



Innovative Industrial Properties Acquires New Jersey Property and Enters Into Long-Term Lease with Curaleaf

July 14, 2020

IIP Expands Portfolio to 4.5 Million Square Feet in 16 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 today that it closed on the acquisition of a property in Blue Anchor, New Jersey, which comprises approximately 111,000 square feet of industrial space.

The purchase price for the property was \$5.5 million (excluding transaction costs). Concurrent with the closing of the purchase, IIP entered into a long-term, triple-net lease agreement for the property with a subsidiary of Curaleaf Holdings, Inc. (Curaleaf), which intends to operate the property as a regulated medical cannabis cultivation and processing facility. Curaleaf is expected to complete additional tenant improvements for the property, for which IIP has agreed to provide reimbursement of up to \$29.5 million. Assuming full reimbursement for the tenant improvements, IIP's total investment in the property will be \$35.0 million.

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.

"Curaleaf is one of the pre-eminent multi-state cannabis operators, and we are thrilled to enter into this transaction as their long-term real estate partner," said Paul Smithers, President and Chief Executive Officer of IIP. "Curaleaf and their team have clearly demonstrated their commitment over time to delivering the highest quality cannabis products to patients and consumers, and we look forward to providing them the real estate capital to create the optimal environments as they continue to fulfill that vision."

Curaleaf (CSE: CURA) (OTCQX: CURLF) is a leading vertically integrated multi-state cannabis operator with a mission to improve lives by providing clarity around cannabis and confidence around consumption. As a high-growth cannabis company known for quality, expertise and reliability, the company and its brands, Curaleaf and Select, provide industry-leading service, product selection and accessibility across the medical and adult-use markets. The company currently operates in 18 states with 57 dispensaries, 15 cultivation sites and 24 processing sites. Curaleaf employs over 2,200 people across the United States.

New Jersey, with 8.9 million residents, has taken strong steps in recent years under the leadership of Governor Phil Murphy to expand access of the medical cannabis program to patients throughout the state. In 2019, program rules were amended to allow for oil-based formulations, and seven additional qualifying medical conditions were added, including PTSD, anxiety, migraines and certain types of chronic pain. Governor Murphy further expanded the program when he signed the Jake Honig Compassionate Use Medical Cannabis Act into law in July 2019, further expanding the program by, among other things, increasing the monthly limit for cannabis patients, allowing physician assistants and advanced practice nurses to recommend medical cannabis to patients, and allowing the dispensing of cannabis edibles to adult patients.

In addition, legalization of adult-use cannabis is on the ballot for residents of New Jersey via the New Jersey Marijuana Legalization Amendment in November of this year. According to a Monmouth University survey reported in April 2020, 61% of respondents indicated they would vote in favor of making adult-use cannabis legal in the state, with only 34% opposed.

As of July 14, 2020, IIP owned 59 properties located in Arizona, California, Colorado, Florida, Illinois, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, New York, Nevada, North Dakota, Ohio, Pennsylvania and Virginia, totaling approximately 4.5 million rentable square feet (including approximately 1.5 million rentable square feet under development/redevelopment), which were 99.2% leased (based on square footage) with a weighted-average remaining lease term of approximately 16.1 years. As of July 14, 2020, IIP had invested approximately \$803.1 million in the aggregate (excluding transaction costs) and had committed an additional approximately \$216.5 million to reimburse certain tenants and sellers for completion of construction and tenant improvements at IIP's properties. These statistics do not include up to approximately \$7.0 million that may be funded in the future pursuant to IIP's lease with a tenant at one of IIP's Illinois properties, or approximately \$17.1 million that may be funded in the future pursuant to IIP's lease with a tenant at one of IIP's Massachusetts properties, as the tenants at those properties may not elect to have IIP disburse those funds to them and pay IIP the corresponding base rent on those funds. These statistics also treat IIP's Los Angeles, California property as not leased, due to the tenant being in receivership and its ongoing default in its obligation to pay rent at that location.

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 New Jersey property, Curaleaf and the New Jersey 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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