



Innovative Industrial Properties Acquires Massachusetts and Washington Properties and Enters Into Long-Term Leases with 4Front

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IIP Expands Portfolio to 66 Properties Comprising 5.4 Million Square Feet in 17 States

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 acquisitions of a property in Georgetown, Massachusetts and a property in Olympia, Washington, which collectively comprise approximately 181,000 square feet of industrial space.

The purchase prices for the properties were \$33.0 million in total (excluding transaction costs). Concurrent with the closings of the purchases, IIP entered into a long-term, triple-net lease agreement for each property with a subsidiary of 4Front Ventures Corp. (CSE: FFNT) (OTCQX: FFNTF) (4Front), which intends to continue to operate the Massachusetts property as a regulated cannabis cultivation, processing and dispensing facility and to sublease the Washington property to a cannabis license holder for continued use as a cannabis cultivation and processing facility.

As the pioneering real estate investment trust (REIT) for the medical-use cannabis industry, IIP partners with experienced medical-use 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.

"We are excited to welcome 4Front to our premier tenant roster," said Paul Smithers, President and Chief Executive Officer of IIP. "4Front has developed a strong footprint in their core operating markets, with a proven ability to execute and deliver a wide variety of high-quality, consistent cannabis products on a large scale. We look forward to continuing to support 4Front as they deepen their operations and strategic relationships in existing states and expand into new ones like California."

4Front is a national multi-state cannabis operator and retailer, with a market advantage in mass-produced, low-cost quality branded cannabis products. 4Front manufactures, licenses and distributes a portfolio of over 25 cannabis brands including Marmas, Crystal Clear, Funky Monkey, Pebbles, and the Pure Ratios wellness collection, distributed through retail outlets and their chain of strategically positioned Mission branded dispensaries.



Headquartered in Phoenix, Arizona, 4Front has operations in Illinois, Massachusetts, California and Michigan and leases property and provides services to cannabis license holders in Washington state that manufacture and distribute these products.

“We are thrilled to enter into this new long-term real estate partnership with IIP,” said Leo Gontmakher, Chief Executive Officer of 4Front. “These sale-leaseback transactions further enhance our balance sheet with non-dilutive capital, while allowing us to retain full operational control of our key production facilities in Massachusetts. It also allows us to continue to provide top-notch services to our tenants in Washington, and supplies us with the efficient funding for our targeted growth plans.”

Massachusetts, with approximately 6.9 million residents, approved cannabis for medical-use by popular vote in 2012, with first sales in 2014. The Commonwealth launched its adult-use cannabis program in 2018, with first sales in November of that year. Adult-use cannabis sales have exceeded \$630 million in 2020 year-to-date and \$1.0 billion in the two years since first sales began, and annual total regulated cannabis sales are expected to reach \$1.5 billion by 2025, according to BDS Analytics. Similar to other states during this coronavirus health crisis, Massachusetts authorities ordered all businesses that are not offering essential services to close operations for a period of time. However, the Massachusetts Cannabis Control Commission deemed Medical Marijuana Treatment Centers and Certifying Health Care Providers as essential services that were permitted to remain open during this time. The adult-use cannabis program was required to close for approximately two months, but reopened in late May.

Washington, with approximately 7.7 million residents, approved cannabis for medical-use in 1998 and cannabis for adult-use in 2012, with first adult-use sales in mid-2014. According to BDS Analytics, regulated adult-use sales of cannabis topped \$1.0 billion in 2019, and are expected to grow to approximately \$1.3 billion by 2025. Marijuana Business Daily also estimates the total number of in-state patients and consumers to be between 1.5 million and 1.8 million residents. Cannabis businesses were also considered essential in the state of Washington during the coronavirus pandemic, with restrictions and operating protocols designed to protect the health and safety of customers and workers, in addition to relaxing protocols surrounding curbside pickup.

As of December 17, 2020, IIP owned 66 properties located in Arizona, California, Colorado, Florida, Illinois, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New York, North Dakota, Ohio, Pennsylvania, Virginia and Washington, totaling approximately 5.4 million rentable square feet (including approximately 2.0 million rentable square feet under development/redevelopment), which were 99.3% leased (based on square footage) with a weighted-average remaining lease term of approximately 16.6 years. As of December 17, 2020, IIP had committed approximately \$1.3 billion by investing approximately \$1.0 billion in the aggregate (excluding transaction costs) and committing an additional approximately \$298.1 million to reimburse certain tenants and sellers for completion of construction and tenant improvements at IIP's properties. These statistics treat IIP's Los Angeles, California property as not leased, due to the tenant being in receivership and its ongoing default in its obligation to pay rent at that location.

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 medical-use 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.

Innovative Industrial Properties Forward-Looking Statements

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 leases of the Massachusetts and Washington properties, 4Front and the Massachusetts and Washington regulated cannabis markets, are forward-looking statements. When used in this press release, words such as we “expect,” “intend,” “plan,” “estimate,” “anticipate,” “believe” 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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