher interest rates on our cash balances in our money market accounts.

Interest expense remained relatively flat quarter over quarter.

Comparison of the nine months ended September 30, 2023 and 2022 (in thousands):

	For the Nine Months Ended September 30,		Increase/(Decrease)
	2023	2022	Q3'23 vs Q3'22
Revenue:			
Rental Income	\$ 33,637	\$ 30,217	\$ 3,420
Interest Income from Loans	390	2,301	(1,911)
Fees and Reimbursables	256	239	17
Total Revenue	34,283	32,757	1,526
Expenses:			
Depreciation and Amortization Expense	10,698	9,113	1,585
General and Administrative Expenses:			
Compensation Expense	3,450	5,100	(1,650)
Professional Fees	986	1,486	(500)
Other General and Administrative Expenses	1,537	1,387	150
Total General and Administrative Expenses	5,973	7,973	(2,000)
Total Expenses	16,671	17,086	(415)
Loss on Sale of Real Estate	—	(60)	60
Income From Operations	17,612	15,611	2,001
Other Income (Expenses):			
Interest Income	607	103	504
Interest Expense	(284)	(167)	(117)
Total Other Income (Expense)	323	(64)	387
Net Income	17,935	15,547	2,388
Net Income Attributable to Noncontrolling Interests	(312)	(262)	(50)
Net Income Attributable to Common Stockholders	\$ 17,623	\$ 15,285	\$ 2,338

Revenues

Rental Income

Rental income for the nine months ended September 30, 2023 increased by approximately \$3.4 million to approximately \$33.6 million, compared to approximately \$30.2 million for the nine months ended September 30, 2022. The increase in rental income was primarily attributable to:

- A full nine months of rental income from two cultivation facilities acquired at the end of the second quarter of 2022 and one cultivation facility that converted from a mortgage loan to a 20 year sale-leaseback in August of 2022. The increase also includes a full six months of rental income from exercising our option to acquire the adjacent land parcel to expand one of our existing cultivation facilities in Missouri during the first quarter of 2023. These acquisitions generated approximately \$3.6 million of rental income during the nine months ended September 30, 2023.

- Funding of tenant improvements at our Arizona, Florida and both Missouri cultivation facilities which generated approximately \$2.1 million of additional rental income during the nine months ended September 30, 2023.
- Annual escalations on our portfolio generated an increase of approximately \$0.5 million of rental revenue during the nine months ended September 30, 2023.

The increase in rental revenue was partially offset by a decrease of approximately \$2.9 million in rental income attributable to one non-performing tenant Revolutionary Clinics, that failed to pay contractual rent under its lease agreement. During the nine months ended September 30, 2023, this tenant did not pay approximately \$3.9 million of contractual rent to which we applied \$945 thousand of their security deposit towards the outstanding rent. As of September 30, 2023, \$315 thousand of the original security deposit remains available to be applied in future periods if needed. In October, we entered into a lease amendment and forbearance agreement with Revolutionary Clinics. Refer to Recent Development in Item 2 of this Form 10-Q for details. Also, to a lesser extent the sale of one of our properties in Massachusetts during 2022 contributed to the partial offset in the increase in rental income.

Interest Income from Loans

Interest income from loans decreased by approximately \$1.9 million for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. Approximately \$2.1 million of the decrease was attributable to the conversion of the \$30.0 million mortgage loan we entered into during the fourth quarter of 2021 that converted to a 20 year sale-leaseback, in accordance with the loan agreement, on August 5, 2022. The decrease was offset by an increase of approximately \$0.2 million of interest income in connection with a \$5.0 million unsecured loan that was originated on June 10, 2022, in connection with the purchase of a Missouri cultivation facility.

Expenses

Depreciation and Amortization Expense

Depreciation and amortization expense for the nine months ended September 30, 2023 increased by approximately \$1.6 million to approximately \$10.7 million compared to approximately \$9.1 million for the nine months ended September 30, 2022. The increase in depreciation was attributable to: (i) the acquisition of three cultivation facilities and one dispensary acquired during 2022; (ii) the mortgage loan that converted to a twenty year sale-leaseback property on August 5, 2022; (iii) the expansion at an existing cultivation facility in Florida; and (iv) approximately \$30.7 million of improvements that were placed into service during 2022 and subsequent.

General and Administrative Expense

Total general and administrative expenses for the nine months ended September 30, 2023 decreased by approximately \$2.0 million, to \$6.0 million, compared to \$8.0 million for the nine months ended September 30, 2022. The decrease in general and administrative expense is described below by category.

Compensation Expense

Compensation expense includes compensation to employees and officers of the Company and stock-based compensation awards. Compensation expense decreased by approximately \$1.7 million during the nine months ended September 30, 2023 compared to nine months ended September 30, 2022. The decrease was primarily due to one-time severance payments of approximately \$1.7 million from the retirement and separation of certain executive officers of the Company during the nine months ended September 30, 2023 and a decrease in stock-based compensation of approximately \$0.2 million primarily due to the accelerated expense on RSUs related to the retirement and separation of certain executive officers. These decreases were partially offset by an increase in compensation expense due to new hires during 2022.

Professional Fees

Professional fees for the nine months ended September 30, 2023, decreased by approximately \$500 thousand to approximately \$986 thousand, compared to approximately \$1.5 million for the nine months ended September 30, 2022. The decrease was mainly attributable to the reduction of approximately \$115 thousand related to the elimination of outsourced accounting functions, a decrease of approximately \$181 thousand in recruiting fees not incurred during 2023, a

decrease of approximately \$80 thousand in consulting fees and a decline of approximately \$168 thousand in legal fees associated with a potential restructuring. These decreases were offset by an increase in general legal and tax preparation fees.

Other General and Administrative Expenses

For the nine months ended September 30, 2023, other general and administrative expenses increased by approximately \$150 thousand to approximately \$1.5 million, compared to \$1.4 million for the nine months ended September 30, 2022. Other general and administrative expenses is comprised of director and officer insurance, information technology, public relations fees, filing and regulatory fees and various other expenses. The increase was mainly attributable to higher reporting costs, public relations fees, information technology costs and corporate rent, offset by lower director and officer insurance costs.

Loss on Sale of Real Estate

The Company did not sell any properties during the nine months ended September 30, 2023.

On March 21, 2022, we sold our PharmaCann Massachusetts property for approximately \$800 thousand. We recognized a loss on sale of the property of \$60 thousand during the nine months ended September 30, 2022.

Other Income (Expense)

Interest income increased during the nine months ended September 30, 2023 by approximately \$504 thousand, to \$607 thousand compared to \$103 thousand for the nine months ended September 30, 2022, primarily due to higher interest rates on our cash balances in our money market accounts.

Interest expense increased during the nine months ended September 30, 2023 by approximately \$117 thousand to approximately \$284 thousand, compared to \$167 thousand for the nine months ended September 30, 2022. The increase was mainly attributable to a full nine months of interest expense on the draw of \$1.0 million from the Revolving Credit Facility we entered into on May 6, 2022, and the associated non-cash interest expense which increased by approximately \$181 thousand related to the amortization of deferred financing costs incurred in connection with this facility. The increase was partially offset by a decrease in interest expense on our loan payable in connection with the \$1.0 million principal pay down in January 2023.

Non-GAAP Financial Information and Other Metrics

Funds from Operations and Adjusted Funds from Operations

FFO and AFFO are non-GAAP financial measures and should not be viewed as alternatives to net income calculated in accordance with GAAP as a measurement of our operating performance. We believe that FFO and AFFO are useful to investors because they are widely accepted industry measures used by analysts and investors to compare the operating performance of REITs.

We calculate FFO in accordance with the current National Association of Real Estate Investment Trusts (“NAREIT”) definition. NAREIT currently defines FFO as follows: net income (loss) (computed in accordance with GAAP) excluding depreciation and amortization related to real estate, gains and losses from the sale of certain real estate assets, and impairment write-downs of certain real estate assets and investments in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by an entity. Other REITs may not define FFO in accordance with the NAREIT definition or may interpret the current NAREIT definition differently than we do and therefore our computation of FFO may not be comparable to such other REITs.

We calculate AFFO by starting with FFO and adding back non-cash and certain non-recurring transactions, including non-cash components of compensation expense and our internalization costs. Other REITs may not define AFFO in the same manner as we do and therefore our calculation of AFFO may not be comparable to such other REITs. You should not consider FFO and AFFO to be alternatives to net income as a reliable measure of our operating performance; nor should you consider FFO and AFFO to be alternatives to cash flows from operating, investing or financing activities (as defined by GAAP) as measures of liquidity.

The table below is a reconciliation of net income attributable to common stockholders to FFO and AFFO for the three and nine months ended September 30, 2023 and 2022 (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Net Income Attributable to Common Stockholders	\$ 5,958	\$ 6,510	\$ 17,623	\$ 15,285
Net Income Attributable to Noncontrolling Interests	108	113	312	262
Net Income	6,066	6,623	17,935	15,547
Adjustments:				
Real Estate Depreciation and Amortization	3,568	3,630	10,698	9,113
Loss on Sale of Real Estate	—	—	—	60
FFO Attributable to Common Stockholders - Diluted ⁽¹⁾	9,634	10,253	28,633	24,720
Severance	—	25	—	1,752
Stock-Based Compensation	379	280	1,060	1,201
Non-cash Interest Expense	71	59	211	92
Amortization of Straight-line Rent Expense	—	6	—	12
AFFO Attributable to Common Stockholders - Diluted	\$ 10,084	\$ 10,623	\$ 29,904	\$ 27,777

Liquidity and Capital Resources

Our cash requirements include the payment of dividends, to our shareholders, distributions to our OP Unit holders, general and administrative expenses, debt service, other expenses related to managing our existing portfolio as well as acquisition and unfunded tenant improvement costs. The sources of liquidity to fund these cash requirements include rental revenue from the leasing of our properties, which is our primary source of cash flow, borrowings under our revolving credit facility and equity and debt issuances either in the public or private markets, if markets permit. Where possible, we also may issue OP Units to acquire properties from existing owners seeking a tax-deferred transaction.

As of September 30, 2023, we had \$120.1 million of liquidity comprised of \$31.1 million of cash and cash equivalents and \$89.0 million available on our \$90.0 million revolving credit facility, subject to sufficient collateral in the borrowing base. The ongoing challenges posed by the increase in interest rates and inflation could adversely impact our cash flow from continuing operations but we expect that cash flow from continuing operations over the next twelve months, together with cash on hand, will be adequate to fund our business operations, cash dividends to our shareholders, distributions to our OP Unit holders and debt service. Acquisitions and unfunded tenant improvement costs may require funding from borrowings, equity issuance and/or issuance of OP units. We cannot, however, be certain that these sources of funds will be available at a time and upon terms acceptable to us in sufficient amounts in the future.

Summary of Cash Flows

The following summary discussion of our cash flows is based on the consolidated statements of cash flows in our consolidated financial statements and is not meant to be an all-inclusive discussion of the changes in our cash flows for the periods presented below (in thousands):

	For the Nine Months Ended September 30,	
	2023	2022
Net Cash Provided by Operating Activities	\$ 27,603	\$ 23,524
Net Cash Used in Investing Activities	\$ (5,959)	\$ (83,176)
Net Cash Used in Financing Activities	\$ (35,771)	\$ (22,422)
Cash and Cash Equivalents - End of Period	\$ 31,065	\$ 45,023

Net Cash Provided by Operating Activities:

Net cash provided by operating activities for the nine months ended September 30, 2023 and 2022 were approximately \$27.6 million and \$23.5 million, respectively. Net cash flows provided by operating activities for the nine months ended September 30, 2023 and 2022 were primarily related to contractual rent and security deposits received from our properties, partially offset by our general and administrative expenses.

Net Cash Used in Investing Activities:

Net cash used in investing activities for the nine months ended September 30, 2023 and the nine months ended September 30, 2022 were approximately \$6.0 million and \$83.2 million, respectively. Cash used in investing activities for the nine months ended September 30, 2023 related to approximately \$350 thousand used to purchase an adjacent parcel of land by an existing cultivation facility in Missouri and approximately \$5.6 million used to fund tenant improvements. Net cash used in investing activities for the nine months ended September 30, 2022 related to approximately \$35.4 million used to purchase three cultivation facilities, approximately \$43.5 million used to fund tenant improvements and \$5.0 million used to fund an unsecured loan receivable at our cultivation facility in Missouri, partially offset by approximately \$0.8 million of proceeds received from sale of our Franklin, Massachusetts property.

Net Cash Used in Financing Activities:

Net cash used in financing activities for the nine months ended September 30, 2023 and the nine months ended September 30, 2022 were approximately \$35.8 million and \$22.4 million, respectively. Cash used in financing activities for the nine months ended September 30, 2023, related to approximately \$25.5 million in dividend payments to holders of our common stock, as well as distributions to OP Units and RSU holders, \$1.0 million to pay down our loan payable, approximately \$9.3 million to buy back stock under the stock repurchase program and approximately \$28 thousand in deferred financing costs related to obtaining our Revolving Credit Facility. Net cash used in financing activities for the nine months ended September 30, 2022, were related to approximately \$21.6 million in dividend payments to holders of our common stock, as well as distributions to OP Units and RSU holders and \$1.8 million to pay down our loan payable, offset by \$1.0 million drawn on our revolving credit facility.

Dividends

To maintain our qualification as a REIT, U.S. federal income tax law generally requires that we distribute at least 90% of our REIT taxable income annually, determined without regard to the deduction for dividends paid and excluding capital gains. We must pay tax at regular corporate rates to the extent that we annually distribute less than 100% of our taxable income. We evaluate each quarter to determine our ability to pay dividends to our stockholders based on our net taxable income if and to the extent authorized by our board of directors. Before we pay any dividend, whether for U.S. federal income tax purposes or otherwise, we must first meet both our operating requirements and debt service payments. If our cash available for distribution is less than our net taxable income, we could be required to sell assets or borrow funds to make cash distributions or we may make a portion of the required distribution in the form of a taxable stock distribution.

As a result of this distribution requirement, our Operating Partnership cannot rely on retained earnings to fund its ongoing operations to the same extent that other companies whose parent companies are not REITs can. During the nine months ended September 30, 2023, we declared, and our board of directors approved, cash dividends on our common stock and restricted stock units and in our capacity as general partner of the Operating Partnership, authorized distributions on our OP Units totaling approximately \$25.2 million. During the nine months ended September 30, 2022, we declared, and our board of directors approved, cash dividends on our common stock and restricted stock units and in our capacity as general partner of the Operating Partnership, authorized distributions on our OP Units totaling approximately \$22.9 million.

Contractual Obligations and Commitments

Unfunded Commitments

As of September 30, 2023, the Company had aggregate unfunded commitments of \$20.2 million to develop and improve our existing cultivation facilities in Arizona, Missouri, and Pennsylvania.

Corporate Office Lease

As of September 30, 2023, the Company is the lessee under one office lease for a term of four years, subject to annual escalations. The annual rent payments range from approximately \$72 thousand in year one to approximately \$85 thousand in year four. The office lease has a remaining weighted average term of approximately 2.9 years.

Revolving Credit Facility

As of September 30, 2023, the Company had \$1.0 million drawn on our Revolving Credit Facility which bears interest at a rate of 5.65% per annum.

Adoption of New or Revised Accounting Standards

We are an emerging growth company, as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

Interest Rate Risk

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 Revolving Credit Facility. As of September 30, 2023, we had \$1.0 million principal drawn on our Revolving Credit Facility, at a fixed interest rate of 5.65% through May 2025 and a floating rate thereafter. Therefore, if interest rates decrease, our required interest payments may exceed those based on current market rates. If interest rates remain higher for longer, our cost of financing will significantly increase when the Revolving Credit facility adjusts to a floating rate subsequent to May 2025.

Impact of Inflation

The U.S. economy has experienced an increase in inflation rates recently. We enter into leases that generally provide for annual fixed increases in rent at a fixed rate. In some instances, leases provide for annual increases in rent based on the increase in annual CPI. We expect these lease provisions to result in rent increases over time. During times when inflation is greater than increases in rent, as provided for in the leases, rent increases may not keep up with the rate of inflation.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

In the commercial real estate market, property prices generally continue to fluctuate. Likewise, during certain periods, the U.S. credit markets have experienced significant price volatility, dislocations, and liquidity disruptions, which may impact our access to and cost of capital. We continually monitor the commercial real estate and U.S. credit markets carefully and, if required, will make decisions to adjust our business strategy accordingly.

ITEM 4. CONTROLS AND PROCEDURES.

Our management, including our Chief Executive Officer (the CEO) and Chief Financial Officer (the CFO), reviewed and evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act) as of the end of the period covered by this report. Based on that review and evaluation, the CEO and CFO have concluded that our current disclosure controls and procedures, as designed, (1) were effective in ensuring that information required to be disclosed by the Company in reports it files or submits under the Securities Exchange Act is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure and (2) were effective in ensuring that information required to be disclosed by the Company in reports it files or submits under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms.

Limitations on Controls

Our system of internal control over financial reporting was designed to provide reasonable assurance regarding the preparation and fair presentation of published financial statements in accordance with accounting principles generally accepted in the United States. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting that occurred during the three months ended September 30, 2023 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are not currently a party to any material legal proceedings. From time to time, we may in the future be a party to various claims and routine litigation arising in the ordinary course of business.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors set forth in the section titled “Risk Factors” included in our Annual Report on Form 10-K, dated March 9, 2023, filed with the SEC. Our business involves significant risks. You should carefully consider the risks and uncertainties described in our Annual Report on Form 10-K, together with all of the other information in this Quarterly Report on Form 10-Q, as well as our audited consolidated financial statements and related notes as disclosed in our Annual Report. The risks and uncertainties described in our Annual Report are not the only ones we face. Additional risk and uncertainties that we are unaware of or that we deem immaterial may also become important factors that adversely affect our business. The realization of any of these risks and uncertainties could have a material adverse effect on our reputation, business, financial condition, results of operations, growth and future prospects as well as our ability to accomplish our strategic objectives. In that event, the market price of our common stock could decline and you could lose part or all of your investment.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND ISSUER PURCHASE OF EQUITY SECURITIES.

On November 7, 2022, our board of directors authorized a common stock repurchase program, to repurchase up to \$10.0 million of our outstanding common stock (the “Repurchase Program”). Such authorization has an expiration date of December 31, 2023. On September 15, 2023, the board of directors authorized an amendment to the stock repurchase program for the repurchase of up to an additional \$10.0 million of its outstanding common stock and extended the program through December 31, 2024. The purchases totaling 713,831 shares of common stock with an average price, including commissions, of \$12.96 for approximately \$9.3 million were made in the open market in accordance with Rule 10b-18 of the Securities and Exchange Act of 1934. The remaining availability under the program as of September 30, 2023 was approximately \$10.7 million.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURE.

Not applicable.

ITEM 5. OTHER INFORMATION.

During the three months ended September 30, 2023, none of the Company's directors or officers adopted or terminated any Rule 10b5-1 trading arrangement 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).

ITEM 6. EXHIBITS.

EXHIBIT INDEX

Exhibit Number	Description
3.1	Articles of Amendment and Restatement of NewLake Capital Partners, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-11 filed on June 21, 2021).
3.2	Articles Supplementary of NewLake Capital Partners, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on September 19, 2022).
3.3	Amended and Restated Bylaws of NewLake Capital Partners, Inc. (incorporated by reference to Exhibit 3.3 to the Registrant's Quarterly Report on Form 10-Q filed on November 10, 2022).
31.1*	Certification of the Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

† Management contracts or compensatory plans required to be filed as Exhibits to this Form 10-Q.

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NEWLAKE CAPITAL PARTNERS, INC.

Dated: November 9, 2023

By: /s/ Anthony Coniglio
Name: Anthony Coniglio
Title: President and Chief Executive Officer
(Principal Executive Officer)

Dated: November 9, 2023

By: /s/ Lisa Meyer
Name: Lisa Meyer
Title: Chief Financial Officer, Treasurer and Secretary
(Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Anthony Coniglio, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NewLake Capital Partners, 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;
 - (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 9, 2023

By: /s/ Anthony Coniglio
Anthony Coniglio
President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Lisa Meyer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NewLake Capital Partners, 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;
 - (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 9, 2023

By: /s/ Lisa Meyer
Lisa Meyer
Chief Financial Officer, Treasurer and Secretary
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of NewLake Capital Partners, Inc. (the "Company") for the quarter ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Anthony Coniglio, President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

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

It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934.

Date: November 9, 2023

By: /s/ANTHONY CONIGLIO
Anthony Coniglio
President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of NewLake Capital Partners, Inc. (the “Company”) for the quarter ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Lisa Meyer, Chief Financial Officer, Treasurer and Secretary of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

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

It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934.

Date: November 9, 2023

By: /s/ Lisa Meyer

Lisa Meyer

Chief Financial Officer, Treasurer and Secretary

(Principal Financial Officer)