



Innovative Industrial Properties Acquires Massachusetts Property and Enters Into Long-Term Lease with TILT

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SAN DIEGO--(BUSINESS WIRE)-- Innovative Industrial Properties, Inc. (IIP), the first and only real estate company on the New York Stock Exchange (NYSE: IIPR) focused on the regulated U.S. cannabis industry, announced today that it closed on the acquisition of a property comprising approximately 104,000 square feet of industrial space in Taunton, Massachusetts.

The purchase price for the property was \$40.0 million (approximately \$384 per square foot), which is fully built out and operational as a regulated cannabis cultivation, processing and dispensing facility. Concurrent with the closing of the purchase, IIP entered into a long-term, triple-net lease agreement for the property with a subsidiary of TILT Holdings Inc. (TILT).

TILT was a tenant of the prior owner of the property, and executed a purchase agreement with the prior owner to acquire the property for \$13.0 million (approximately \$125 per square foot). In addition, during TILT's tenancy with the prior owner, TILT invested in excess of \$27.0 million (approximately \$260 per square foot) of its own funds in improvements to the building. IIP's investment of \$40.0 million consists of the original purchase price for the approximately 12-acre site and standard industrial building to the prior owner and a portion of the costs invested in the building by TILT for buildout of the facility, which included the HVAC, electrical, plumbing, cultivation, extraction and processing room buildouts and other building systems infrastructure necessary to support regulated cannabis cultivation and processing. The property consists of approximately 60,000 square feet of cultivation space, 8,000 square feet of production space (including a full commercial kitchen and extraction facility), 2,400 square feet of retail space and mechanical, office, administrative and storage space. The property currently produces a wide variety of form factors, both in-house and with third-party branded partners, including packaged and pre-rolled flower, concentrates, edibles and vaporizers.

As the pioneering real estate investment trust (REIT) for the regulated cannabis industry, IIP partners with experienced, regulated cannabis operators and serves as a source of capital by acquiring and leasing back their real estate assets, in addition to offering other creative real estate-based capital solutions.

TILT is a vertically integrated enterprise with a portfolio of companies focused on inhalation technology and

regulated cannabis operations, and in 2021 generated approximately \$203 million in revenues. Jupiter Research LLC, a wholly-owned subsidiary of TILT and leader in the vaporization segment, focuses on hardware design, research, development and manufacturing with customers across the United States, as well as Canada, Israel, Mexico, South America and the European Union. TILT also conducts regulated cannabis operations in Massachusetts, Pennsylvania, Ohio and New York (through its partnership with the Shinnecock Indian Nation).

TILT owns a vertically integrated license in Massachusetts, with its Taunton facility dually licensed for both medical and adult-use cultivation, product manufacturing and retail. In addition to the Taunton facility, TILT operates a dispensary in Brockton that is licensed for both medical and adult-use cannabis, and expects regulatory approval soon for an additional medical-use dispensary in the city of Cambridge. TILT's products recently were awarded first-place gold in "solvent concentrates" and second-place silver in the "edibles category" at the 2022 NECANN Canna Competition in Boston.

According to the Massachusetts Cannabis Control Commission, 2021 regulated cannabis sales in Massachusetts were approximately \$1.6 billion. Including this property, IIP owns nine properties in Massachusetts, comprising approximately 879,000 rentable square feet (including square footage under redevelopment) and representing a total investment, including commitments to fund future improvements, of approximately \$282.7 million (approximately \$322 per square foot).

As of May 16, 2022, IIP owned 110 properties located in Arizona, California, Colorado, Florida, Illinois, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nevada, New Jersey, New York, North Dakota, Ohio, Pennsylvania, Texas, Virginia and Washington, representing a total of approximately 8.2 million rentable square feet (including approximately 2.4 million rentable square feet under development / redevelopment). As of May 16, 2022, IIP had committed approximately \$2.2 billion across its portfolio, including capital invested to date (excluding transaction costs) and additional capital commitments to fund future construction and improvements at IIP's properties. These statistics do not include an \$18.5 million loan from IIP to a developer for construction of a regulated cannabis cultivation and processing facility in California and up to \$55.0 million that may be funded between June 15, 2022 and July 31, 2022 pursuant to IIP's lease with a tenant at one of IIP's Pennsylvania properties, as the tenant at that property may not elect to have IIP disburse those funds and pay IIP the corresponding base rent on those funds.

About Innovative Industrial Properties

Innovative Industrial Properties, Inc. is a self-advised Maryland corporation focused on the acquisition, ownership and management of specialized industrial properties leased to experienced, state-licensed operators for their regulated cannabis facilities. Innovative Industrial Properties, Inc. has elected to be taxed as a real estate investment trust, commencing with the year ended December 31, 2017. Additional information is available at www.innovativeindustrialproperties.com.

This press release contains statements that IIP believes to be “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than historical facts, including, without limitation, statements regarding the Massachusetts property, TILT and the Massachusetts regulated cannabis market, are forward-looking statements. When used in this press release, words such as IIP “expects,” “intends,” “plans,” “estimates,” “anticipates,” “believes” or “should” or the negative thereof or similar terminology are generally intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, such statements. Investors should not place undue reliance upon forward-looking statements. IIP disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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