Innovative Industrial Properties Acquires Properties in New Jersey and Enters Into Long-Term Leases with Columbia Care

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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 sale-leaseback transactions with subsidiaries of Columbia Care Inc. (Columbia Care) for two properties in New Jersey, an industrial building comprising approximately 50,000 square feet and a retail location comprising approximately 4,000 square feet.

The purchase prices for the properties were approximately $12.4 million in total (excluding transaction costs). Concurrent with the closings of the purchases, IIP entered into a long-term, triple-net lease agreement for each property with a subsidiary of Columbia Care, which intends to continue to operate the retail property as a regulated medical-use cannabis dispensary and the industrial property as a regulated medical-use cannabis cultivation and processing facility. Columbia Care is expected to complete additional tenant improvements for the industrial property, for which IIP has agreed to provide reimbursement of up to $1.6 million. Assuming full reimbursement for the tenant improvements, IIP's total investment in the two properties will be approximately $14.0 million.

Columbia Care (NEO: CCHW) (CSE: CCHW) (OTCQX: CCHWF) (FSE: 3LP) is one of the largest and most experienced cultivators, manufacturers and providers of medical and adult-use cannabis products and related services with licenses in 18 jurisdictions in the United States and the European Union. Columbia Care has completed more than 1.8 million sales transactions since inception and working in collaboration with renowned and innovative teaching hospitals and medical centers globally, continues to be a patient-centered health and wellness company setting the standard for compassion, professionalism, quality, care and innovation in the cannabis industry.

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.

"Columbia Care is one of the preeminent cannabis operators in the United States, and we are thrilled to introduce them as a new tenant partner," said Paul Smithers, President and Chief Executive Officer of Innovative Industrial Properties, Inc. "As one of the largest cannabis operators, Columbia Care is dedicated to providing the highest

quality products and services to patients and customers, and we look forward to supporting them as a long-term real estate capital partner in New Jersey, including providing the additional real estate capital for further enhancements to their cultivation and processing facility."

Added Nicholas Vita, CEO of Columbia Care: "Partnering with IIP provides Columbia Care with access to nondilutive capital that offers flexibility and provides us with the ability to continue to build and expand our cultivation, manufacturing, and retail capabilities in the markets that matter most."

Last month, Columbia Care announced the opening of the dispensary location, as one of only three operators licensed to dispense medical cannabis in the southern region of New Jersey, and produced its first harvest this month at its cultivation and processing facility. Similar to other states, New Jersey authorities classified medical cannabis dispensaries as "essential," allowing them to remain open during the coronavirus pandemic, while implementing additional safety and social distancing protocols to protect the health of patient customers and employees. Last month, the New Jersey Department of Health also enacted a waiver that allows licensed operators to provide home delivery of medical cannabis products to patients.

As of July 20, 2020, IIP owned 61 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 20, 2020, IIP had invested approximately $820.4 million in the aggregate (excluding transaction costs) and had committed an additional approximately $213.3 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 leases of the properties, Columbia Care 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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