



Innovative Industrial Properties Acquires Illinois Property and Expands Real Estate Partnership with 4Front Ventures Corp.

August 03, 2021

IIP Expands Portfolio to 73 Properties Comprising 6.8 Million Square Feet in 18 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 that it closed on the acquisition of a property in Illinois, and entered into a long-term lease with a subsidiary of 4Front Ventures Corp. (CSE: FFNT) (OTCQX: FFNTF) (4Front).

The purchase price for the property was \$6.5 million (excluding transaction costs). 4Front is expected to construct approximately 250,000 square feet of industrial space at the property, for which IIP has agreed to provide reimbursement of up to \$43.75 million. Assuming full reimbursement for the construction, IIP's total investment in the property is expected to be \$50.25 million (excluding transaction costs). 4Front intends to operate the property upon completion of construction as a licensed cannabis cultivation and processing facility.

IIP also owns and leases to subsidiaries of 4Front a regulated cannabis cultivation, processing and dispensing facility in Massachusetts and a managed regulated cannabis cultivation and processing facility in Washington. Assuming full reimbursement for tenant improvements under the Illinois lease, IIP's total investment in properties leased to 4Front is expected to be \$83.25 million, encompassing approximately 431,000 square feet.

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 are thrilled to expand our long-term real estate partnership with 4Front with this new ground-up development project in Illinois," said Paul Smithers, President and Chief Executive Officer of IIP. "We look forward to working closely with the 4Front team in the coming months on the development of this state-of-the-art facility, which we expect will provide 4Front with tremendous, cost-effective scalability and a highly controlled environment for production of the quality products that 4Front is known for. New Frontier projects Illinois to be in the top three states for regulated cannabis sales by 2025, and we believe 4Front will be well-positioned to meet that continued demand growth."

4Front is a national, vertically integrated multi-state cannabis operator that owns or manages operations and facilities in strategic medical and adult-use cannabis markets, including California, Illinois, Massachusetts, Michigan and Washington. Since its founding in 2011, 4Front has built a strong reputation for its high standards and low-cost cultivation and production methodologies earned through a track record of success in facility design, cultivation, genetics, growing processes, manufacturing, purchasing, distribution and retail. To date, 4Front has successfully brought to market more than 20 different cannabis brands and nearly 2,000 unique product lines, which are strategically distributed through its fully owned and operated Mission dispensaries and retail outlets in its core markets. As 4Front continues to drive value for its shareholders, its team is applying its decade of expertise in the sector across the cannabis industry's ecosystem.

"We are excited to expand our partnership with IIP as the Illinois marketplace continues its record-breaking sales streak," said Leo Gontmakher, Chief Executive Officer of 4Front. "This next-generation cultivation and manufacturing facility will not only allow us to best meet the state's robust market demand, but it will also broaden the reach of our innovative, low-cost cultivation and manufacturing methodologies. We look forward to continuing to expand our operations in Illinois, creating brands and products that consumers love and driving added value for our customers and shareholders."

Illinois, the eleventh state to legalize cannabis for adult-use, commenced adult-use cannabis sales at the beginning of last year. In this first year of adult-use sales, Illinois' regulated cannabis sales were over \$1.0 billion in 2020, including \$669 million in adult-use sales and over \$366 million in medical-use sales. In June 2021 alone, reflecting the continued strong and growing demand, Illinois adult-use cannabis dispensaries generated over \$115 million in sales (excluding medical cannabis sales), according to the Illinois Department of Financial and Professional Regulation. For the first time, in the first quarter of 2021, Illinois' tax revenues from regulated cannabis sales surpassed tax revenues from liquor sales. IIP owns seven regulated cannabis cultivation and processing facilities in Illinois, representing a total expected investment of approximately \$254.9 million, which includes commitments by IIP to fund future tenant improvements and construction at certain properties.

As of August 3, 2021, IIP owned 73 properties located in Arizona, California, Colorado, Florida, Illinois, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New York, North Dakota, Ohio, Pennsylvania, Texas, Virginia and Washington, representing a total of approximately 6.8 million rentable square feet (including approximately 2.4 million rentable square feet under development/redevelopment), which were 100% leased with a weighted-average remaining lease term of approximately 16.7 years. As of August 3, 2021, IIP had committed approximately \$1.7 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, but excluding an \$18.5 million loan from IIP to a developer for construction of a regulated cannabis cultivation and processing facility in California.

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.

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 development and lease of the Illinois property, 4Front 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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Source: Innovative Industrial Properties, Inc.

