



Innovative Industrial Properties Acquires New Jersey Property and Expands Real Estate Partnership with AWH

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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 in New Jersey, and entered into a long-term lease with a subsidiary of Ascend Wellness Holdings, Inc. (AWH) at the property.

The purchase price for the property was \$35.4 million (excluding transaction costs). AWH is expected to complete additional improvements for the approximately 114,000 square foot property as a regulated cannabis cultivation and processing facility, for which IIP has agreed to provide reimbursement of up to \$4.6 million. Assuming full reimbursement for the tenant improvements, IIP's total investment in the property is expected to be \$40.0 million. AWH is planning to build out its overall New Jersey cultivation footprint to include a lab, kitchen and 150,000 square feet of canopy by the end of 2023.

In addition to this New Jersey property, IIP owns and leases to AWH three other properties in Illinois, Massachusetts and Michigan, with IIP's total investment in properties leased to AWH, including commitments to fund future tenant improvements, equaling approximately \$179.75 million.

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.

"We have been AWH's long-term real estate partner since 2018, and are excited to once again expand our relationship with Abner and his team," said Paul Smithers, President and Chief Executive Officer of IIP. "The AWH team continues to distinguish themselves in delivering the highest quality cannabis products and services to their patients and customers, and has developed a tremendous strategic footprint in some of the strongest regulated cannabis markets, including New Jersey."

AWH is a publicly traded, vertically integrated cannabis company, with assets in Illinois, Michigan, Ohio, Massachusetts and New Jersey and approximately 1,500 employees. AWH owns and operates state-of-the-art

cultivation facilities, grows award-winning strains, and produces a curated selection of products, including its Ozone branded products. In New Jersey, AWH currently operates two dispensaries in Montclair and Rochelle Park, and expects to open an additional dispensary in Fort Lee in late spring of 2022.

“Throughout these transformational years of AWH, we have greatly valued our long-term real estate partnership with IIP, working closely together to deliver optimal real estate capital solutions that have been instrumental in driving our expansion over time,” said Abner Kurtin, Chief Executive Officer and Co-Founder of AWH. “With IIP’s partnership, we look forward to significantly enhancing our production capacity in New Jersey, and bringing our award-winning products and exceptional service to patients and customers throughout the state.”

New Jersey has taken strong steps in recent years to expand access of the medical cannabis program to patients throughout the state, including amending the rules to allow for oil-based formulations, and adding seven new qualifying medical conditions, including PTSD, anxiety, migraines and certain types of chronic pain. The program was further expanded by the passage of the Jake Honig Compassionate Use Medical Cannabis Act, which, among other things, increased the monthly limit for cannabis patients, allowed physician assistants and advanced practice nurses to recommend medical cannabis to patients, and allowed the dispensing of cannabis edibles to adult patients.

In addition, Governor Phil Murphy signed into law the New Jersey Cannabis Regulatory, Enforcement, Assistance, and Market Modernization Act (CREAMMA) in February 2021, which legalized cannabis for adult-use. In August 2021, New Jersey’s Cannabis Regulatory Commission adopted its initial rules and regulations. According to MJBizDaily, New Jersey regulated adult-use cannabis sales are expected to reach \$2.1 billion by the fourth year of the program. IIP owns three regulated cannabis cultivation and processing facilities and one dispensary in New Jersey, representing a total expected investment of approximately \$90.0 million, which includes commitments by IIP to fund future improvements at certain properties.

As of February 10, 2022, IIP owned 105 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 7.9 million rentable square feet (including approximately 2.5 million rentable square feet under development / redevelopment). As of February 10, 2022, IIP had committed approximately \$2.1 billion across its portfolio, including capital invested to date (excluding transaction costs) and additional capital commitments to fund future construction and tenant 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.

About AWH

AWH is a vertically integrated operator with assets in Illinois, Michigan, Ohio, Massachusetts and New Jersey. AWH owns and operates state-of-the-art cultivation facilities, growing award winning strains and producing a curated selection of products. AWH produces and distributes Ozone branded products. For more information, visit www.awholdings.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 acquisition and lease of the New Jersey property, AWH and the New Jersey 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.

The CSE has not reviewed, approved or disapproved the content of this news release.

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