



Innovative Industrial Properties Acquires Pennsylvania Property and Expands Real Estate Partnership with Holistic Industries

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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 located at 911 Industrial Street in New Castle, Pennsylvania, which comprises approximately 108,000 square feet of industrial space situated on approximately 7.4 acres.

The purchase price for the property was approximately \$8.9 million (excluding transaction costs). Concurrent with the closing of the purchase, IIP entered into a long-term, triple-net lease agreement with Holistic Industries, Inc. ("Holistic"), which intends to continue to operate the property as a medical-use cannabis cultivation and processing facility. Holistic is expected to complete additional tenant improvements for the property, for which IIP has agreed to provide reimbursement of up to approximately \$6.4 million. Assuming full reimbursement for the tenant improvements, IIP's total investment in the property will be approximately \$15.3 million.

This sale-leaseback transaction marks IIP's third acquisition and lease with Holistic, with prior IIP acquisitions and leases for Holistic's licensed cannabis cultivation and processing facilities in Maryland and Massachusetts.

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 have teamed with Holistic as their long-term real estate partner since the acquisition and lease of our Maryland property in 2017, and are thrilled to further expand our relationship with them in Pennsylvania, which continues to develop as one of the most vibrant medical cannabis markets in the United States," said Paul Smithers, President and Chief Executive Officer of IIP. "We greatly value our long-term relationship with the Holistic team, and look forward to supporting their real estate capital needs for many years to come."

Holistic is one of the largest private, vertically-integrated multi-state operators in the cannabis industry, with operations in California, Maryland, Massachusetts, Michigan, Pennsylvania and Washington D.C. Founded by Chief Executive Officer Josh Genderson in 2011, Holistic's success is driven by its unique and scalable approach and

mission to be the best place to work, shop and invest in the cannabis industry. Holistic is dedicated to delivering exceptional cannabis products to patients and customers in an environment of highly focused customer service and individualized patient care.

“Over the past three years, we have partnered with the IIP team for real estate-based capital solutions that have helped us fund key expansion initiatives and the development of our cannabis cultivation and processing facilities,” said Josh Genderson, Chief Executive Officer of Holistic. “IIP’s strong support allows us to continue to focus on our growth as a national medical and consumer goods company, a cultivation and extraction network and a retail dispensary chain.”

With first sales in 2018, the Pennsylvania medical cannabis market has grown significantly, and according to the Pennsylvania Department of Health’s report dated May 15, 2020, over 300,000 patient certifications have been issued by approved practitioners since the program began. Similar to other states during this coronavirus health epidemic, in March 2020, Pennsylvania state authorities issued orders to close operations for all non-essential businesses, though deemed regulated medical-use cannabis providers as essential businesses, allowing them to remain open, subject to certain social-distancing measures and other regulations focused on protecting the health of patients and employees.

As of June 10, 2020, IIP owned 57 properties located in Arizona, California, Colorado, Florida, Illinois, Maryland, Massachusetts, Michigan, Minnesota, New York, Nevada, North Dakota, Ohio, Pennsylvania and Virginia, totaling approximately 4.3 million rentable square feet (including approximately 1.3 million rentable square feet under development/redevelopment), which were 99.2% leased (based on square footage) with a weighted-average remaining lease term of approximately 16.0 years. As of June 10, 2020, IIP had invested approximately \$769.8 million in the aggregate (excluding transaction costs) and had committed an additional approximately \$128.9 million to reimburse certain tenants and sellers for completion of construction and tenant improvements at IIP’s properties. These statistics do not include up to approximately \$8.9 million that may be funded in the future pursuant to IIP’s lease with a tenant at one of IIP’s Illinois properties, or approximately \$22.5 million that may be funded in the future pursuant to IIP’s lease with a tenant 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. These statistics also 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 lease of the Pennsylvania property, Holistic and the Pennsylvania 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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