Innovative Industrial Properties Acquires Michigan Property and Expands Real Estate Partnership with AWH

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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 Lansing, Michigan, which comprises approximately 145,000 square feet of industrial space.

The purchase price for the Michigan property was approximately $4.8 million (excluding transaction costs). Concurrent with the closing of the purchase, IIP entered into a long-term, triple-net lease agreement with a subsidiary of Ascend Wellness Holdings, LLC (AWH), which intends to operate the property as a licensed medical-use cannabis cultivation and processing facility upon completion of redevelopment. AWH is expected to complete tenant improvements for the building, for which IIP has agreed to provide reimbursement of up to $15.0 million. Assuming full reimbursement for the tenant improvements, IIP's total investment in the property will be approximately $19.8 million.

This Michigan property represents IIP's second real estate transaction with AWH. In December 2018, IIP acquired a 75,000-square-foot industrial facility in Illinois and entered into a long-term, triple-net lease agreement with AWH for use as a medical cannabis cultivation and processing facility, with IIP's total investment in the property, assuming full reimbursement for tenant improvements, expected to be $25.0 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.

"We are excited to team up with AWH again as their long-term real estate partner in Michigan," said Paul Smithers, President and Chief Executive Officer of IIP. "AWH is very well-positioned, with a strong management team and balance sheet, as it ramps up its operations in Massachusetts, Illinois, Michigan and Ohio, each of which presents a tremendous market opportunity. We look forward to supporting their continued growth and success for many years to come."

AWH is a vertically integrated cannabis company, and expects to be operating in each of Massachusetts, Illinois, Michigan and Ohio by the end of this year. AWH has raised over $100 million in capital to date.

“The IIP team has been a great real estate partner and key capital source to fund our multi-state expansion initiatives,” said Abner Kurtin, Chief Executive Officer and Co-Founder of AWH. “We are thrilled to begin our redevelopment of the Michigan property, and to bring our highest-quality medical cannabis products and customer-focus to meet the tremendous patient demand in Michigan.”

As of July 9, 2019, IIP owned 23 properties located in Arizona, California, Colorado, Illinois, Maryland, Massachusetts, Michigan, Minnesota, New York, Ohio and Pennsylvania, totaling approximately 1.8 million rentable square feet (including approximately 466,000 rentable square feet under development/redevelopment), which were 100% leased with a weighted-average remaining lease term of approximately 15.6 years. As of July 9, 2019, IIP had invested approximately $234.5 million in the aggregate (excluding transaction costs) and had committed an additional approximately $72.0 million to reimburse certain tenants and sellers for completion of construction and tenant improvements at IIP’s properties. IIP’s average current yield on invested capital is approximately 14.7% for these 23 properties, calculated as (a) the sum of the current base rents, supplemental rent (with respect to the lease with PharmaCann LLC at one of IIP’s New York properties) and property management fees (after the expiration of applicable base rent abatement or deferral periods), divided by (b) IIP’s aggregate investment in these properties (excluding transaction costs and including aggregate potential development/redevelopment funding and tenant reimbursements of approximately $72.0 million).

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**.

About AWH

AWH is a vertically integrated cannabis company with assets in Massachusetts, Illinois, Michigan and Ohio, four of the largest cannabis markets in the Eastern United States. Assets include thirteen municipal approved dispensaries in Michigan, the sixth largest dispensary group in Illinois, and the first dispensary approved and permitted by the City of Boston. The flagship store in Boston will be just steps from Faneuil Hall and the iconic TD Garden, two of the most highly trafficked tourist destinations in the country. AWH is redefining the cannabis retail experience, offering a customer-centric environment and a curated selection of products with effect-based categorization. For more information about AWH, visit **www.awholdings.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 Michigan property, AWH and the Michigan 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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