



Innovative Industrial Properties Announces Q1 2022 Operating, Investment and Capital Markets Activity

April 07, 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 January 1, 2022 through today.

Operating Activity

As of April 7, 2022, IIP owned 107 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 8.0 million rentable square feet (including approximately 2.4 million rentable square feet under development / redevelopment), with a weighted-average remaining lease term of approximately 16.4 years. As of April 7, 2022, IIP had invested approximately \$1.9 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 \$227.1 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 January 1, 2022 through today, IIP made four acquisitions for properties located in California, Massachusetts, New Jersey and Pennsylvania, and executed four lease amendments to provide additional improvement allowances at properties located in Massachusetts and Michigan. In these transactions, IIP established a new tenant relationship with Verano Holdings Corp., while expanding existing relationships with 4Front Ventures Corp., Ascend Wellness Holdings, Inc., Green Peak Industries, Inc. (Skymint), Holistic Industries Inc. and Kings Garden, Inc.

Additional detail regarding each transaction is set forth below:

State	Closing Date	Rentable Sq. Ft. ⁽¹⁾	Purchase Price ⁽²⁾	Additional Investment	Total Investment
Massachusetts	January 28, 2022	57,000	\$ 16,000	\$ –	\$ 16,000
Michigan	February 4, 2022	N/A	N/A	18,000	18,000 ⁽³⁾
New Jersey	February 10, 2022	114,000	35,400	4,600	40,000 ⁽⁴⁾
Michigan	March 1, 2022	N/A	N/A	3,500	3,500 ⁽⁵⁾
Michigan	March 23, 2022	N/A	N/A	4,400	4,400 ⁽⁶⁾
Massachusetts	March 23, 2022	N/A	N/A	14,900	14,900 ⁽⁷⁾
Pennsylvania	March 23, 2022	3,000	2,750	–	2,750

California	March 25, 2022	23,000	8,158	–	8,158
	Totals	197,000	\$ 62,308	\$ 45,400	\$ 107,708

- (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 improvement allowance under a lease at one of IIP's Michigan properties by \$18.0 million to a total of approximately \$47.5 million, and also resulted in a corresponding adjustment to the base rent for IIP's lease at the property.
- (4) The tenant is expected to complete improvements at the property, for which IIP agreed to provide reimbursement of up to \$4.6 million.
- (5) The amount relates to a lease amendment which increased the improvement allowance under a lease at one of IIP's Michigan properties by \$3.5 million to a total of \$22.3 million, and also resulted in a corresponding adjustment to the base rent for IIP's lease at the property.
- (6) The amount relates to a lease amendment which increased the improvement allowance under a lease at one of IIP's Michigan properties by \$4.4 million to a total of \$19.4 million, and also resulted in a corresponding adjustment to the base rent for IIP's lease at the property.
- (7) The amount relates to a lease amendment which increased the improvement allowance under a lease at one of IIP's Massachusetts properties by \$14.9 million to a total of \$37.15 million, and also resulted in a corresponding adjustment to the base rent for IIP's lease at the property.

Capital Markets Activity

From January 1, 2022 through today, holders of an aggregate of approximately \$26.4 million of IIP's 3.75% Exchangeable Senior Notes due 2024 (the "Exchangeable Senior Notes") submitted their Exchangeable Senior Notes for exchange, and IIP issued a total of 404,415 shares of common stock to these holders in accordance with the terms of the indenture governing the Exchangeable Senior Notes. As of April 7, 2022, approximately \$7.0 million aggregate principal amount of the Exchangeable Senior Notes remains outstanding.

IIP previously entered into separate equity distribution agreements with certain sales agents, pursuant to which IIP may offer and sell shares of its common stock having an aggregate offering price of up to \$500.0 million from time to time through the sales agents (the "ATM Program"). From January 1, 2022 through April 7, 2022, IIP sold 117,023 shares of its common stock pursuant to the ATM Program, raising net proceeds, after sales commissions, fees and expenses, of approximately \$21.1 million. As of April 7, 2022, the remaining amount available to be sold under the ATM Program is approximately \$209.9 million.

On April 5, 2022, IIP completed an underwritten public offering of 1,578,948 shares of common stock, and on April 6, 2022, IIP completed the issuance of an additional 236,842 shares of common stock pursuant to the exercise in full of the underwriters' option to purchase additional shares in the offering, resulting in aggregate gross proceeds of approximately \$345.0 million.

IIP expects to use the net proceeds from these offerings to invest in specialized industrial real estate assets that are used in the regulated cannabis industry and for general corporate purposes. As of April 7, 2022, 27,962,132 shares of IIP common stock are outstanding.

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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