



Innovative Industrial Properties Announces Q2 2021 Operating, Investment and Capital Markets Activity

July 06, 2021

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 its operating, investment and capital markets activity from April 1, 2021 through today.

Operating Activity

As of July 6, 2021, IIP owned 72 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 6.6 million rentable square feet (including approximately 2.2 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 July 6, 2021, IIP had invested an aggregate of approximately \$1.6 billion (consisting of purchase price and development and tenant reimbursement commitments funded, but excluding transaction costs) and had committed an additional approximately \$347.8 million to reimburse certain tenants and sellers for completion of construction and tenant improvements at IIP's properties, which does not include an \$18.5 million loan from IIP to a developer for construction of a regulated cannabis cultivation and processing facility in California.

Investment Activity

From April 1, 2021 through today, IIP made four acquisitions for properties located in Massachusetts, Michigan and Pennsylvania, and executed three lease amendments to provide additional tenant improvements at properties located in Florida and Pennsylvania. In these transactions, IIP established new tenant relationships with Sozo Companies, Inc. and Temescal Wellness of Massachusetts, LLC, while expanding existing relationships with Green Peak Industries LLC (Skymint), Harvest Health & Recreation Inc., Jushi Holdings Inc. and Parallel. Additional detail regarding each transaction is set forth below:

State	Closing Date	Rentable Sq. Ft. ⁽¹⁾	Purchase Price ⁽²⁾	Additional Investment	Total Investment	
Pennsylvania	April 1, 2021	40,000	N/A	30,000	30,000	(3)
Michigan	April 16, 2021	175,000	15,550	14,450	30,000	(4)
Pennsylvania	May 13, 2021	239,000	41,750	26,000	67,750	(5)
Michigan	May 14, 2021	85,000	10,250	5,750	16,000	(6)
Massachusetts	May 26, 2021	70,000	3,100	15,000	18,100	(7)
Florida	June 8, 2021	N/A	N/A	8,000	8,000	(8)
Florida	June 18, 2021	N/A	N/A	7,100	7,100	(9)
Totals		609,000	\$ 70,650	\$ 106,300	\$ 176,950	

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- (1) Includes expected rentable square feet at completion of construction for certain properties.
 - (2) Excludes transaction costs.
 - (3) The amount relates to a lease amendment which increased the tenant improvement allowance under a lease at one of IIP's Pennsylvania properties by \$30.0 million to a total of approximately \$40.0 million, and also resulted in a corresponding adjustment to the base rent for the lease at the property. With this additional tenant improvement allowance, the tenant is expected to expand the facility by approximately 40,000 square feet and complete the buildout of the existing 89,000 square foot building.
 - (4) The tenant is expected to complete tenant improvements at the property, for which IIP agreed to provide reimbursement of up to approximately \$14.4 million.
 - (5) The tenant is expected to complete tenant improvements at the property, for which IIP agreed to provide reimbursement of up to \$26.0 million.
 - (6) The tenant is expected to complete tenant improvements at the property, for which IIP agreed to provide reimbursement of up to approximately \$5.7 million.
 - (7) The tenant is expected to complete tenant improvements at the property, for which IIP agreed to provide reimbursement of up to \$15.0 million.
 - (8) The amount relates to a lease amendment which increased the tenant improvement allowance under a lease at one of IIP's Florida properties by \$8.0 million to a total of \$16.2 million, and also resulted in a corresponding adjustment to the base rent for the lease at the property.
 - (9) The amount relates to a lease amendment which increased the tenant improvement allowance under a lease at one of IIP's Florida properties by \$7.1 million to a total of approximately \$17.9 million, and also resulted in a corresponding adjustment to the base rent for the lease at the property.

In addition, on June 25, 2021, IIP closed on a construction loan with a developer for the construction of a regulated cannabis cultivation and processing facility in California. IIP is expected to lend up to \$18.5 million to the developer for the construction of an approximately 102,000 square foot building. Following completion of development of the property, IIP has an option to purchase the property, and may execute a negotiated lease with an affiliate of the developer or with another third party, if IIP determines to exercise its purchase option.

Capital Markets Activity

On May 25, 2021, IIP, through its operating partnership subsidiary (the Operating Partnership), issued \$300 million aggregate principal amount of unsecured senior notes (the Notes). The Notes are the Operating Partnership's general unsecured and unsubordinated obligations, are fully and unconditionally guaranteed by IIP and the Operating Partnership's subsidiaries, and rank equally in right of payment with all of the Operating Partnership's existing and future senior unsecured indebtedness, including its 3.75% Exchangeable Senior Notes due 2024. The Notes are governed by an indenture, which includes certain covenants.

The sale of the Notes generated net proceeds of approximately \$293 million, after deducting the initial purchasers' discounts and commissions and offering expenses. The notes bear interest at 5.50% per annum, payable semi-annually in arrears on May 15 and November 15 of each year, until the maturity date of May 25, 2026. IIP intends to use the net proceeds from the offering to invest in specialized industrial real estate assets that support the regulated cannabis industry that are consistent with its investment strategy, and for general corporate purposes.

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.

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 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.

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