



Innovative Industrial Properties Announces Q4 2021 Operating, Investment and Capital Markets Activity

January 05, 2022

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 October 1, 2021 through today.

Operating Activity

As of January 5, 2022, IIP owned 103 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 7.7 million rentable square feet (including approximately 2.5 million rentable square feet under development / redevelopment). As of January 5, 2022, IIP had invested approximately \$1.7 billion across its portfolio (consisting of purchase price and construction funding and improvements reimbursed to tenants, but excluding transaction costs) and had committed an additional approximately \$316.1 million to reimburse certain tenants and sellers for completion of construction and 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.

Investment Activity

From October 1, 2021 through today, IIP made 29 acquisitions (including 28 new properties and the acquisition of certain facilities at an existing property) for properties located in California, Colorado, Michigan, North Dakota and Pennsylvania, and executed one lease amendment to provide an additional improvement allowance at a property located in Massachusetts. In these transactions, IIP established new tenant relationships with Gold Flora, LLC, Medicine Man Technologies, Inc. (Schwazze) and Southwest Alternative Care, LLC (Kaya Cannabis), while expanding existing relationships with Columbia Care Inc., Curaleaf Holdings, Inc., LivWell Holdings, Inc. and Temescal Wellness of Massachusetts, LLC.

Additional detail regarding each transaction is set forth below:

State	Closing Date	Rentable Sq. Ft. ⁽¹⁾	Purchase Price ⁽²⁾	Additional Investment	Total Investment
California	October 15, 2021	201,000	\$ 51,000	\$ 9,000	\$ 60,000 ⁽³⁾
Massachusetts	November 1, 2021	N/A	N/A	8,700	8,700 ⁽⁴⁾
Michigan	December 9, 2021	15,000	34,150	550	34,700 ⁽⁵⁾
Multiple	December 14, 2021	179,000	72,657	N/A	72,657 ⁽⁶⁾
Totals		395,000	\$ 157,807	\$ 18,250	\$ 176,057

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- (1)Includes expected rentable square feet at completion of construction for certain properties.
 - (2)Excludes transaction costs.
 - (3)The tenant is expected to complete improvements at the property, for which IIP agreed to provide reimbursement of up to \$9.0 million.
 - (4)The amount relates to a lease amendment which increased the improvement allowance under a lease at one of IIP's Massachusetts properties by \$8.7 million to a total of \$23.7 million, and also resulted in a corresponding adjustment to the base rent for the lease at the property.
 - (5)IIP acquired the central utility plant facilities from the tenant at the property, which increased the total rentable square feet at the property to 205,000 square feet, provided reimbursement to the tenant for certain other improvements made at the property, and amended the lease to increase the improvement allowance for future improvements by \$550,000, all of which resulted in a corresponding adjustment to the base rent for the property.
 - (6)IIP acquired a portfolio of 27 properties in Colorado, Pennsylvania and North Dakota.

Capital Markets Activity

In December 2021, IIP Operating Partnership, LP, IIP's operating partnership subsidiary (the Operating Partnership), and IIP entered into privately-negotiated exchange agreements with certain holders of the Operating Partnership's 3.75% Exchangeable Senior Notes due 2024 (the Notes), pursuant to which the Operating Partnership delivered and paid an aggregate of (a) 1,684,237 shares of the IIP common stock, which were the number of aggregate shares issuable upon exchange of the Notes pursuant to the indenture governing the Notes; and (b) approximately \$2.3 million in cash, collectively, in exchange for approximately \$110.4 million principal amount of the Notes (the Exchange Transactions). Following the closing of the Exchange Transactions, approximately \$33.4 million in aggregate principal amount of the Notes remain outstanding with terms unchanged. IIP executed the Exchange Transactions in part to mitigate future stockholder dilution, as the exchange rate for the Notes adjusts each quarter pursuant to the indenture as a result of IIP's issuances of common stock dividends, resulting in additional shares being issuable to holders of the Notes over time upon an election by the noteholder to exchange the Notes for shares of IIP's common stock.

IIP did not conduct any capital raising activities during the period from October 1, 2021 through today and has approximately \$231.7 million in shares of common stock available for issuance under its "at-the-market" equity offering program.

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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