



Innovative Industrial Properties Acquires Michigan Property and Enters Into Long-Term Lease with LivWell

2019-10-09

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 in Warren, Michigan, which comprises approximately 156,000 square feet of industrial space.

The purchase price for the Michigan property was \$19.0 million (excluding transaction costs). Concurrent with the closing of the purchase, IIP entered into a long-term, triple-net lease agreement with LivWell Michigan, LLC, a licensee of LivWell Holdings, Inc. (LivWell), which intends to operate the property as a licensed cannabis cultivation and processing facility upon completion of redevelopment. LivWell is expected to complete tenant improvements for the property, for which IIP has agreed to provide reimbursement of up to \$23.0 million. Assuming full reimbursement for the tenant improvements, IIP's total investment in the property will be \$42.0 million.

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 announce the beginning of our long-term real estate partnership with LivWell," said Paul Smithers, President and Chief Executive Officer of IIP. "LivWell has developed a tremendous track record of success in Colorado during the last decade, and we look forward to supporting the rapid expansion of their operations in Michigan."

Established in 2009, LivWell employs over 700 employees and is one of the preeminent licensed cannabis operators in Colorado with 18 dispensary locations, in addition to operations in Oregon, Michigan, Puerto Rico and Canada. John Lord, Chief Executive Officer of LivWell, leads a highly accomplished management team and brings over 30 years of business management experience to LivWell. Under Mr. Lord's leadership, LivWell serves as a policy leader on local, national and federal levels, bringing its expertise to assist in the creation of sound statutory and regulatory frameworks for the industry.

“The IIP team has been great to work with, throughout this transaction, and we look forward to working with them in the long-term as a proven, reliable real estate partner for this industry,” said Dean Heizer, Executive Director of LivWell. “We are full-speed ahead on our redevelopment of this property, building to the specifications we need to deliver the highest quality products to the people of Michigan. With the ongoing expansion of our operations, we also plan to provide for well-paying jobs, educational and advancement opportunities for our employees and the broad community engagement that are just a few of the hallmarks of our company.”

As of October 9, 2019, IIP owned 32 properties located in Arizona, California, Colorado, Illinois, Maryland, Massachusetts, Michigan, Minnesota, New York, Nevada, Ohio and Pennsylvania, totaling approximately 2.3 million rentable square feet (including approximately 843,000 rentable square feet under development/redevelopment), which were 100% leased with a weighted-average remaining lease term of approximately 15.9 years. As of October 9, 2019, IIP had invested approximately \$317.9 million in the aggregate (excluding transaction costs) and had committed an additional approximately \$123.1 million to reimburse certain tenants and sellers for completion of construction and tenant improvements at IIP’s properties. IIP’s average current yield on invested capital is approximately 14.1% for these 32 properties, calculated as (a) the sum of the current base rents (after the expiration of applicable base rent abatement or deferral periods), supplemental rent (with respect to the lease with PharmaCann LLC at one of IIP’s New York properties) and property management fees, divided by (b) IIP’s aggregate investment in these properties (excluding transaction costs and including aggregate potential development/redevelopment funding and tenant reimbursements of approximately \$123.1 million). These statistics do not include up to \$40.0 million that may be funded in the future pursuant to IIP’s lease with Trulieve Cannabis Corp. at one of IIP’s Massachusetts properties, the additional \$4.0 million which may be requested by PharmaCann LLC at one of IIP’s Pennsylvania properties or \$2.0 million that may be funded in the future pursuant to IIP’s lease with Holistic Industries, Inc. at one of IIP’s Massachusetts properties, as the tenants at those properties may not elect to have IIP disburse those funds to them 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 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 lease of the Michigan property, LivWell and the Michigan regulated cannabis market, 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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Catherine Hastings

Chief Financial Officer, Chief Accounting Officer and Treasurer

Innovative Industrial Properties, Inc.

(858) 997-3332

Source: Innovative Industrial Properties, Inc.