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 March 31, 2022
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.)
27 Pine Street, Suite 50, 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 May 11, 2022 was 21,300,410.

NewLake Capital Partners, Inc.

FORM 10-Q

MARCH 31, 2022

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SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

We make 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 and 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;
- the impact of the COVID-19 pandemic, or future pandemics, on us, our business, our tenants, or the economy generally;
- 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;
- the competitive environment in which we operate;
- the estimated growth in and evolving market dynamics of the regulated 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;
- our status as an emerging growth company and a smaller reporting company;
- our lack of operating history;
- our tenants’ lack of operating history;
- the concentration of our tenants in certain geographical areas;
- our failure to generate sufficient cash flows to service any outstanding indebtedness we may incur in the future;
- 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;
- 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;
- fluctuations in interest rates and increased operating costs;
- financial market fluctuations;
- general volatility of the market price of our common stock;
- reduced liquidity of our common stock resulting from limited availability of clearing firms that will settle our securities offerings;
- 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; and
- 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.

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.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	March 31, 2022 (Unaudited)	December 31, 2021
ASSETS:		
Real Estate		
Land	$ 15,097	$ 15,649
Building and Improvements	275,605	272,432
Total Real Estate	290,702	288,081
Less Accumulated Depreciation	(11,329)	(9,155)
Net Real Estate	279,373	278,926
Cash and Cash Equivalents	114,788	127,097
Mortgage Loan Receivable	30,000	30,000
In-Place Lease Intangible Assets, net	23,498	24,002
Other Assets	8,278	858
TOTAL ASSETS	$ 455,937	$ 460,883
LIABILITIES AND EQUITY:		
LIABILITIES:		
Dividends, Dividend Equivalents and Distributions Payable	$ 7,200	$ 6,765
Security Deposits Payable	6,047	6,047
Loan Payable, net	1,966	3,759
Interest Reserve	1,225	2,144
Rent Received in Advance	1,106	1,429
Accrued Expenses and Other Liabilities	719	1,404
Total Liabilities	18,263	21,548
COMMITMENTS AND CONTINGENCIES		
EQUITY:		
Preferred Stock, $0.01 Par Value, 100,000,000 Shares Authorized, 12.5% Series A Redeemable Cumulative Preferred Stock, 0 and 0 Shares Issued and Outstanding at March 31, 2022 and December 31, 2021, respectively	-	-
Common Stock, $0.01 Par Value, 400,000,000 Shares Authorized, 21,300,410 Shares Issued and Outstanding at March 31, 2022 and 21,235,914 Shares Issued and Outstanding at December 31, 2021	213	213
Additional Paid-In Capital	452,690	450,916
Accumulated Deficit	(25,586)	(23,574)
Total Stockholders' Equity	427,317	427,555
NONCONTROLLING INTERESTS	10,357	11,780
Total Equity	437,674	439,335
TOTAL LIABILITIES AND EQUITY	$ 455,937	$ 460,883

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

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

	For the Three Months Ended March 31, 2022	2021
REVENUE:		
Rental Income (including tenant reimbursements)	$ 9,247	$ 4,419
Interest Income from Mortgage Loan	919	-
TOTAL REVENUE	10,166	4,419
EXPENSES:		
Depreciation and Amortization Expense	2,679	1,086
General and Administrative Expense	1,787	890
Stock-Based Compensation	405	907
Property Expenses	122	-
TOTAL EXPENSES	4,993	2,883
Loss on Sale of Real Estate	(60)	-
INCOME FROM OPERATIONS	5,113	1,536
OTHER INCOME (EXPENSE):		
Interest Income	48	2
Interest Expense	(27)	-
TOTAL OTHER INCOME	21	2
NET INCOME	5,134	1,538
Preferred Stock Dividends	-	(4)
Net Income Attributable to Noncontrolling Interests	(117)	(77)
NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ 5,017	$ 1,457
Net Income Attributable to Common Stockholders Per Share - Basic	$ 0.24	$ 0.15
Net Income Attributable to Common Stockholders Per Share - Diluted	$ 0.23	$ 0.15
Weighted Average Shares of Common Stock Outstanding - Basic	21,251,909	9,921,083
Weighted Average Shares of Common Stock Outstanding - Diluted	21,931,352	10,022,301

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

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

	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Noncontrolling Interests	Total Equity
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, net of taxes	3,002	-	126	-	(126)	-
Conversion of OP Units to Common Stock	61,494	-	1,104	-	(1,104)	-
Stock-Based Compensation	-	-	405	-	-	405
Dividends to Common Stock	-	-	-	(7,029)	-	(7,029)
Dividend Equivalents to Restricted Stock Units	-	-	-	-	(42)	(42)
Distributions to OP Unit Holders	-	-	-	-	(129)	(129)
Adjustment for Noncontrolling Interest Ownership in Operating Partnership	-	-	139	-	(139)	-
Net Income	-	-	-	5,017	117	5,134
Balance as of March 31, 2022	21,300,410	$ 213	$ 452,690	$ (25,586)	$ 10,357	$ 437,674

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

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

	Series A Preferred Stock	Shares of Common Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Noncontrolling Interests	Total Equity
Balance as of December 31, 2020	$ 61	7,758,145	$ 78	$ 151,778	$ (17,154)	$ 6,266	$ 141,029
Net Proceeds from the Issuance of Common Stock	-	1,871,932	19	39,560	-	-	39,579
Issuance of Common Stock for Merger Transaction	-	7,699,887	77	162,776	-	-	162,853
Issuance of Warrants for Merger Transaction	-	-	-	4,820	-	-	4,820
Stock-Based Compensation	-	-	-	907	-	-	907
Dividends to Preferred Stock	-	-	-	-	(4)	-	(4)
Dividends to Common Stock	-	-	-	-	(2,215)	-	(2,215)
Dividend Equivalents to Restricted Stock Units	-	-	-	-	(29)	-	(29)
Distributions to OP Unit Holders	-	-	-	-	-	(85)	(85)
Adjustment for Noncontrolling Interest Ownership in Operating Partnership	-	-	-	(898)	-	898	-
Net Income	-	-	-	-	1,482	56	1,538
Balance as of March 31, 2021	$ 61	17,329,964	$ 174	$ 358,943	$ (17,920)	$ 7,135	$ 348,393

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 Three Months Ended March 31,	
	2022	2021
Cash Flows from Operating Activities:		
Net Income	$ 5,134	$ 1,538
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Stock-Based Compensation	405	907
Loss on Sale of Real Estate	60	-
Depreciation and Amortization Expense	2,679	1,086
Non-cash financing expense	7	-
Changes in Assets and Liabilities, Net of Acquisition:		
Other Assets	(121)	118
Accrued Expenses and Other Liabilities	(685)	(2,199)
Interest Reserve	(919)	-
Rent Received in Advance	(323)	477
Net Cash Provided by Operating Activities	6,237	1,927
Cash Flows from Investing Activities:		
Cash Acquired from Merger Transaction	-	64,355
Payment of Merger Related Transaction Costs	-	(2,144)
Escrow Deposit	(7,300)	-
Reimbursements of Tenant Improvements	(3,443)	(2,284)
Disposition of Real Estate	761	-
Net Cash (Used in) Provided by Investing Activities	(9,982)	59,927
Cash Flows from Financing Activities:		
Proceeds from Issuance of Common Stock, Net of Offering Costs	-	39,579
Common Stock Dividends Paid	(6,593)	(3,060)
Restricted Stock Units Dividend Equivalents Paid	(42)	(38)
Distributions to OP Unit Holders	(129)	(124)
Payment of Loan Payable	(1,800)	-
Net Cash (Used in) Provided by Financing Activities	(8,564)	36,357
Net Increase (Decrease) in Cash and Cash Equivalents	(12,309)	98,211
Cash and Cash Equivalents - Beginning of Year	127,097	19,617
Cash and Cash Equivalents - End of Period	$ 114,788	$ 117,828
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Accrual for Dividends and Distributions Payable	$ 7,200	$ 3
Accrual for Reimbursements of Tenant Improvements	$ -	$ 2,101
Real Estate Assets, In-Place Leases, Other Assets and Liabilities Acquired through the Issuance of Common Stock and Warrants	$ -	$ 103,318

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

Note 1 - ORGANIZATION

NewLake Capital Partners, Inc. (the “Company”, “we”, “us", “our”), a Maryland corporation, was formed onApril 9, 2019 under the Maryland General Corporation Law, 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’s year-end is December 31. On March 17, 2021, GARE completed a merger (the “Merger”) with another company (the “Target”) by issuing common stock and warrants, and subsequently changed its name to NewLake Capital Partners, Inc.

The Company conducts its business through its subsidiary, NLCP Operating Partnership LP, a Delaware limited partnership (the “Operating Partnership” or “OP”). The Company holds an equity interest in the Operating Partnership and is the sole general partner. Subsequent to the Merger, the name of the Operating Partnership was changed from GreenAcreage Operating Partnership LP to NLCP Operating Partnership LP.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of the Company and the Operating Partnership, as well as the Operating Partnership’s wholly owned properties, each of which is held in a single member LLC, presented 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.

This interim financial information should be read in conjunction with the audited consolidated financial statements in the Company’s Annual Report on Form10-K for the year ended December 31, 2021 and filed with the Securities and Exchange Commission (“SEC”) on March 18, 2022. In our 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 months ended March 31, 2022 are not necessarily indicative of the operating results for the full year. The accompanying consolidated balance sheet as of December 31, 2021 has been derived from audited financial statements.

Under consolidation guidance, we have determined that our Operating Partnership is a variable interest entity (“VIE”) because the holders of limited partnership interests do not have substantive kick-out rights or participating rights. Furthermore, we are the primary beneficiary of the Operating Partnership because we have 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 March 31, 2022 and December 31, 2021, 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.

The Company funded a $30 million nine-month mortgage loan to Hero Diversified Associates, Inc. (“HDAI”) on October 29, 2021. We have determined that HDAI is a VIE because the equity investors do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The Company consolidates a VIE in accordance with Accounting Standards Codification (“ASC”) 810, *Consolidation*, when it is the primary beneficiary of such VIE. Based on a number of factors, including that the Company does not have the power to direct the VIE’s activities that most significantly impact the VIE’s economic performance, the Company determined that, as of March 31, 2022, the Company does not have a controlling financial interest and is not the primary beneficiary of this VIE. The Company is required to reconsider its evaluation of whether to consolidate a VIE each reporting period, based upon changes in the facts and circumstances pertaining to the VIE. Our maximum exposure to a loss on the HDAI loan is $30 million.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 of property and in-place lease intangibles acquired, and the fair value of stock-based compensation. Actual results could differ from those estimates.

Organization, Offering and Transaction Costs

Offering costs incurred prior to receipt of any offering proceeds are recorded as an asset. Offering costs are recorded as an offset to additional paid-in capital when proceeds from the offering are received. Organization costs are recorded as an expense. Transaction costs related to portfolio investments not ultimately made are expensed as incurred. All costs related to executed asset acquisitions are capitalized in the initial cost of the investment.

Reportable Segment

We are engaged in the business of providing real estate/financing for the regulated cannabis industry. We have aggregated the properties intoone reportable segment as our properties are similar in that they are leased to state-licensed operators on long-term triple-net basis, consist of improvements that are reusable and have similar economic characteristics. The financial information disclosed herein represents all of the financial information related to our one reportable segment.

Income Taxes

We have made an election to be taxed as a REIT, under Sections 856 through 860 of the Internal Revenue Code of1986, as amended (the "Code"), commencing with 2019, our initial taxable year. To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to currently distribute at least 90% of the REIT's ordinary taxable income to stockholders. As a REIT, we generally willnot be subject to federal income tax on taxable income that we distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will then be subject to federal income taxes on our taxable income at regular corporate rates and will not be permitted to qualify for treatment as a REIT for federal income tax purposes forfour years following the year during which qualification is lost unless the Internal Revenue Service grants us relief under certain statutory provisions. Such an event could materially adversely affect our net income and net cash available for distribution to stockholders. However, we believe that we will continue to be organized and operate in such a manner as to qualify for treatment as a REIT and intend to operate in the foreseeable future in such a manner that we will remain qualified as a REIT for federal income tax purposes.

Even if we qualify for taxation as a REIT, we may be subject to certain state and local taxes on our income and property, and federal income and excise taxes on our undistributed income.

Acquisition of Real Estate Properties

Our investment in real estate is recorded at cost, less accumulated depreciation. Upon acquisition of a property, the tangible and intangible assets acquired and liabilities assumed are initially measured based upon their relative fair values. We estimate the fair value of land by reviewing comparable sales within the same submarket and/or region, the fair value of buildings on an as-if vacant basis and may engage third-party valuation specialists. Acquisition costs for asset acquisitions are capitalized as incurred. All of our real estate investments, including the Merger, to date were recorded as asset acquisitions.

Depreciation

We are required to make subjective assessments as to the estimated useful lives of our depreciable assets. We consider the period of future benefit of the assets to determine the appropriate estimated useful lives. Depreciation of our assets are charged to expense on a straight-line basis over the estimated useful lives. We depreciate each of our buildings and improvements over its estimated remaining useful life, not to exceed 35 years. We depreciate tenant improvements at our buildings, if any, over the estimated useful lives, not to exceed 35 years.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible Assets and Related Amortization

Intangibles related to the Company's investments in real estate consist of the value of in-place leases. In-place leases are amortized over the remaining term of the in-place lease.

Construction in Progress

Reimbursements paid to tenants or incurred by the Company for property improvements, generally consisting of building additions or significant upgrades to existing facilities, are considered construction in progress until placed in service. Such improvements are considered placed in service when ready and available for its intended use. Construction in progress was $7.8 million and $13.1 million on March 31, 2022 and December 31, 2021, respectively, and is included in Buildings and Improvements on the accompanying Consolidated Balance Sheet.

Provision for Impairment

We review current activities and changes in the business condition of all of our properties to determine the existence of any triggering events or impairment indicators. If triggering events or impairment indicators are identified, we analyze the carrying value of our real estate for any impairment. A provision is made for impairment if estimated future operating cash flows (undiscounted and without interest charges) plus estimated disposition proceeds (undiscounted) are less than the current book value of the property. Key inputs that we utilize in this analysis include projected rental rates, estimated holding periods, capital expenditures, and property sales capitalization rates. As of March 31, 2022 and December 31, 2021 no impairment losses were recognized.

Revenue Recognition

As lessor, for each of our real estate transactions involving the leaseback of the related property to the seller or affiliates of the seller, we recorded such transactions as sale and leaseback transactions. Our leases and future tenant leases are expected to be triple-net leases, an arrangement under which the tenant maintains the property while paying us rent. We account for our current leases as operating leases. Under this method, leases that have fixed and determinable rent increases are recognized on a straight-line basis over the lease term, unless the collectability of minimum lease payments is not reasonably predictable. Rental increases based upon changes in the consumer price index are recognized only after the changes in the indexes have occurred and are then applied according to the lease agreements. Contractually obligated reimbursements from tenants for recoverable real estate taxes and operating expenses are included in rental revenue in the period when such costs are incurred. Contractually obligated real estate taxes that are paid directly by the tenant to the tax authorities are not reflected in our consolidated financial statements. We record revenue for each of our properties on a cash basis due to the uncertainty of collectability of lease payments from each tenant due to its limited operating history and the uncertain regulatory environment in the United States relating to the cannabis industry. Any rental payments received in advance of contractual due dates are recorded as Rent Received in Advance on the accompanying consolidated balance sheets.

Cash and Cash Equivalents

We consider all highly liquid investments with original maturities ofthree months or less to be cash equivalents.

Stock-Based Compensation

Stock-based compensation for equity awards is based on the grant date fair value of the equity awards and is recognized over the requisite service or performance period. If awards are forfeited prior to vesting, we reverse any previously recognized expense related to such awards in the period during which the forfeiture occurs and reclassify any non-forfeitable dividends and dividend equivalents previously paid on these awards from retained earnings to compensation expense. Forfeitures are recognized as incurred. Certain equity awards are subject to vesting based upon the satisfaction of various market conditions.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Mortgage Loan Receivable

Mortgage loan receivables we originate are recorded at face value on our consolidated balance sheet. Interest income on mortgage loan receivables are accrued based on the outstanding principal balances and applicable interest rates.

Loan Payable

We record loans payable net of discounts on our consolidated balance sheet. The discount is amortized as a non-cash interest expense using the effective interest method, or other method that is not materially different, over the life of the loan payable.

Earnings Per Share

We calculate earnings per share ("EPS") in accordance with ASC 260, – Earnings Per Share. Under ASC 260, non-vested share-based payment awards that contain nonforfeitable rights to dividends are participating securities and, therefore, are included in computing basic EPS pursuant to the two-class method. The two-class method determines EPS for each class of common stock and participating securities according to dividends declared (or accumulated) and their respective participation rights in undistributed earnings.

Basic EPS is calculated by dividing the net income attributable to common stockholders by the weighted average number of shares of common stock outstanding for the period.

Diluted EPS is calculated by dividing the net income attributable to common stockholders by the weighted average number of shares of common stock outstanding determined for the basic EPS computation plus the effect of any dilutive securities. We include OP Units, stock options, warrants, vested shares of restricted stock and unvested shares of restricted stock in the computation of diluted EPS by using the more dilutive of the two-class method or treasury stock method. We include unvested performance units as contingently issuable shares in the computation of diluted EPS once the market criteria are met, assuming that the end of the reporting period is the end of the contingency period. Any anti-dilutive securities are excluded from the diluted EPS calculation.

Lease Accounting

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, Leases; in July 2018, the FASB issued ASU 2018-10, Codification Improvements to Topic 842, Leases, and ASU 2018-11, Leases — Targeted Improvements; and in December 2018, the FASB issued ASU 2018-20, Narrow-Scope Improvements for Lessors. This group of ASUs is collectively referred to as Topic 842 and became effective for the Company beginning January 1, 2022. Topic 842 supersedes the existing standards for lease accounting (Topic 840, Leases).

Topic 842 requires lessees to record most leases on their balance sheet through a right-of-use ("ROU") model, in which a lessee records a ROU asset and a lease liability on their balance sheet. Leases that are less than 12 months do not need to be accounted for under the ROU model. As of March 31, 2022, the Company is the lessee under one office lease and one furniture lease that are for less than 12 months.

We adopted Topic 842 effective as of January 1, 2022 using the effective date method and elected the package of practical expedients that allows an entity not to reassess upon adoption (i) whether an expired or existing contract contains a lease, (ii) whether a lease classification related to expired or existing lease arrangements, and (iii) whether costs incurred on expired or existing leases qualify as initial direct costs, and as a lessor, the practical expedient not to separate certain non-lease components, such as common area maintenance, from the lease component if the timing and pattern of transfer are the same for the non-lease component and associated lease component, and the lease component would be classified as an operating lease if accounted for separately.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease Accounting (continued)

As lessor, for each of our real estate transactions involving the leaseback of the related property to the seller or affiliates of the seller, we determine whether these transactions qualify as sale and leaseback transactions under the accounting guidance. For these transactions, we consider various inputs and assumptions including, but not necessarily limited to, lease terms, renewal options, discount rates, and other rights and provisions in the purchase and sale agreement, lease and other documentation to determine whether control has been transferred to the Company or remains with the lessee. A transaction involving a sale leaseback will be treated as a purchase of a real estate property if it is considered to transfer control of the underlying asset from the lessee. A lease will be classified as direct-financing if risks and rewards are conveyed without the transfer of control and will be classified as a sales-type lease if control of the underlying asset is transferred to the lessee. Otherwise, the lease is treated as an operating lease. These criteria also include estimates and assumptions regarding the fair value of the leased facilities, minimum lease payments, the economic useful life of the facilities, the existence of a purchase option, and certain other terms in the lease agreements. The lease accounting guidance requires accounting for a transaction as a financing in a sale leaseback when the seller-lessee is provided an option to purchase the property from the landlord at the tenant's option.

Our leases continue to be classified as operating leases under Topic 842 and we continue to record revenue for each of our properties on a cash basis. Upon adoption of Topic 842, the Company continues to combine tenant reimbursements with rental revenues on the Company's consolidated statements of operations. The Company has historically not capitalized allocated payroll cost incurred as part of the leasing process, which was allowable under ASC 840 but, no longer qualifies for classification as initial direct costs under Topic 842. Also, the Narrow- Scope Improvements for Lessors under ASU 2018-20 allows the Company to continue to exclude from revenue, costs paid by our tenants on our behalf directly to third parties, such as property taxes.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments — Credit Losses, which changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, companies will be required to use a new forward-looking "expected loss" model that generally will result in the earlier recognition of allowances for losses. In November 2018, the FASB issued ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments — Credit Losses, which among other updates, clarifies that receivables arising from operating leases are not within the scope of this guidance and should be evaluated in accordance with Topic 842. We do not expect these standards to be effective for the Company until January 1, 2023. Since we expect our leases to be operating leases and donot expect our mortgage loan receivable to be outstanding upon adoption, we donot anticipate these standards will have a material impact on our consolidated financial statements.

Concentration of Credit Risk

As of March 31, 2022, we owned 27 properties located in Arizona, Arkansas, California, Connecticut, Florida, Illinois, Massachusetts, Missouri, North Dakota, Ohio, and Pennsylvania. The ability of any of our tenants to honor the terms of its lease is dependent upon the economic, regulatory, competition, natural and social factors affecting the community in which that tenant operates.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk (continued)

The following table sets forth the tenants in our portfolio that represented the largest percentage of our total rental income for each of the periods presented:

	For the Three Months Ended March 31,			
	2022		2021	
	Number of Leases	Percentage of Rental Income	Number of Leases	Percentage of Rental Income
Curaleaf	11	26%	11	42%
Cresco Labs	1	17%	1	35%
Revolutionary Clinics	1	14%	0	-%
Trulieve	1	14%	1	3%
Columbia Care	5	11%	5	4%
Acreage	3	8%	3	16%

We have deposited cash with three financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per financial institution. As of March 31, 2022, we had cash accounts in excess of FDIC insured limits.

Noncontrolling Interests

Noncontrolling interests include interests issued by the Operating Partnership and vested Restricted Stock Units ("RSUs") representing a 2.4% and 2.7% ownership interest in the Company, at March 31, 2022 and December 31, 2021, respectively.

Note 3 - REAL ESTATE

Tenant Improvements Funded

During the three months ended March 31, 2022, we funded approximately $3.2 million of tenant improvements at our Missouri property leased to Organic Remedies, which resulted in an increase in rent at the property.

During the three months ended March 31, 2022 we funded approximately $0.2 million of tenant improvements at our Massachusetts property leased to the Mint which resulted in an increase in rent at the property.

Lease Amendments and Disposal of Real Estate

On March 21, 2022, we sold our PharmaCann Massachusetts property for approximately $0.8 million. We recognized a loss on sale of the property of $60,113. We continue to collect the rent that would have been received from the PharmaCann Massachusetts property through increased lease payments from each of the remaining properties operated by PharmaCann in our portfolio.

Depreciation expense was approximately $2.2 million and $1.0 million for the three months ended March 31, 2022 and 2021, respectively.

Note 3 – REAL ESTATE (continued)

Amortization of the Company's acquired in-place lease intangible assets were approximately $0.5 million and $0.1 million for the three months ended March 31, 2022 and 2021, respectively. Acquired in-place lease intangible assets have a weighted average remaining amortization period of 11.9 years.

Future amortization of the Company's acquired in-place leases as of March 31, 2022, is as follows (in thousands):

Year		Amortization Expense
2022 (nine months ending December 31, 2022)	$	1,509
2023		2,013
2024		2,013
2025		2,013
2026		2,013
Thereafter		13,937
Total	**$**	**23,498**

Future contractual minimum rent under the Company's operating leases as of March 31, 2022 for future periods is summarized as follows (in thousands):

Year		Contractual Minimum Rent
2022 (nine months ending December 31, 2022)	$	28,373
2023		39,240
2024		40,294
2025		41,330
2026		42,394
Thereafter		440,309
Total	**$**	**631,940**

Note 4 – MORTGAGE LOAN RECEIVABLE

The Company funded a $30 million nine-month mortgage loan to HDAI on October 29, 2021. Collateral for the loan includes a first-lien mortgage on a cultivation and processing facility in Erie, Pennsylvania. The loan bears interest at 12.25% and is structured to convert to a twenty-year sale leaseback, unless a specific provision in the loan agreement is satisfied prior to July 29, 2022. HDAI funded a $2,756,250 interest reserve at closing. If the loan converts, any remaining balance in the interest reserve is applied as a security deposit. There is approximately $1.2 million remaining in the interest reserve recorded as a liability on the accompanying consolidated balance sheet at March 31, 2022.

Note 5 – LOAN PAYABLE

In connection with the purchase and leaseback of a cultivation facility in Chaffee, Missouri on December 20, 2021, the Company entered into a $3.8 million loan payable to the seller. The loan bears interest at a rate of 4% per annum. Principal on the loan is payable in annual installments of which $1.8 million was paid in January 2022. The remaining principal is payable in annual installments of $1 million and $1 million in January 2023 and 2024, respectively. The loan was initially recorded at fair value and is presented net of a $33,839 discount in the accompanying consolidated balance sheet at March 31, 2022.

Note 6 - RELATED PARTY TRANSACTIONS

Merger Agreement

In connection with the Merger, we 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 our board of directors. Prior to the completion of our IPO, pursuant to the Investor Rights Agreement, HG Vora Capital Management, 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 for60 consecutive days, HG Vora may nominate two of the members of our board of directors, and (ii) at least5% of our issued and outstanding common stock for60 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 for60 consecutive days, then HG Vora may not nominate any members of our board of directors pursuant to the Investor Rights Agreement.

Prior to the completion of our IPO, NLCP Holdings, LLC had the right to designatethree directors to our board of directors. Subsequent to our IPO, NLCP Holdings, LLC no longer had these rights.

Prior to the completion of our IPO, West Investment Holdings, LLC, West CRT Heavy, LLC, Gary and Mary West Foundation, Gary and Mary West Health Endowment, Inc., Gary and Mary West 2012 Gift Trust and WFI Co-Investments acting unanimously, collectively referred to as the "West Stockholders," didnot have a director nomination right. 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 for60 consecutive days, then the West Stockholders may not nominate any members of our board of directors pursuant to the Investor Rights Agreement.

Prior to the completion of our IPO, NL Ventures, LLC ("Pangea") didnot have a director nomination right. Following the completion of our IPO, Pangeamay nominate one member of our board of directors for so long as Pangea owns at least4% of our issued and outstanding common stock for60 consecutive days. If Pangea owns less than 4% of our issued and outstanding common stock for60 consecutive days, then Pangea may not nominate any members of our board of directors pursuant to the Investor Rights Agreement. The Company made payments to Pangea for reimbursed expenses and services of $0 and $43,000 during the three months ended March 31, 2022 and 2021, respectively.

Note 7 - NONCONTROLLING INTERESTS

Operating Partnership Units and Restricted Stock Units (RSUs)

The Company's noncontrolling interests include interests issued by the Operating Partnership and RSUs. See Note8 for a description of our RSUs.

The activity for the Company's noncontrolling interest issued by the Operating partnership is set forth in the following table:

	Common Shares	Vested RSUs	OP Units	Noncontrolling Interests %
Balance as of January 1, 2022	21,235,914	131,807	453,303	2.7%
Restricted Stock Units Converted, net of taxes	3,002	(4,631)	-	
OP Units Converted	61,494	-	(61,494)	
Balance as of March 31, 2022	21,300,410	127,176	391,809	2.4%

Note 7 - NONCONTROLLING INTERESTS (continued)

Operating Partnership Units and Restricted Stock Units (RSUs) (continued)

	Common Shares	Vested RSUs	OP Units	Noncontrolling Interests %
Balance as of January 1, 2021	7,758,145	87,327	365,103	5.5%
Restricted Stock Units Issued	-	38,308	-	
Common Stock Issued	9,571,819	-	-	
Balance as of March 31, 2021	17,329,964	125,635	365,103	2.8%

Note 8 - STOCK BASED COMPENSATION

Our board of directors adopted our 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 us 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.

Restricted Stock Units

During the three months ended March 31, 2022, the Company granted 1,044 RSUs to certain directors of the Company. Total outstanding RSUs as of March 31, 2022 are 169,136. 127,176 of these RSUs, were not issued pursuant to a formal plan, were granted prior to the IPO, and became fully vested upon the IPO. 50,693 RSUs were granted subsequent to the IPO and are pursuant to the Company's 2021 Equity Incentive Plan (the "Plan"). On December 31, 2021, 4,631 RSUs vested and 4,102 RSUs were forfeited during the three months ended March 31, 2022. RSUs are subject to restrictions on transfer and may be subject to a risk of forfeiture if the award recipient ceases to be an employee or director of the Company prior to vesting of the award. 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 March 31, 2022 and 2021 were $26,854 and $0, respectively. The amortization of compensation costs for the awards of RSUs are included in stock-based compensation in the accompanying consolidated statements of operations and amount to approximately $0.2 million and $0.9 million for the three months ended March 31, 2022 and 2021, respectively. The remaining unrecognized compensation cost of approximately $0.9 million for RSU awards is expected to be recognized over a weighted average amortization period of 1.2 years as of March 31, 2022.

The following table sets forth our unvested restricted stock activity from January 1, 2022 through March 31, 2022:

	Number of Unvested Shares of RSUs	Weighted-Average Grant Date Fair Value Per Share
Balance at January 1, 2022	45,018	$ 27.49
Granted	1,044	$ 27.49
Forfeited	(4,102)	$ 27.49
Balance at March 31, 2022	41,960	$ 27.49

Note 8 – STOCK BASED COMPENSATION (continued)

Restricted Stock Units (continued)

The following table sets forth our unvested restricted stock activity from January 1, 2021 through March 31, 2021:

	Number of Unvested Shares of RSUs	Weighted-Average Grant Date Fair Value Per Share
Balance at January 1, 2021	47,403	$ 20.99
Granted	38,308	$ 21.15
Vested	(42,266)	$ 21.15
Balance at March 31, 2021	43,445	$ 20.98

Performance Stock Units

During the three months ended March 31, 2022, the Company did not grant any Performance Stock Units ("PSUs") to officers or employees of the Company. Total outstanding PSUs as of March 31, 2022 and 2021 are 77,742 and 0, respectively. 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 155,484 depending upon performance. The performance periods are August 13, 2021 through December 31, 2023 and January 1, 2022 through December 31, 2024, and 21,202 and 56,540 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 and $24.00 was used for PSUs with performance periods ending December 31, 2023 and 2024, 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 March 31, 2022 and 2021 were $49,755 and $0, respectively. The amortization of compensation costs for the awards of PSUs are included in stock-based compensation in the accompanying consolidated statements of operations and amount to $0.2 million and $0 for the three months ended March 31, 2022 and 2021, respectively. The remaining unrecognized compensation cost of approximately $1.7 million for PSU awards is expected to be recognized over a weighted average amortization period of 1.3 years as of March 31, 2022.

The following table sets forth our unvested performance stock activity from January 1, 2022 through March 31, 2022:

	Number of Unvested Shares of PSUs	Weighted-Average Grant Date Fair Value Per Share
Balance at January 1, 2022	77,742	$ 24.04
Granted	-	$ -
Vested	-	$ -
Balance at March 31, 2022	77,742	$ 24.04

There were no performance stock units issued or outstanding at March 31, 2021.

Note 8 – STOCK BASED COMPENSATION (continued)

Stock Options

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. The Options are exercisable upon the earliest of (i) thesecond anniversary of the Grant Date; (ii) termination of the grantee's employment or service by the Company other than for cause, or by the grantee for "good reason", the grantee's death or disability or (iii) a change in control, as defined. As of March 31, 2022, 615,838 of the 791,790 Option Grants issued to the Company's four employees and a director are exercisable. Options expire on July 15, 2027.

The following table summarizes stock option activity fromJanuary 1, 2022 through March 31, 2022:

	Number of Shares	Weighted Average Exercise Price
Non-Exercisable at January 1, 2022	175,952	$ 24.00
Granted	-	-
Exercisable	-	-
Non-Exercisable at March 31, 2022	175,952	$ 24.00

The following table summarizes stock option activity fromJanuary 1, 2021 through March 31, 2021:

	Number of Shares	Weighted Average Exercise Price
Non-Exercisable at January 1, 2021	263,928	$ 24.00
Granted	-	-
Exercisable	-	-
Non-Exercisable at March 31, 2021	263,928	$ 24.00

Note 9 - WARRANTS

On March 17, 2021, in connection with the Merger, the Company entered into a warrant agreement which granted the right to purchase602,392 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 from January 1, 2022 through March 31, 2022:

	Number of Warrants	Weighted Average Exercise Price
Exercisable at January 1, 2022	602,392	$ 24.00
Granted	-	-
Exercised	-	-
Exercisable at March 31, 2022	602,392	$ 24.00

Note 9 – WARRANTS (continued)

The following table summarizes warrant activity from January 1, 2021 through March 31, 2021:

	Number of Warrants	Weighted Average Exercise Price
Granted at March 17, 2021	602,392	$ 24.00
Exercised	-	-
Exercisable at March 31, 2021	602,392	$ 24.00

Note 10 - EARNINGS PER SHARE

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

	For the Three Months Ended March 31, 2022	2021
Numerator:		
Net Income	$ 5,134	$ 1,538
Less: Preferred Stock Dividends	-	(4)
Less: Net Income Attributable to OP Interest	(88)	(56)
Less: Net Income Attributable to Restricted Stock Units	(29)	(21)
Net Income Attributable to Common Stockholders	$ 5,017	$ 1,457
Denominator:		
Weighted Average Shares of Common Stock Outstanding - Basic	21,251,909	9,921,083
Dilutive Effect of OP Units	438,375	-
Dilutive Effect of Vested Restricted Stock Units	130,160	101,218
Dilutive Effect of Options and Warrants	65,099	-
Dilutive Effect of Unvested Restricted Stock Units	45,809	-
Weighted Average Shares of Common Stock Outstanding - Diluted	21,931,352	10,022,301
Earnings Per Share - Basic		
Net Income Attributable to Common Stockholders	$ 0.24	$ 0.15
Earnings Per Share - Diluted		
Net Income Attributable to Common Stockholders	$ 0.23	$ 0.15

During the three months ended March 31, 2022, the effect of including OP Units, vested RSUs, outstanding stock options, outstanding warrants and unvested RSUs were included in our calculation of weighted average shares of common stock outstanding – diluted. During the three months ended March 31, 2021, the effect of including vested RSUs were included in our calculation of weighted average shares of common stock outstanding – diluted. The effect of OP Units, outstanding stock options and outstanding warrants were excluded in our calculation of weighted average shares of common stock outstanding – diluted as their inclusion would have been anti-dilutive.

Note 11 - PREFERRED STOCK

The Company is authorized to issue up to 100,000,000 shares of preferred stock, par value $0.01 per share. On December 20, 2019, the Company issued 125 shares of 12.5% Series A Redeemable Cumulative Preferred Stock for $1,000 per share (the “Series A Preferred Stock”) resulting in net proceeds of $60,600, after deducting legal fees and offering expenses.

Note 11 – PREFERRED STOCK (continued)

On April 6, 2021, the Company redeemed the 125 shares of Series A Preferred Stock outstanding. The shares were redeemed at a redemption price of $1,000 per share, plus accrued and unpaid dividends and an early redemption fee for a total payment of $137,416, in cash. As of March 31, 2022 there were no shares of preferred stock outstanding.

Note 12 – COMMON STOCK

The Company's Articles of Incorporation authorize 400,000,000 shares of common stock with a par value of $0.01.

During January and February 2021, the Company issued 1,871,932 shares of common stock for $21.15 per share, resulting in net proceeds of approximately $39.6 million, after deducting offering expenses.

During March 2021, in connection with the Merger, the Company issued 7,699,887 shares of common stock and warrants to purchase up to 602,392 shares of the Company's common stock.

On December 31, 2021, 4,631 RSUs granted to certain officers and employees vested. These RSUs were converted to shares of our common stock on February 28, 2022 and were issued net of withholding taxes.

During the three months ended March 31, 2022, 61,494 OP Units were converted into shares of our common stock.

Note 13 - COMMON DIVIDENDS, DIVIDEND EQUIVALENTS AND DISTRIBUTIONS

The following tables describe the cash dividends, dividend equivalents on vested RSUs and, in our capacity as general partner of the operating partnership, authorized distributions on our OP Units declared by the Company during the three months ended March 31, 2022 and 2021:

Declaration Date	**Amount per Share/Unit**	**Period Covered**	**Dividends, Dividend Equivalents and Distributions Paid Date**	**Dividends, Dividend Equivalents and Distributions Amount**
March 15, 2022	$ 0.33	January 1, 2022 to March 31, 2022	April 14, 2022	$ 7,200,400
Total	**$ 0.33**			**$ 7,200,400**

Declaration Date	**Amount per Share/Unit**	**Period Covered**	**Dividends, Dividend Equivalents and Distributions Paid Date**	**Dividends, Dividend Equivalents and Distributions Amount**
February 27, 2021	$ 0.15	January 1, 2021 to March 16, 2021	March 22, 2021	$ 1,518,070
March 15, 2021	0.08	January 1, 2021 to March 16, 2021	March 29, 2021	809,665
Total	**$ 0.23**			**$ 2,327,735**

The Company has accrued unearned dividend equivalents on unvested RSUs and unvested PSUs of $26,854 and $49,755 as of March 31, 2022. There were no accrued unearned dividend equivalents on unvested RSUs or unvested PSUs as of March 31, 2021.

Note 14 - 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.

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

The carrying amounts of financial instruments such as cash and cash equivalents, mortgage loan receivable and accrued expenses and other liabilities approximate their fair values due to the short-term maturities and market rates of interest of these instruments. Our loan payable was recorded at fair value on December 20, 2021.

Note 15 - COMMITMENTS AND CONTINGENCIES

The Company has aggregate unfunded commitments to invest $20.6 million for the development and improvement of our existing cultivation facilities in Arizona, Massachusetts, Missouri and Pennsylvania.

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.

In connection with the purchase and leaseback of the Revolutionary Clinics property, the Company is required to issue 132,727 OP Units pursuant to a contribution agreement if certain conditions are met on or before June 30, 2022.

The extent of the impact of the coronavirus ("COVID-19") pandemic on the operational and financial performance of the Company's real estate will depend on future developments, including the duration and spread of the pandemic and related travel advisories and restrictions and the impact of COVID-19 on overall demand for leased space, including retail establishments, all of which are highly uncertain and cannot be predicted. If demand for the Company's real estate are impacted for an extended period, results of operations may be materially adversely affected. As of March 31, 2022, COVID-19 had not had a material impact to the Company's operations or financial condition, however, any future impacts of COVID- 19 are highly uncertain and cannot be predicted.

Note 16 - SUBSEQUENT EVENTS

Subsequent to March 31, 2022, the Company funded approximately $3.6 million of tenant improvements to our cultivation facilities in Arizona and Missouri.

On April 1, 2022, using escrow deposits funded in March 2022, the Company purchased a $7.3 million Missouri cultivation facility with a commitment to fund an additional $5.2 million to complete construction. The Company entered into a long-term, triple-net lease with an affiliate of C3 Industries, Inc., which is guaranteeing the lease. The Company also entered into an agreement to purchase an adjacent parcel of land and fund construction of a cultivation facility (subject to normal and customary closing conditions and regulatory approvals) for up to $16.5 million. If the transaction is consummated, the Company will amend the existing long-term, triple-net lease to include the purchase of the adjacent parcel. In addition, the acquisition contains an interest-only four-year $5.0 million loan that can be drawn over the next year, with principal due upon maturity.

Note 16 - SUBSEQUENT EVENTS (continued)

On May 6, 2022 the Company entered into a five-year revolving credit facility ("Credit Facility") with a $30 million initial commitment. The Credit Facility contemplates an expansion to $100 million as additional lenders are added. The Credit Facility has a fixed interest rate of5.65% for the first three years and a floating rate thereafter.

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

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, 2021 included in our most recent Annual Report on Form 10-K.

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 "Cautionary Statement Regarding Forward-Looking Statements" in this Quarterly Report on Form 10-Q. You should review the disclosure under the heading "Risk Factors" in this Quarterly Report on Form 10-Q 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 to be responsible for the ongoing expenses of a 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.

On March 17, 2021, we completed the acquisition of a separate company that owned a portfolio of cultivation facilities and dispensaries utilized in the cannabis industry (see "The Merger" below). As of March 31, 2022, we owned a geographically diversified portfolio consisting of 27 properties across 11 states with nine tenants, comprised of 16 dispensaries and 11 cultivation facilities. Additionally, the Company has funded one mortgage loan collateralized by a cultivation and processing facility. The loan is structured to convert to a twenty-year sale leaseback, unless a specific provision in the loan agreement is satisfied prior to July 29, 2022.

On August 13, 2021, we completed our IPO of 3,905,950 shares of our common stock, par value $0.01 per share at a public offering price of $26.00 per share for gross proceeds of approximately $102 million, before deducting placement agent fees and offering expenses. Net proceeds were approximately $93.5 million. Our common stock trades on the OTCQX® Best Market operated by the OTC Markets Group, Inc., under the symbol "NLCP".

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 by what we consider a well-capitalized guarantor.

Our business strategy includes the acquisition of additional properties utilized in the cannabis industry as well as the provision of capital to our tenants for the development and expansion of our properties. As of March 31, 2022, we have aggregate unfunded commitments to invest $20.6 million for the development and improvement of our existing cultivation facilities in Arizona, Massachusetts, Missouri and Pennsylvania. Our leases are generally structured to disburse capital over specified periods of time. The leases also contain certain provisions that require tenants to pay rent on the full amount of capital under each lease, whether or not disbursed. Our Pennsylvania cultivation facility is currently paying rent on approximately $7.0 million of unfunded capital.

As of March 31, 2022, our properties had a weighted average remaining lease term of 14.3 years. Our tenants include affiliates of what we believe to be some of the leading and most well-capitalized companies in the industry, such as Curaleaf, Cresco Labs, Trulieve and Columbia Care.

As of March 31, 2022, we had a $2.0 million loan payable in connection with the purchase and leaseback of a cultivation facility in Chaffee, Missouri. The loan is payable in annual principal installments of $1 million and $1 million in January 2023 and 2024, respectively.

Recent Developments

During the second quarter, as of May 12, 2022, the Company funded approximately $3.6 million of tenant improvements to our cultivation facilities in Arizona and Missouri.

On April 1, 2022, using escrow deposits funded in March 2022, the Company purchased a $7.3 million Missouri cultivation facility with a commitment to fund an additional $5.2 million to complete construction. The Company entered into a long-term, triple-net lease with an affiliate of C3 Industries, Inc., which is guaranteeing the lease. The Company also entered into an agreement to purchase an adjacent parcel of land and fund construction of a cultivation facility (subject to normal and customary closing conditions and regulatory approvals) for up to $16.5 million. If the transaction is consummated, the Company will amend the existing long-term, triple-net lease to include the purchase of the adjacent parcel. In addition, the acquisition contains an interest-only four-year $5.0 million loan that can be drawn over the next year, with principal due upon maturity.

On May 6, 2022 the Company entered into a five-year revolving credit facility ("Credit Facility") with a commercial federally regulated bank. The Credit Facility has a $30 million initial commitment. The Credit Facility contemplates an expansion to $100 million as additional lenders are added. The Credit Facility has a fixed interest rate of 5.65% for the first three years and a floating rate thereafter.

The Merger

On March 17, 2021, we consummated a merger pursuant to which we combined our company with a separate company, or the Target, that owned a portfolio of cultivation facilities and dispensaries utilized in the cannabis industry, and renamed ourselves "NewLake Capital Partners, Inc." The Merger was completed through the issuance of 7,699,887 shares of common stock valued at $21.15 per share and warrants to purchase up to 602,392 shares of the Company's common stock valued at approximately $4.8 million. The Company also incurred approximately $2.1 million in merger-related transaction costs. The consideration issued was based upon the relative value of the two entities, such that the shareholders of the Company and the Target, immediately prior to the Merger, owned 56.79% and 43.21%, respectively, of the outstanding post-merger common stock of the Company. The Company issued warrants to Target shareholders based on the pre-merger options outstanding, using the equivalent proportion described in the previous sentence. Upon completion of the Merger, we owned 24 properties across nine states, and became one of the largest REITs in the cannabis industry. We consummated the Merger and combined businesses with the Target to, among other things, benefit from increasing economies of scale as we continue to grow, and as part of our evolution toward entering the public markets. The Merger has been treated as an asset acquisition, and we are treated as the accounting acquirer. In connection with the Merger, we also entered into various arrangements and agreements with certain of our significant stockholders, including director nomination rights.

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 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, 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.

COVID-19

Throughout most of 2020 and to date, the ongoing COVID-19 pandemic has severely impacted global economic activity and caused significant volatility and negative pressure in financial markets. Many countries, including the U.S., have instituted quarantines, mandated business and school closures and restricted travel. As a result, the COVID-19 pandemic is negatively impacting almost every industry directly or indirectly, including the regulated cannabis industry. COVID-19 (or a future pandemic) could have material and adverse effects on our tenants and their operations, and in turn on our business. As of March 31, 2022, COVID-19 had not had a material impact to the Company's operations or financial condition, however, any future impacts of COVID- 19 are highly uncertain and cannot be predicted.

Rental Revenues

We receive income from rental revenue generated by the properties that we own and expect to receive income from rental revenue generated by properties we 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.

The properties that we own consist of real estate assets that support the cannabis industry. Changes in current favorable state or local laws in the cannabis industry may impair our ability to renew or re-lease properties and the ability of our tenants to fulfill their lease obligations and could materially and adversely affect our ability to maintain or increase rental rates for our properties.

Conditions in Our Markets

Positive or negative changes in regulatory, economic or other conditions and natural disasters in the markets where we acquire properties may affect our overall financial performance.

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, 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.

Financial Performance and Condition of Our Tenants/Borrower

As of March 31, 2022, all of our rental revenues were derived from nine tenants. All of our leases include a parent or other affiliate guarantee by what we consider a well-capitalized guarantor. 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.

As of March 31, 2022, the Company collects interest income on one mortgage loan. The loan is structured to convert to a twenty-year sale leaseback, unless a specific provision in the loan agreement is satisfied prior to July 29, 2022. The loan is collateralized by a cultivation and processing facility, as well as other assets of Hero Diversified Associates, Inc. Thus, our operating results may be impacted if the loan does not convert.

Triple-net Leases; Operating Expenses

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. Our operating expenses include general and administrative expenses, including personnel costs, legal, accounting, and other expenses related to corporate governance. In connection with becoming publicly traded, we have experienced an increase in expenses, including those related to insurance and compliance with the various provisions of U.S. securities laws. We expect such increases to continue, as compared to such expenses of a private company.

Results of Operations

Comparison of the three months ended March 31, 2022 and 2021 (in thousands):

	For the Three Months ended March 31,	
	2022	**2021**
Revenue:		
Rental Income	$ 9,247	4,419
Interest Income from Mortgage Loan	919	-
Total Revenue	10,166	4,419
Expenses:		
Depreciation and Amortization Expense	2,679	1,086
General and Administrative Expense	1,787	890
Stock Based Compensation	405	907
Property Expenses	122	-
Total Expenses	4,993	2,883
Loss on Sale of Real Estate	(60)	-
Income from Operations	5,113	1,536
Other income (expense)		
Interest Income	48	2
Interest Expense	(27)	-
Total other income	21	2
Net income	5,134	1,538
Preferred stock dividend	-	(4)
Net income attributable to non-controlling interests	(117)	(77)
Net income attributable to common shareholders	$ 5,017	1,457

Revenues

Rental Income for the three months ended March 31, 2022 increased by approximately $4.8 million, to approximately $9.2 million, compared to approximately $4.4 million for the three months ended March 31, 2021. The increase in rental revenue was primarily attributable to:

- The 19 properties we acquired in March 2021 in connection with the Merger generated an increase of approximately $2.7 million of rental revenue during the three months ended March 31, 2022.
- The four properties we acquired after the first quarter of 2021 generated approximately $2.0 million of rental revenue during the three months ended March 31, 2022.

- Rental income from the pre-merger portfolio properties generated an increase of approximately $0.1 million of rental income during the three months ended March 31, 2022.

Interest Income from Mortgage Loan for the three months ended March 31, 2022 was approximately $0.9 million, compared to $0 for the three months ended March 31, 2021. The increase in Interest Income from Mortgage Loan was attributable to the nine-month mortgage loan we entered into during the fourth quarter of 2021.

Expenses

Depreciation and Amortization Expense

Depreciation and amortization expense for the three months ended March 31, 2022, increased by approximately $1.6 million to approximately $2.7 million, compared to $1.1 million for the three months ended March 31, 2021, due to the impact of the 19 properties acquired in March 2021 in connection with the Merger and the acquisition of four properties after the first quarter of 2021.

Stock Based Compensation

Stock-based compensation expense for the three months ended March 31, 2022 decreased by approximately $0.5 million to approximately $0.4 million, compared to approximately $0.9 million for the three months ended March 31, 2021. The 2022 expense was attributable to the issuance of RSUs granted in conjunction with our IPO on August 13, 2021. The 2021 expense was primarily attributable to expense on RSUs that vested in connection with achieving specific targets for certain capital raises.

General and Administrative Expense

The following table summarizes general and administrative expenses for the three months ended March 31, 2022 and 2021 (in thousands):

	For the Three Months Ended March 31,	
	2022	**2021**
Payroll	$ 765	$ 332
Legal and professional	394	386
Other	628	172
Total	$ 1,787	$ 890

General and administrative expense for the three months ended March 31, 2022 increased by approximately $0.9 million, to approximately $1.8 million, compared to approximately $0.9 million for the three months ended March 31, 2021. The increase in general and administrative expense was primarily due to increased payroll, D&O insurance, investor relations, recruiting, potential restructuring and other expenses related to becoming a public company.

Loss on Sale of Real Estate

On March 21, 2022, we sold our PharmaCann Massachusetts property for approximately $0.8 million. We recognized a loss on sale of the property of $60,113.

Other Income (Expense)

Interest Income increased during the three months ended March 31, 2022, compared to the three months ended March 31, 2021, primarily due to rising interest rates and higher cash balances.

In connection with the acquisition of our Missouri property during the fourth quarter of 2021, the Company incurred interest expenses on the loan payable. Additionally, the Company incurred a non-cash interest expense on the amortization of debt discount related to the loan payable. The Company did not have a loan payable during the three months ended March 31, 2021.

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 Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Net cash provided by operating activities	$ 6,237	$ 1,927
Net cash (used in) provided by investing activities	$ (9,982)	$ 59,927
Net cash (used in) provided by financing activities	$ (8,564)	$ 36,357
Ending cash and cash equivalents	$ 114,788	$ 117,828

Net cash provided by operating activities for the three months ended March 31, 2022 and 2021 were approximately $6.2 million and $1.9 million, respectively. Net cash flows provided by operating activities for the three months ended March 31, 2022 primarily related to contractual rent, partially offset by our general and administrative expenses. Net cash flows provided by operating activities for the three months ended March 31, 2021 primarily related to contractual rent and security deposits from our properties, partially offset by our general and administrative expenses..

Net cash used in investing activities for the three months ended March 31, 2022 and net cash provided by investing activities for the three months ended March 31, 2021 were approximately $10.0 million and $59.9 million, respectively. Net cash used in investing activities for the three months ended March 31, 2022 related to $7.3 million sent to escrow to purchase a cultivation facility in Missouri and approximately $3.4 million of reimbursements of tenant improvements, partially offset by approximately $0.8 million of proceeds received in connection with the sale of our Franklin, Massachusetts property. Net cash flows provided by investing activities for the three months ended March 31, 2021 were related to approximately $64.4 million of cash acquired in connection with the Merger on March 17, 2021, partially offset by approximately $2.1 million of Merger related transaction costs and approximately $2.3 million of reimbursements of tenant improvements.

Cash used in financing activities for the three months ended March 31, 2022 and net cash provided by financing activities for the three months ended March 31, 2021 were approximately $8.6 million and $36.4 million, respectively. Cash used in financing activities for the three months ended March 31, 2022, were related to approximately $6.8 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 paydown our loan payable. Net cash provided by financing activities for the three months ended March 31, 2021, were related to approximately $39.6 million in net proceeds from our issuance of common stock, partially offset by approximately $3.2 million in dividend payments to holders of our common stock, as well as distributions to OP Units and restricted stock unit holders.

Liquidity and Capital Resources

Liquidity is a measure of our ability to meet potential cash requirements. We expect to use significant cash to acquire additional properties, develop and redevelop existing properties, pay dividends to our stockholders, fund our operations, and meet other general business needs.

Sources and Uses of Cash

We derive substantially all of our revenues from the leasing of our properties. This source of revenue represents our primary source of liquidity to fund our dividends, general and administrative expenses and other expenses related to managing our existing portfolio. Currently, all our tenants are paying their rent on a timely basis. We raise new capital for property development and redevelopment activities and investing in additional properties. We expect to fund our investment activity generally through equity or debt issuances either in the public or private markets. Where possible, we also may issue OP Units to acquire properties from existing owners seeking a tax-deferred transaction. We issued 88,200 OP Units in June 2021 in connection with the purchase of a property. In addition, the Company is required to issue 132,727 OP Units pursuant to a contribution agreement if certain conditions are met by June 30, 2022.

Prior to the completion of our IPO, in January and February 2021, we issued 1,871,932 shares of our common stock, resulting in net proceeds to us of approximately $39.6 million. In connection with the Merger on March 17, 2021, we acquired $64.4 million of cash. In August 2021, we issued 3,905,950 shares of our common stock, in connection with our IPO, resulting in net proceeds to us of approximately $93.5 million. As of March 31, 2022, we had approximately $114.8 million in cash.

We expect to meet our liquidity needs through cash and cash equivalents on hand, cash flows from operations and cash flows from future capital raises. We believe that our liquidity and sources of capital are adequate to satisfy our short and long-term cash requirements. 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.

Dividends

We are required to pay dividends to our stockholders at least equal to 90% of our taxable income in order to maintain our qualification as a REIT. 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 three months ended March 31, 2022, we declared and our board of directors approved, cash dividends on our common stock, dividend equivalents on our restricted stock units and, in our capacity as general partner of the operating partnership, authorized distributions on our OP Units totaling approximately $7.2 million ($0.33 per share). During the three months ended March 31, 2021, we declared and our board of directors approved, cash dividends on our common stock, dividend equivalents on our restricted stock units and, in our capacity as general partner of the operating partnership, authorized distributions on our OP Units totaling approximately $2.3 million ($0.23 per share), and cash dividends on our Series A Preferred Stock totaling approximately $3,906.

Commitments

As of March 31, 2022, we have aggregate unfunded commitments to invest $20.6 million for the development and improvement of our existing properties.

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 months ended March 31, 2022 and 2021 (in thousands, except share and per share amounts):

	For the Three Months ended March 31,			
	2022		2021	
Net income attributable to common stockholders	$	5,017	$	1,457
Real estate depreciation and amortization		2,618		1,057
Loss on sale of real estate		59		-
FFO attributable to common stockholders		7,694		2,514
Stock- based compensation		396		883
Non-cash interest expense		7		-
AFFO attributable to common stockholders	$	8,097	$	3,397
FFO per share – basic	$	0.36	$	0.25
FFO per share – diluted	$	0.35	$	0.25
AFFO per share – basic	$	0.38	$	0.34
AFFO per share – diluted	$	0.37	$	0.34
Weighted average shares outstanding – basic		21,251,909		9,921,083
Weighted average shares outstanding – diluted		21,931,352		10,022,301

Critical Accounting Estimates

Our consolidated financial statements have been prepared in accordance with GAAP, which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results could differ materially from those estimates and assumptions. Set forth below is a summary of our accounting policies that we believe are critical to the preparation of our consolidated financial statements. Our accounting policies are more fully discussed in our consolidated financial statements.

Acquisition of Rental Property, Depreciation, Amortization and Impairment

We exercise judgement to determine key assumptions used in each estimate. For example, we are required to use judgment and make a number of assumptions, upon the acquisition of a property, including those related to projected growth in rental rates and operating expenses, anticipated trends and market/economic conditions. The use of different assumptions can affect the amount of consideration allocated to the acquired depreciable/amortizable asset, which in turn can impact our net income due to the recognition of the related depreciation/amortization expense in our consolidated statements of operations.

Upon acquisition of property, the tangible and intangible assets acquired and liabilities assumed are initially measured based upon their relative fair values. We estimate the fair value of land by reviewing comparable sales within the same submarket and/or region, the fair value of buildings on an as-if vacant basis and may engage third-party valuation specialists. Acquisition costs are capitalized as incurred since all our acquisitions to date were recorded as asset acquisitions.

We depreciate each of our buildings and improvements over its estimated remaining useful life, not to exceed 35 years. We depreciate tenant improvements at our buildings where we are considered the owner over the estimated useful life, not to exceed 35 years. We amortize the value of in-place lease costs over the remaining life of the in-place lease. Determining whether expenditures meet the criteria for capitalization and the assignment of depreciable lives requires management to exercise significant judgment.

The determination of whether we or the tenant is the owner of tenant improvements for accounting purposes is subject to significant judgment. In making that determination, we consider numerous factors and perform an evaluation of each individual lease. No one factor is determinative in reaching a conclusion. The factors we evaluate include but are not limited to whether the lease agreement requires landlord approval of how the tenant improvement allowance is spent prior to installation of the tenant improvements, whether the lease agreement requires the tenant to provide evidence to the landlord supporting the cost and what the tenant improvement allowance was spent on prior to payment by the landlord for such tenant improvements, whether the tenant improvements are unique to the tenant or reusable by other tenants, whether the tenant is permitted to alter or remove the tenant improvements without the consent of the landlord or without compensating the landlord for any lost utility or diminution in fair value and whether the ownership of the tenant improvements remains with the landlord or remains with the tenant at the end of the lease term. When we conclude that we are the owner of tenant improvements for accounting purposes using the factors discussed above, we record the cost to construct the tenant improvements as our capital asset.

Long-lived assets are individually evaluated for impairment when conditions exist that may indicate that the carrying amount of a long-lived asset may not be recoverable. The carrying amount of a long-lived asset to be held and used is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Impairment indicators or triggering events for long-lived assets to be held and used are assessed by property and include significant fluctuations in estimated net operating income, occupancy changes, significant near-term lease expirations, current and historical operating and/or cash flow losses, construction costs, estimated completion dates, rental rates, and other market factors. We assess the expected undiscounted cash flows based upon numerous factors, including, but not limited to, construction costs, available market information, current and historical operating results, known trends, current market/economic conditions that may affect the property, and our assumptions about the use of the asset, including, if necessary, a probability-weighted approach if multiple outcomes are under consideration. Upon determination that an impairment has occurred, a write-down is recognized to reduce the carrying amount to its estimated fair value. We may adjust depreciation of properties that are expected to be disposed of or redeveloped prior to the end of their useful lives.

Revenue Recognition

Our existing tenant leases and future tenant leases are generally expected to be triple-net leases, an arrangement under which the tenant maintains the property while paying us rent. We account for our leases as operating leases. Operating leases that have fixed and determinable rent increases are recognized on a straight-line basis over the lease term, unless the collectability of lease payments is not reasonably predictable. Rental increases based upon changes in the U.S. Consumer Price Index ("CPI"), if any, are recognized only after the changes in the indexes have occurred and are then applied according to the lease agreements. Contractually obligated reimbursements from tenants for recoverable real estate taxes, insurance and operating expenses, if any, are included in rental revenue in the period when such costs are incurred. Contractually obligated real estate taxes that are paid directly by the tenant to the tax authorities are not reflected in our consolidated financial statements.

We record revenue for each of our properties on a cash basis due to the uncertainty of collectability of lease payments from each tenant due to their limited operating history and the uncertain regulatory environment in the U.S. relating to the cannabis industry.

Stock-Based Compensation

We account for awards of stock, stock options, restricted stock units and performance stock units in accordance with ASC 718-10, "Compensation-Stock Compensation." ASC 718-10 requires that compensation cost for all stock awards be recorded at fair value at the grant date and amortized over the service period (generally equal to the vesting period). The compensation cost for stock option grants is determined using option pricing models, intended to estimate the fair value of the awards at the grant date less estimated forfeitures. The fair value of performance stock awards is determined using a Monte Carlo simulation for the future stock price of the Company and the corresponding peer group.

There is significant uncertainty in the estimation of the valuation of our performance stock units as they do not vest until December 31, 2023 and 2024, as well as additional uncertainty around forfeitures as we cannot determine if or when forfeitures will happen. The valuation of units can vary significantly since units are based upon target amounts that may or may not be met.

Determination of Fair Value of our Common Stock

Prior to our IPO, the estimated fair value of our common stock was determined by our board of directors as of the date of each equity grant to be equal to the sales price per share in our most recent equity private placement.

Following the closing of our IPO, our board of directors determines the fair market value of our common stock based on its closing price as reported on the date of grant on the primary stock exchange on which our common stock is traded.

Income Taxes

We have been organized to operate our business so as to qualify to be taxed as a REIT. Under the REIT operating structure, we are permitted to deduct dividends paid to our stockholders in determining our taxable income for U.S. federal income tax purposes. As long as our dividends equal or exceed our taxable net income, we generally will not be required to pay U.S. federal income tax on such income.

Adoption of Leases and 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.

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, Leases; in July 2018, the FASB issued ASU 2018-10, Codification Improvements to Topic 842, Leases, and ASU 2018-11, Leases — Targeted Improvements; and in December 2018, the FASB issued ASU 2018-20, Narrow-Scope Improvements for Lessors. This group of ASUs is collectively referred to as Topic 842 and became effective for the Company beginning January 1, 2022. Topic 842 supersedes the existing standards for lease accounting (Topic 840, Leases).

Topic 842 requires lessees to record most leases on their balance sheet through a right-of-use ("ROU") model, in which a lessee records a ROU asset and a lease liability on their balance sheet. Leases that are less than 12 months do not need to be accounted for under the ROU model. As of March 31, 2022, the Company is the lessee under one office lease and one furniture lease that are for less than 12 months.

We adopted Topic 842 effective as of January 1, 2022 using the effective date method and elected the package of practical expedients that allows an entity not to reassess upon adoption (i) whether an expired or existing contract contains a lease, (ii) whether a lease classification related to expired or existing lease arrangements, and (iii) whether costs incurred on expired or existing leases qualify as initial direct costs, and as a lessor, the practical expedient not to separate certain non-lease components, such as common area maintenance, from the lease component if the timing and pattern of transfer are the same for the non-lease component and associated lease component, and the lease component would be classified as an operating lease if accounted for separately.

As lessor, for each of our real estate transactions involving the leaseback of the related property to the seller or affiliates of the seller, we determine whether these transactions qualify as sale and leaseback transactions under the accounting guidance. For these transactions, we consider various inputs and assumptions including, but not necessarily limited to, lease terms, renewal options, discount rates, and other rights and provisions in the purchase and sale agreement, lease and other documentation to determine whether control has been transferred to the Company or remains with the lessee. A transaction involving a sale leaseback will be treated as a purchase of a real estate property if it is considered to transfer control of the underlying asset from the lessee. A lease will be classified as direct-financing if risks and rewards are conveyed without the transfer of control and will be classified as a sales-type lease if control of the underlying asset is transferred to the lessee. Otherwise, the lease is treated as an operating lease. These criteria also include estimates and assumptions regarding the fair value of the leased facilities, minimum lease payments, the economic useful life of the facilities, the existence of a purchase option, and certain other terms in the lease agreements. The lease accounting guidance requires accounting for a transaction as a financing in a sale leaseback when the seller-lessee is provided an option to purchase the property from the landlord at the tenant's option.

Our leases continue to be classified as operating leases under Topic 842 and we continue to record revenue for each of our properties on a cash basis. Upon adoption of Topic 842, the Company continues to combine tenant reimbursements with rental revenues on the Company's consolidated statements of operations. The Company has historically not capitalized allocated payroll cost incurred as part of the leasing process, which was allowable under ASC 840 but, no longer qualifies for classification as initial direct costs under Topic 842. Also, the Narrow- Scope Improvements for Lessors under ASU 2018-20 allows the Company to continue to exclude from revenue, costs paid by our tenants on our behalf directly to third parties, such as property taxes.

Recent Accounting Pronouncements

Refer to Note 2 in the Notes to Consolidated Financial Statements in Part I – Item 1 for a discussion of accounting guidance recently adopted by the Company or expected to be adopted by the Company in the future.

Impact of Inflation

We enter into leases that generally provide for annual fixed increases in rent, and in certain cases have entered into leases that provide for annual increases in rent equal to the greater of a fixed increase and 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. To date, our financial condition and results of operations have not been negatively impacted by COVID-19.

As of March 31, 2022, we have a mortgage loan receivable and a mortgage loan payable, both subject to fixed interest rates, therefore we are not exposed to interest rate changes. If we were to issue more debt or enter into a credit facility in the future, we would be exposed to interest rate changes. At this time, we have no plans to issue debt instruments. It is possible that a property we acquire in the future would be subject to a mortgage, which we may assume.

ITEM 4. CONTROLS AND PROCEDURES.

Our management, under the supervision and with the participation of our principal executive and financial officer, is responsible for and has evaluated the effectiveness of our disclosure controls and procedures in ensuring that the information required to be disclosed in our filings under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including ensuring that such information is accumulated and communicated to our company's management, as appropriate, to allow timely decisions regarding required disclosure. Based on such evaluation, our principal executive and financial officer have concluded that such disclosure controls and procedures were effective as of March 31, 2022 (the end of the period covered by this Quarterly Report).

Management's Quarterly Report on Internal Control Over Financial Reporting

This report does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of our independent registered public accounting firm due to a transition period established by rules of the SEC for newly public companies.

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 was no change in our internal control over financial reporting that occurred during our most recent fiscal quarter that has materially affected, or is 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 18, 2022, 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 USE OF PROCEEDS.

(a) Recent Sales of Unregistered Equity Securities and Repurchases of Securities.

None.

(b) Use of Proceeds.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURE.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

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	Amended and Restated Bylaws of NewLake Capital Partners, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Registration Statement on Form S-11 filed on July, 23 2021).
31.1*	Certification of the Chief Executive Officer under Section 302 of the Sarbanes-OxleyAct 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: May 12, 2022	By: /s/ David Weinstein Name: David Weinstein Title: Chief Executive Officer (Principal Executive Officer)
Dated: May 12, 2022	By: /s/ Fredric Starker Name: Fredric Starker Title: Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Exhibit 31.1

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, David Weinstein, 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) [Omitted];

   (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: May 12, 2022

By: /s/ David Weinstein
David Weinstein
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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, Fredric Starker, 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) [Omitted];

   (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: May 12, 2022

By: /s/ Fredric Starker
Fredric Starker
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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 March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, David Weinstein, 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.

Date: May 12, 2022

By: /s/David Weinstein
David Weinstein
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

**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 March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Fredric Starker, Chief Financial 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.

Date: May 12, 2022

By: /s/ Fredric Starker
Fredric Starker
Chief Financial Officer
(Principal Financial Officer)