



Innovative Industrial Properties Acquires Pennsylvania Property and Expands Real Estate Partnership with Parallel, a Leading U.S. Cannabis Well-Being Company

May 14, 2021

SAN DIEGO--(BUSINESS WIRE)-- Innovative Industrial Properties, Inc. (IIP) (NYSE: IIPR), the first and only real estate company on the New York Stock Exchange focused on the regulated U.S. cannabis industry, announced today that it closed on the acquisition of a property in Pittsburgh, Pennsylvania, which is expected to comprise approximately 239,000 square feet of industrial space upon completion of redevelopment.

The purchase price for the property was approximately \$41.8 million (excluding transaction costs). Concurrent with the closing of the purchase, IIP entered into a long-term, triple-net master lease for the entire property with a subsidiary of Parallel, one of the largest privately-held multi-state cannabis operators in the United States, for use as a regulated cannabis growing and processing facility. Upon completion of the initial phase of development, Parallel is expected to utilize 124,000 square feet of space, as well as an additional 36,000 square feet of expansion space, with the remaining 79,000 square feet being subleased. Parallel is expected to complete additional tenant improvements for the property, for which IIP has agreed to provide reimbursement of up to \$26.0 million. Assuming full reimbursement for the tenant improvements, IIP's total investment in the property is expected to be approximately \$67.8 million.

IIP also owns and leases to subsidiaries of Parallel two regulated cannabis cultivation and processing facilities in Florida and one property in Texas expected to be utilized for regulated cannabis cultivation, processing and retail activities upon completion of development. Assuming full reimbursement for tenant improvements under the leases, IIP's total investment in properties leased to Parallel is expected to be approximately \$195.1 million, encompassing approximately 895,000 square feet.

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 are thrilled to build on our long-term real estate partnership with Beau and the Parallel team with this newest investment in Pennsylvania," said Paul Smithers, President and Chief Executive Officer of IIP. "Parallel has developed a focused, strategic footprint in Florida, Massachusetts, Pennsylvania and Texas, and we are proud to support them as real estate capital partner for this newest state-of-the-art facility in Pennsylvania, which has developed into one of the strongest medical cannabis markets in the United States."

"IIP has been a great business partner and through our ongoing collaboration we have been able to lease back and continue to improve upon our facilities in Florida, Texas, and now Pennsylvania. The almost \$200 million of total proceeds from these transactions have contributed to our ability to scale in these high-growth cannabis markets," said William "Beau" Wrigley, Jr., Chairman and CEO of Parallel. "We look forward to bringing products to support the quality of life of patients throughout the commonwealth when we expect to begin operations this summer."

With first sales in 2018, the Pennsylvania medical cannabis market continues its strong growth trajectory. According to BDSA, 2020 medical-use cannabis sales were estimated to be approximately \$545 million, and overall regulated

cannabis sales are projected to grow to over \$1.3 billion by 2026. With limited licensing, the state allows for up to 25 growing and processing licenses and up to 150 dispensary licenses. According to Muhlenberg College's March 2021 public health poll, nearly six in ten adult residents in Pennsylvania also support "complete legalization" of cannabis in the commonwealth, representing the eighth year in a row of growing support according to the poll. Including this property, IIP owns eight properties in Pennsylvania comprising an aggregate of approximately 1.1 million square feet, and a total investment of approximately \$292.3 million (including commitments to fund future development, redevelopment and tenant improvements at the properties, but excluding transaction costs).

As of May 14, 2021, IIP owned 70 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 6.4 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 16.8 years. As of May 14, 2021, IIP had committed approximately \$1.6 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.

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, Parallel 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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