



# Innovative Industrial Properties Expands Real Estate Partnership with AWH at Illinois Property

August 20, 2020

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 entered into an amendment of the lease with a subsidiary of Ascend Wellness Holdings, LLC (AWH) at the property located in Barry, Illinois, making available an additional \$18 million in funding for expansion of AWH's regulated cannabis cultivation and processing facilities at the property, including a new 90,000 square foot greenhouse facility and further production capacity enhancements for the existing 75,000 square foot industrial facility located on the property. The lease amendment also adjusted the base rent under the lease to take into account the additional available funding. Assuming full payment of the additional funding, IIP's total investment in the property will be \$51 million.

In addition to this Illinois property, IIP owns and leases to AWH two other properties in Massachusetts and Michigan, with IIP's total investment in properties leased to AWH, including commitments to fund future tenant improvements, equating approximately \$119.8 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.

Illinois, the 11<sup>th</sup> state to legalize cannabis for adult-use, commenced adult-use cannabis sales on January 1 of this year. In July alone, Illinois adult-use cannabis dispensaries generated nearly \$61 million in sales (excluding medical cannabis sales), according to the Illinois Department of Financial and Professional Regulation, exhibiting consistent, strong growth month over month. IIP owns six regulated cannabis cultivation and processing facilities in Illinois, representing a total expected investment of approximately \$204.6 million, which includes commitments by IIP to fund future tenant improvements and construction at certain properties.

"We are excited to once again expand our long-term real estate partnership with AWH," said Paul Smithers, President and Chief Executive Officer of IIP. "The AWH management team has done tremendous work in positioning itself as one of the leading MSOs in states that represent tremendous market opportunities, and has continued to execute well on its mission throughout these uncertain times in serving patients and customers with the highest quality products and dedication to patient care and customer service."

AWH is a vertically integrated cannabis company, with assets in Illinois, Michigan, Ohio, Massachusetts and New Jersey. In Illinois, AWH currently operates two dispensaries in Springfield and Collinsville under the brand name Illinois Supply and Provisions, and expects to open two additional dispensaries, including its flagship retail location in Fairview Heights.

"We greatly value our long-term real estate partnership with IIP, with a team that works closely with us to find optimal solutions for our real estate capital needs, providing us with a key capital source to allow us to grow thoughtfully and on our timeline," said Abner Kurtin, Chief Executive Officer and Co-Founder of AWH. "With this additional

capital at the Barry facility, we expect to further enhance our production capacity to meet the tremendous demand and continued growth we see in the Illinois market today.”

As of August 20, 2020, IIP owned 61 properties located in Arizona, California, Colorado, Florida, Illinois, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, New York, Nevada, North Dakota, Ohio, Pennsylvania and Virginia, totaling approximately 4.6 million rentable square feet (including approximately 1.6 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 August 20, 2020, IIP had invested approximately \$835.4 million in the aggregate (excluding transaction costs) and had committed an additional approximately \$228.3 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 \$14.5 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 tenant at that property may not elect to have IIP disburse those funds to the tenant 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](http://www.innovativeindustrialproperties.com).

## About AWH

AWH is a market leading, vertically integrated operator with assets in Illinois, Michigan, Ohio, Massachusetts and New Jersey. AWH is breaking down traditional walls in the cannabis marketplace to provide easy and accessible products and exclusive brand partnerships. AWH owns and operates state-of-the-art cultivation facilities, growing award winning strains and producing curated selection of products with effect-based categorization. AWH operates Illinois Supply and Provisions and Ohio Provisions, and has a strategic partnership with Michigan Supply and Provisions. AWH produces and distributes Ozone branded products. For more information, visit [www.awholdings.com](http://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 AWH, the lease and the Illinois 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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