INNOVATIVE INDUSTRIAL PROPERTIES

NYSE: IIPR
INNOVATIVEINDUSTRIALPROPERTIES.COM
COMPANY PRESENTATION
POSTED: MARCH 4, 2024



FORWARD LOOKING STATEMENTS

This presentation and our associated comments include "forward-looking statements" (within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended) that are subject to risks and uncertainties. In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, our statements regarding anticipated growth in our funds from operations and anticipated market and regulatory conditions, our strategic direction, our dividend rate and policy, demographics, results of operations, plans and objectives are forward-looking statements. Forward-looking statements involve numerous risks and uncertainties, and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise, and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). You can identify forward-looking statements by the use of forward-looking terminology such as "believes", "expects", "may", "will", "should", "seeks", "approximately", "intends", "plans", "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: rates of default on leases for our assets; concentration of our portfolio of assets and limited number of tenants; the estimated growth in and evolving market dynamics of the regulated cannabis market; the demand for regulated cannabis facilities; inflation dynamics; our ability to improve our internal control over financial reporting, including our inability to remediate an identified material weakness, and the costs and the time associated with such efforts; the impact of pandemics on us, our business, our tenants, or the economy generally; war and other hostilities, including the conflicts in Ukraine and Israel; our business and investment strategy; our projected operating results; actions and initiatives of the U.S. or state governments and changes to government policies and the execution and impact of these actions, initiatives and policies, including the fact that cannabis remains illegal under federal law; availability of suitable investment opportunities in the regulated cannabis industry; our understanding of our competition and our potential tenants' alternative financing sources; the expected medical-use or adult-use cannabis legalization in certain states; shifts in public opinion regarding regulated cannabis; the potential impact on us from litigation matters, including rising liability and insurance costs; the additional risks that may be associated with certain of our tenants cultivating, processing and/or dispensing adult-use cannabis in our facilities; the state of the U.S. economy generally or in specific geographic areas; economic trends and economic recoveries; our ability to access equity or debt capital; financing rates for our target assets; our level of indebtedness, which could reduce funds available for other business purposes and reduce our operational flexibility; covenants in our debt instruments, which may limit our flexibility and adversely affect our financial condition; our ability to maintain our investment grade credit rating; changes in the values of our assets; our expected portfolio of assets; our expected investments; interest rate mismatches between our assets and our borrowings used to fund such investments; changes in interest rates and the market value of our assets; the degree to which any interest rate or other hedging strategies may or may not protect us from interest rate volatility; the impact of and changes in governmental regulations, tax law and rates, accounting guidance and similar matters; our ability to maintain our qualification as a real estate investment trust for U.S. federal income tax purposes; our ability to maintain our exemption from registration under the Investment Company Act of 1940; availability of qualified personnel; and market trends in our industry, interest rates, real estate values, the securities markets or the general economy.

The risks included here are not exhaustive, and additional factors could adversely affect our business and financial performance. In addition, we discussed a number of material risks in our most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q. Those risks continue to be relevant to our performance and financial condition. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Any forward-looking statement made by us speaks only of the date on which we make it. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. Stockholders and investors are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in our filings and reports.

Market and industry data are included in this presentation. We have obtained substantially all of this information from internal studies, public filings, other independent published industry sources and market studies prepared by third parties. We believe these internal studies, public filings, other independent published industry sources and market studies prepared by third parties are reliable. However, this information may prove to be inaccurate. No representation or warranty is made as to the accuracy of such information. All amounts shown in this presentation are unaudited. This is not an offer to sell or solicitation to buy securities of Innovative Industrial Properties, Inc. Any offers to sell or solicitations to buy securities of Innovative Industrial Properties, Inc. shall be made only by means of a prospectus approved for that purpose.

WHY IIPR WAS FORMED

Founded in 2016

We are the first and only publicly traded company on the New York Stock Exchange (NYSE: IIPR) to provide real estate capital to the regulated cannabis industry

Outsized Need for Capital

U.S. cannabis operators have an outsized need for capital to fund growth

Specialized Real Estate

U.S. cannabis operators require mission critical facilities with specialized buildouts to optimize environment and conform to licensing and zoning requirements

Large and Growing Industry

Regulated cannabis sales estimated to grow to $43 billion by 2027, almost double 2022 estimated regulated sales of $26 billion(1)

Limited Access to Financing

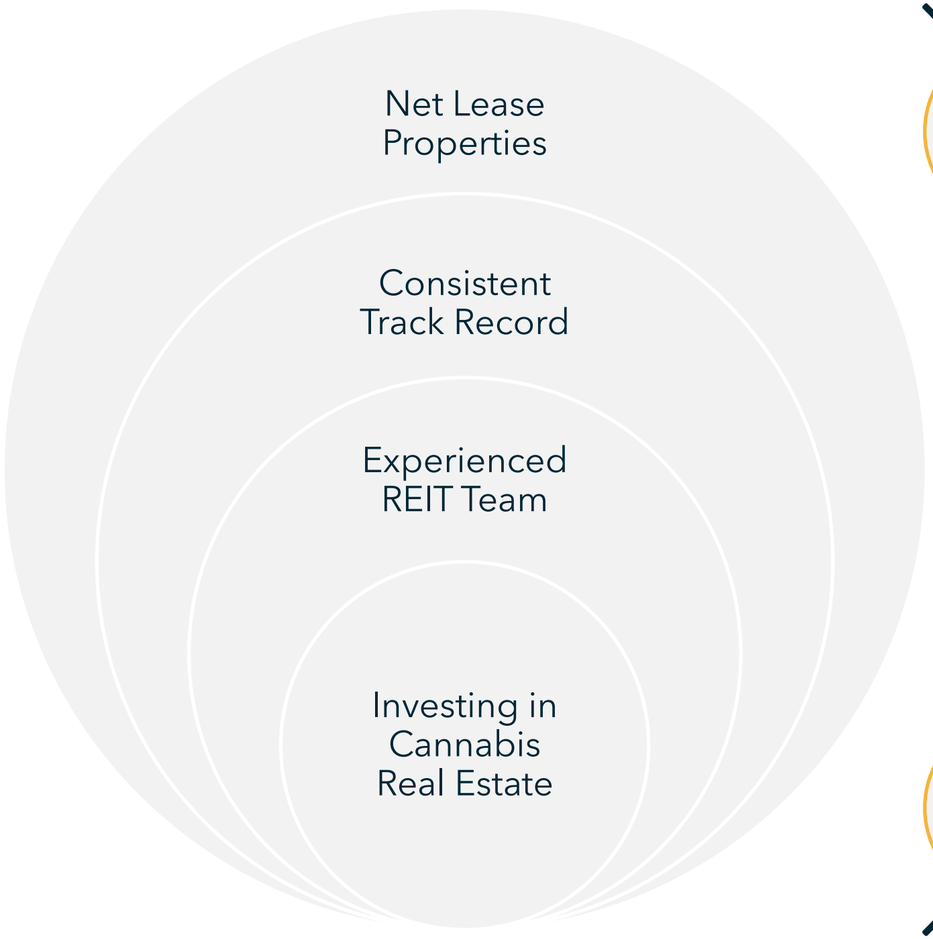
Due to federal prohibition and being a nascent industry, U.S. cannabis operators were historically required to fund growth through highly dilutive forms of capital absent other forms of financing

Rapid Adoption of State Legalization

As of November 2023, 40 states and Washington, D.C. have legalized cannabis for medical-use, and 24 states and Washington, D.C. have legalized cannabis for adult-use(2)

(1) Source: BDSA Legal Cannabis Market Forecast (October 2023).
(2) Source: 2023 U.S. Cannabis Report, New Frontier Data, National Conference of State Legislatures (www.ncsl.org), MJBizDaily (mjbizdaily.com).

COMPANY VALUE SPOTLIGHT



NNN cannabis REIT

- Large diversified portfolio of over $2.4B of cannabis real estate
- Diversified across 19 states and 30 tenants(1)
- Contractual, annual escalations provide built in cash flow growth

History of providing value to shareholders

- Consistent dividend and AFFO per share growth
- 54% CAGR in dividend and AFFO per share from ’17-’23(2)
- Low leverage and diversified capital structure

Seasoned management team with significant experience across the REIT space

- Our founder, Alan Gold, has a history of establishing real estate companies
- Senior management team with long term public REIT experience

IIP provides direct investment exposure to cannabis with the stability of real estate

- The only NYSE-listed cannabis REIT
- High growth industry with an estimated 11% CAGR over next 5 years(3)
- Exposure to different cannabis markets and tenants

(1) Each “Tenant” represents the parent company of the tenant, for which the parent company has provided a corporate guaranty. A parent company may have multiple tenant subsidiaries across IIP’s properties. Includes two pre-leased tenants. Excludes non-cannabis tenants. Per share amounts are reported on a diluted basis.
(2) "CAGR" represents compound annualized growth rate for the relevant metric.
(3) See footnote (1) on page 3.

OUR BUSINESS MODEL & BENEFITS

Structured long-term cash flows

- Generally, 15-20 year initial lease terms (vs. ~5 years for traditional industrial leases)
- Leases generally subject to parent company guarantees covering operations throughout the United States

Strong initial rental yields with annual escalations

Capital efficient lease structure

- Target leases are generally 100% triple-net
  - No recurring capital expenditures during lease term
  - All property expenses paid by the tenant, including capital repairs and replacements



We work closely with state-licensed cannabis operators



Execute sale-leasebacks and fund improvements for cultivation, processing and retail properties

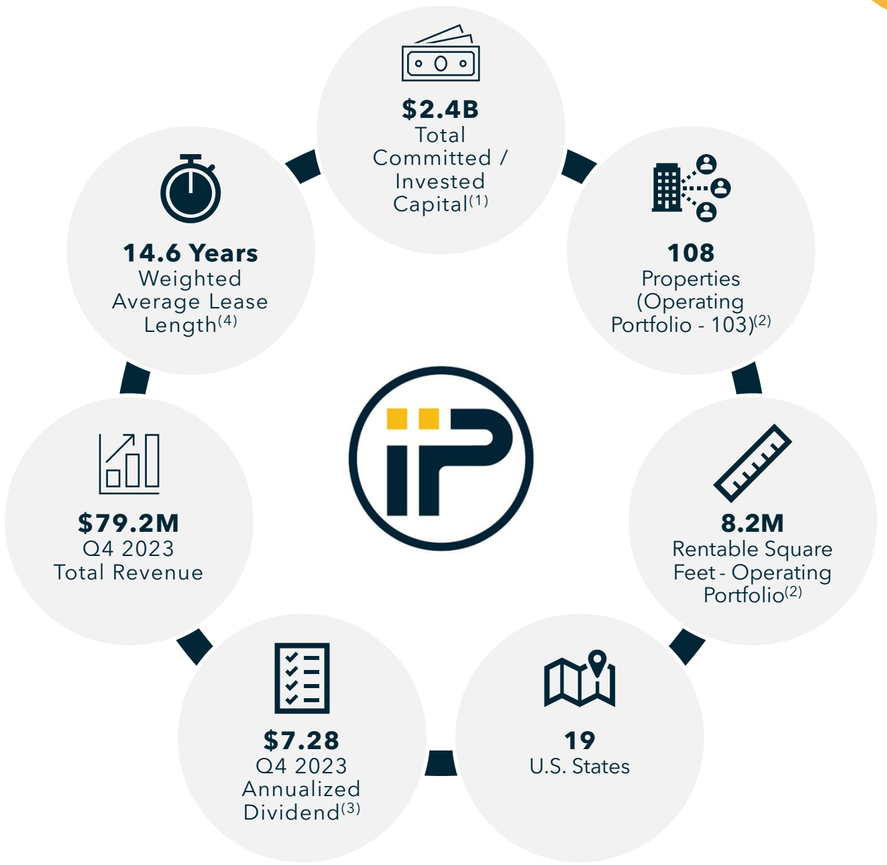


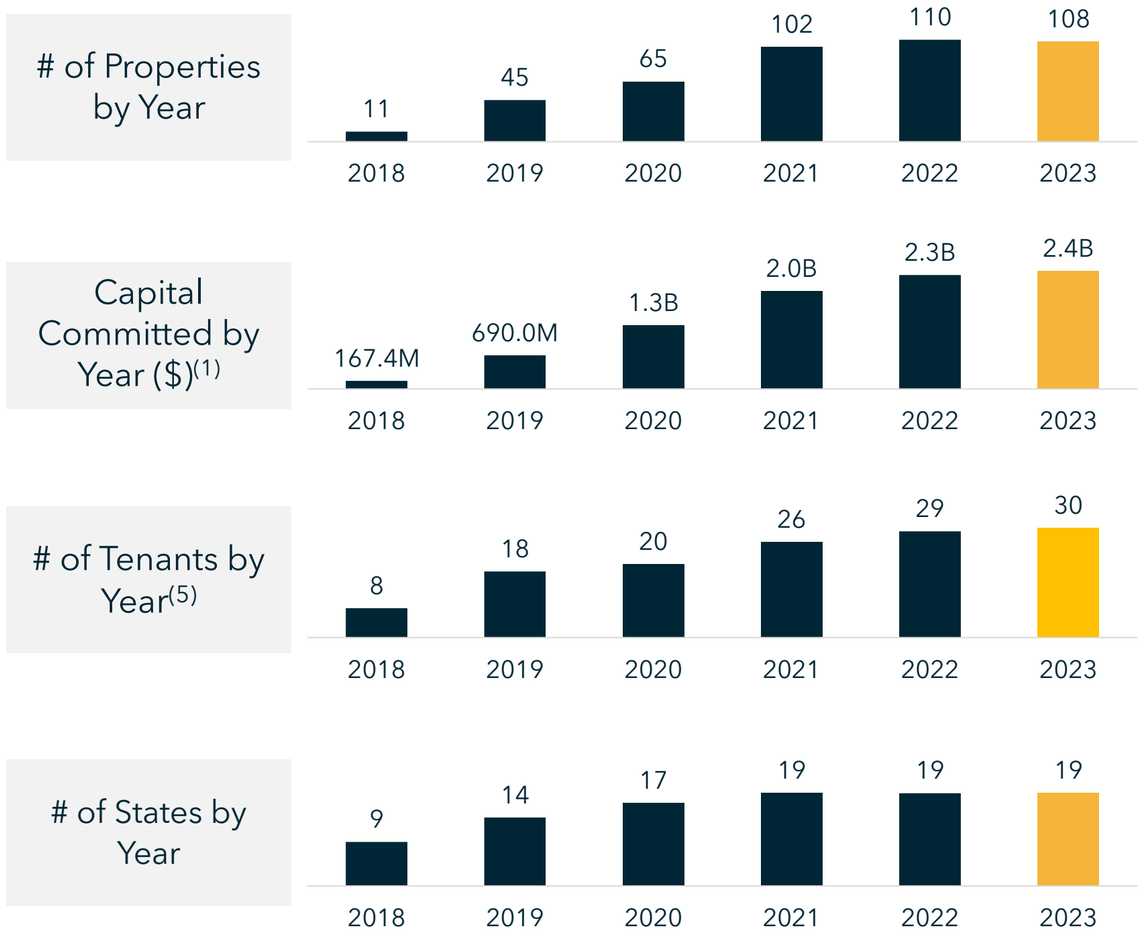
Provide non-dilutive capital



Facilitate our tenants' growth plans

IIPR AS OF DECEMBER 31, 2023





Note: Data as of December 31, 2023, unless otherwise noted.

(1) Total Committed / Invested Capital includes (1) total investments in properties (consisting of purchase price and improvements reimbursed to tenants, if any, but excluding transaction costs) and (2) total additional commitments to reimburse certain tenants for completion of construction and improvements at the properties. Excludes a $23.0 million loan commitment from us to a developer for construction of a regulated cannabis cultivation and processing facility in California and a seller-financed note issued to us by the buyer in connection with our disposition of a portfolio of four properties in southern California.

(2) Operating Portfolio is defined as all properties that (a) are leased or (b) are not leased but ready for their intended use. Includes approximately 816,000 square feet under development or redevelopment. Vacancy included three industrial properties, a portion of one industrial property, and three other retail properties, totaling 284,000 square feet.

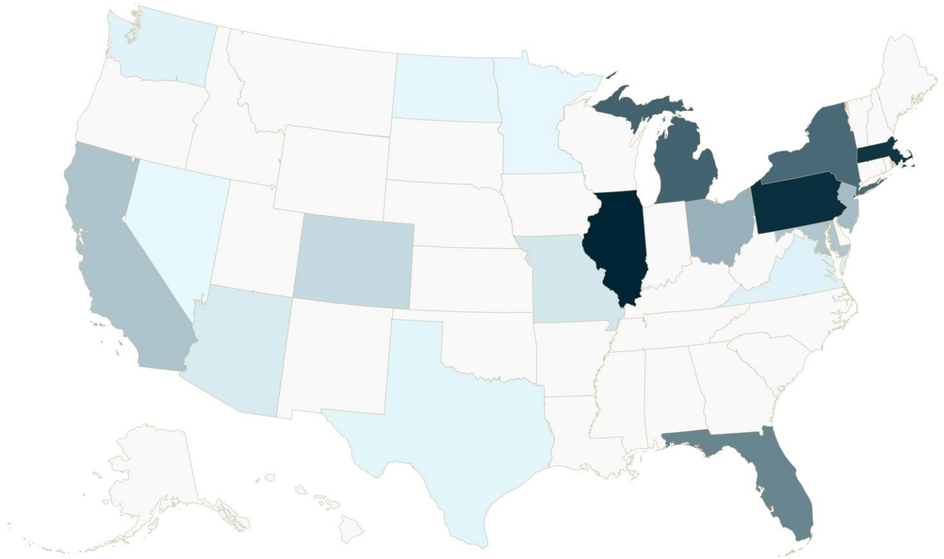
(3) Reflects annualized common stock dividend paid on January 12, 2024 of $1.82 per share. The decision to declare or pay dividends is in the sole discretion of our board of directors in light of conditions then existing, and there can be no assurance that a dividend will be declared or paid for any time period in any amount.

(4) Weighted average lease length calculated by weighting the remaining lease term based on the base rent and management fees, after the expiration of applicable base rent phase-in periods for the Operating Portfolio.

(5) See footnote (1) on page 4.

PORTFOLIO OVERVIEW

IIPR has a geographically diversified portfolio of properties throughout the United States



State Diversification(1)

IL	PA	MA	MI	NY	FL	OH	NJ	CA	MD	Other	Total
14.7%	14.1%	13.6%	10.6%	10.2%	8.3%	5.4%	4.6%	4.1%	3.9%	10.5%	**100%**

Public vs. Private(1)(2)

62% Public — 38% Private

Operator Type(1)(2)

90% MSO — 10% SSO

Property Type(1)

92% Industrial(3)

2% Retail

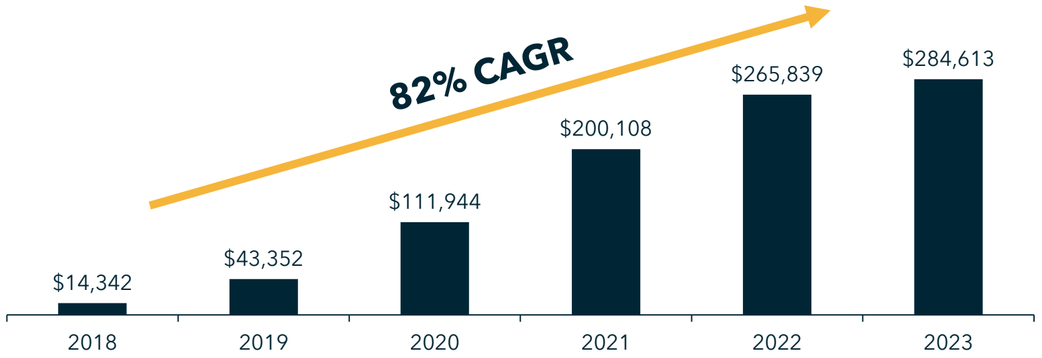
6% Industrial / Retail

4FRONT · AWH · CRESCO LABS · curaleaf · Green Thumb · HOLISTIC INDUSTRIES · Parallel · PHARMACANN · THE CANNABIST COMPANY · Trulieve

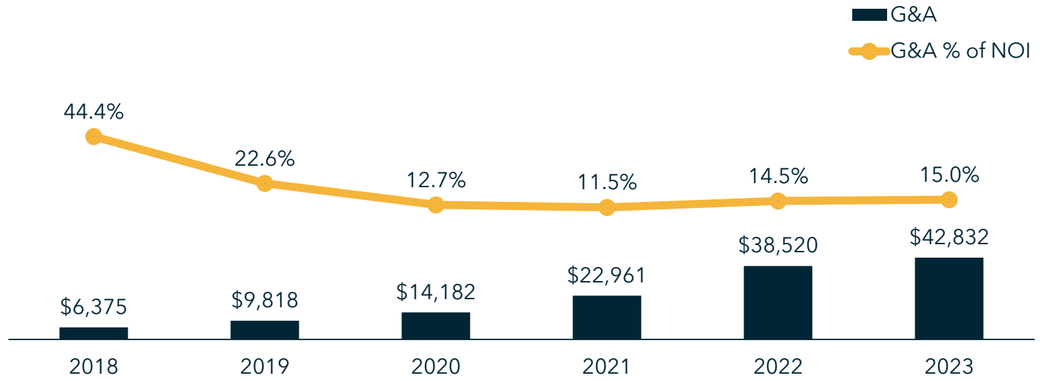
Note: Data as of December 31, 2023, unless otherwise noted.
(1) As a % of Annualized Base Rent ("ABR"). ABR is calculated by multiplying the sum of contractually due base rents and property management fees for the last month in the quarter, by twelve.
(2) "MSO" stands for Multi-State Operator which means the tenant (or guarantor) conducts cannabis operations in more than one state. "SSO" stands for Single-State Operator which means the tenant (or guarantor) conducts cannabis operations in a single state. Excludes non-cannabis tenants that comprise less than 1% of annualized base rent in the aggregate.
(3) "Industrial" reflects facilities utilized or expected to be utilized for regulated cannabis cultivation, processing and/or distribution activities, which can consist of industrial and/or greenhouse space.

SIX-YEAR FINANCIAL PERFORMANCE TRACK RECORD

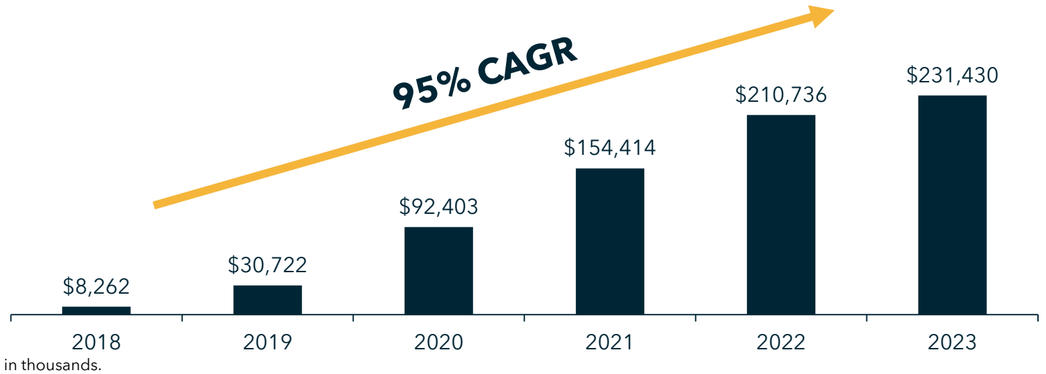
Year Over Year Net Operating Income (NOI)[1][2]



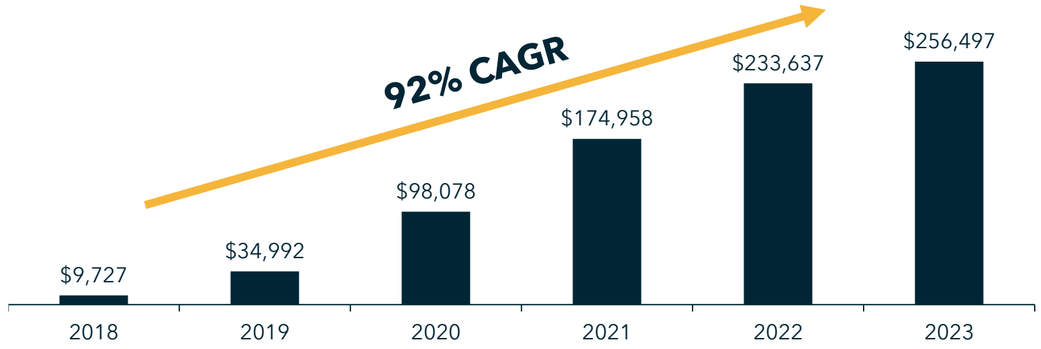
Year Over Year G&A as a % of NOI[1][3]



Year Over Year FFO[2][4]



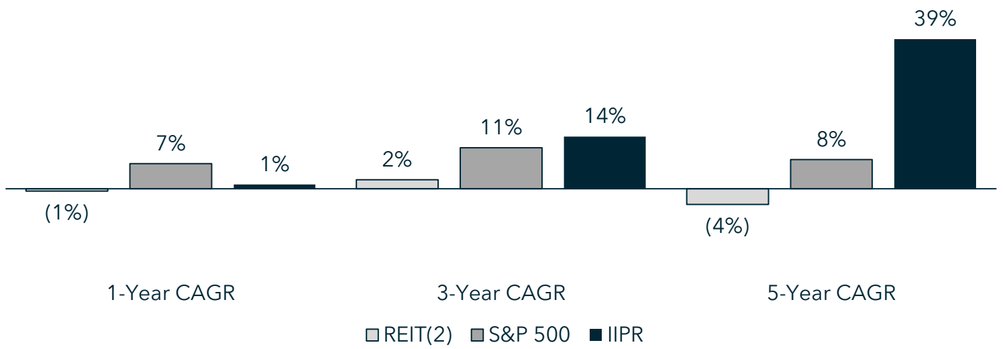
Year Over Year AFFO[2][4]



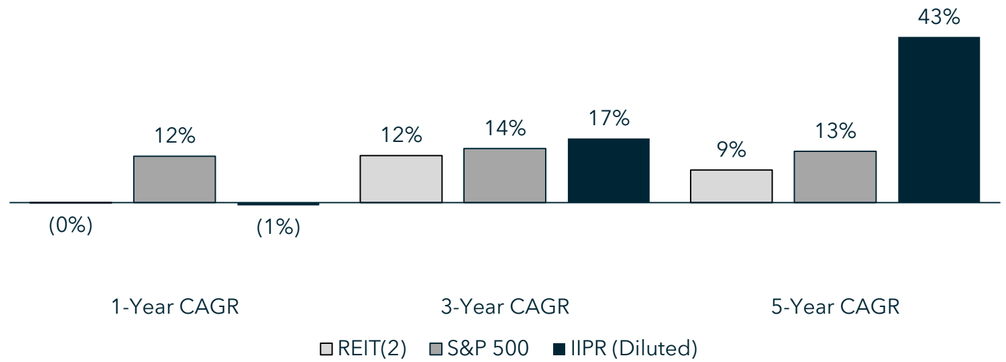
Note: Dollars in thousands.
(1) "Net Operating Income (NOI)" reported as total revenue less property expenses on the company's consolidated statements of income.
(2) See footnote (2) on page 4.
(3) "G&A" reported as "general and administrative expense" on the company's consolidated statements of income.
(4) See the company's applicable periodic reports filed with the SEC for definitions of funds from operations ("FFO") and adjusted funds from operations ("AFFO") (each a supplemental non-GAAP financial measure) and reconciliation of FFO and AFFO to GAAP net income attributable to common stockholders.

COMPARATIVE PERFORMANCE

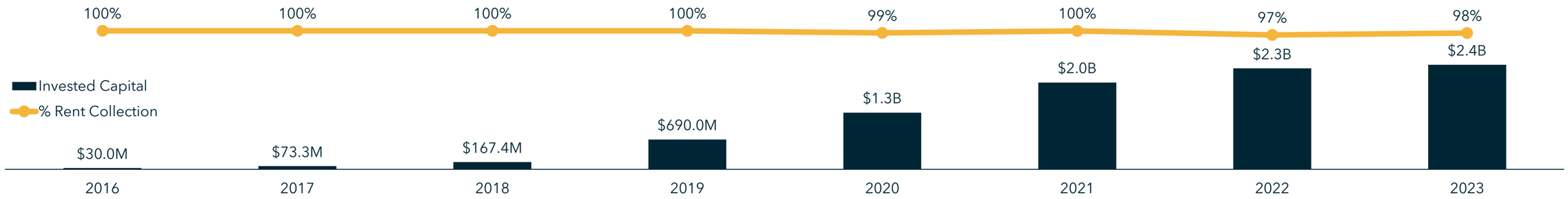
Common Stock Dividend Per Share[1]



Net Income Attributable to Common Stockholders Per Share[1]



Historical Rent Collection (Operating Portfolio)[3]



(1) Per S&P Capital IQ Pro latest available data as of February 27, 2024. S&P Capital IQ Pro excludes outliers for each index. See footnote (2) on page 4.
(2) REIT index is made up of constituent data for the FTSE NAREIT U.S. Real Estate Index Series found on the National Association of Real Estate Investment Trusts ("NAREIT") website, representing publicly traded REITs across the United States.
(3) Calculated as base rent and property management fees collected over contractual base rent and property management fees due for the period. For 2022, rent collection includes 1) security deposits applied for the payment of rent totaling approximately $0.5 million, subject to scheduled repayment, and 2) security deposits applied in connection with non-payment of rent for defaulting tenants totaling approximately $2.2 million. For 2023, rent collection includes 1) security deposits applied for the payment of rent totaling approximately $5.6 million, subject to scheduled repayment, 2) security deposits applied in connection with non-payment of rent for defaulting tenants totaling approximately $3.1 million, and 3) approximately $0.7 million of $1.7 million collected in December 2023 from Parallel pursuant to a consent judgment awarded in IIP's favor and applied to rent due from Parallel for October 2023 at one of IIP's Pennsylvania properties (Parallel vacated that property on October 31, 2023).

TOP TEN TENANTS BY ABR

Top ten tenants represent ~76% of the company's annualized base rent

		IIP Portfolio					Third Quarter 2023[3]		Tenant Information	
		Annualized Base Rent (ABR)[1]			ABR	# of		Adjusted	Market	MSO
#	Tenant	$	%	Square Feet[2]	/ Square Foot	Leases	Revenue	EBITDA[4]	Capitalization[5]	/ SSO[6]
1	PharmaCann	$45,181	15.8%	697	$65	11	Private Co.	Private Co.	Private Co.	MSO
2	Ascend Wellness Holdings	29,651	10.4%	624	$48	4	$141	$30	$201	MSO
3	Green Thumb Industries	21,674	7.6%	664	$33	3	275	83	2,669	MSO
4	Curaleaf	19,941	7.0%	578	$35	8	333	75	3,063	MSO
5	Trulieve	18,807	6.6%	740	$25	6	275	78	965	MSO
6	The Cannabist Company (f/k/a Columbia Care)	17,472	6.1%	588	$30	21	129	20	194	MSO
7	Holistic Industries	17,315	6.1%	333	$52	5	Private Co.	Private Co.	Private Co.	MSO
8	4Front Ventures[7]	16,255	5.7%	488	$33	4	23	3	66	MSO
9	Cresco Labs	16,242	5.7%	379	$43	5	191	49	461	MSO
10	Parallel	15,423	5.4%	593	$26	2	Private Co.	Private Co.	Private Co.	MSO
	Top 10 Tenants Total	**$217,961**	**76.4%**	**5,684**	**$38**	**69**				

Note: Data as of December 31, 2023, unless otherwise noted.
(1) Dollars in thousands, see footnote (1) on page 7.
(2) Square feet in thousands.
(3) Dollars in millions, based on each company's public securities filings and earnings release, available at www.sec.gov, www.sedar.com, or each company's respective website, for the quarter ended September 30, 2023.
(4) Adjusted EBITDA is a non-GAAP financial measure utilized in the industry. For definitions and reconciliations of Adjusted EBITDA to net income, see each company's public securities filings, available at www.sec.gov or www.sedar.com.
(5) Dollars in millions, per S&P Capital IQ Pro as of 12/31/2023.
(6) See footnote (2) on page 7.
(7) Includes one property acquired in January 2022 for $16.0 million which did not satisfy the requirements for sale-leaseback accounting and therefore, the transaction is recognized as a note receivable and is included in other assets, net on our consolidated balance sheet.

BALANCE SHEET HIGHLIGHTS

Balance Sheet Statistics

IIP Is One of the Lowest Leveraged Public REITs

- **12% Debt to Total Gross Assets(1)**
- **>16x Debt Service Coverage Ratio(1)**
- **No Material Debt Maturities Until 2026**

Debt Overview

Exchangeable Senior Notes:

- Remaining $4.4 million 3.75% exchangeable senior notes exchanged or paid off in full in February 2024

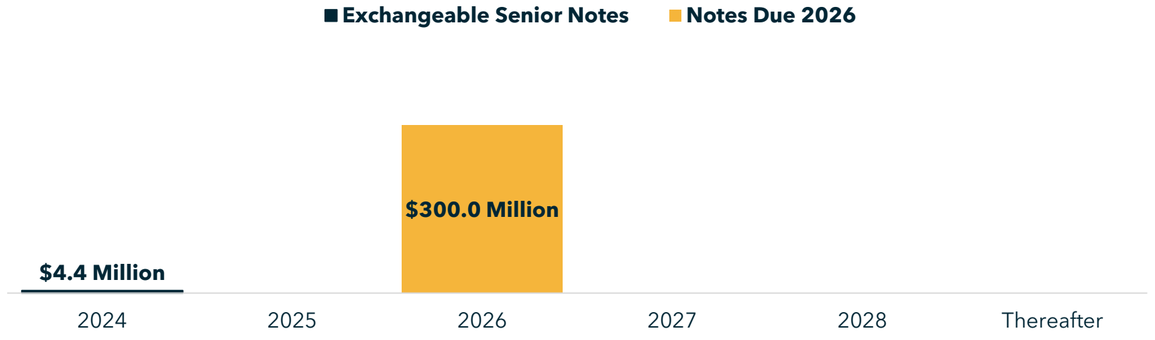
Unsecured Senior Notes:

- Investment Grade Rating BBB+ from Egan Jones, since May 2021
- $300.0M of 5.50% unsecured senior notes due May 25, 2026

Capital Structure(2)



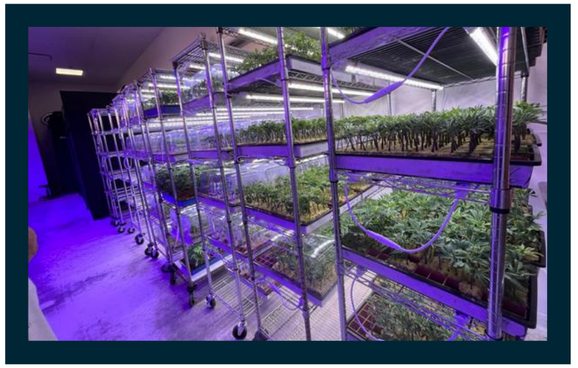
Debt Maturity Profile(3)



Note: As of December 31, 2023, unless otherwise noted.
(1) Calculated in accordance with the indenture governing the Notes due 2026, included in the Current Report on Form 8-K filed with the Securities and Exchange Commission on May 25, 2021.
(2) Share price per S&P Capital IQ Pro as of 12/31/2023.
(3) Principal amount shown as provided in the Company's latest quarterly filing.



LICENSING, ZONING, & REGULATORY DYNAMICS



Establishing a Cultivation, Processing or Dispensary Facility is a Multifaceted Process with Significant Hurdles

Licensing

- A regulated cannabis operator must obtain proper licensing from the state for the facility
- Licensing driven by state specific program requirements, including limited licensing, costs and applicant requirements for licensing, identification of specific real estate for license approval
- In many states, a highly competitive process, with highly valued license

Zoning

- Limited opportunities for locating regulated cannabis facilities based on zoning and permitting requirements imposed at county and city levels, including community support
- Extensive negotiations with local governments for permitting and approvals

Regulatory

- Highly regulated at the state and local levels, including extensive security, fire protection, seed to sale tracking, testing, and other requirements
- Periodic inspections by local fire and safety officials and cannabis authorities to ensure compliance

UNDERWRITING & MONITORING

Detailed Background on Management

- Experienced management team
- Alignment of management within ownership of the business



Ability to Raise Capital

- Evaluation of the macro environment surrounding strategic capital raising in the tenants' prospective markets
- History of successful capital raising and a cash balance on hand today



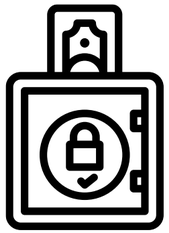
Detailed Financial Underwriting

- Evaluation of financial projections utilizing existing knowledge of industry dynamics
- Detailed review of financial statements, strategic initiatives, and growth plans



Guarantees and Security Deposits

- Leases generally subject to parent company guarantees covering operations throughout the United States
- Security deposits with larger deposits for less mature tenants



Ongoing Monitoring

- Quarterly reviews and requests for information pertaining to financials and ongoing operations of all properties
- Meetings with tenants to talk through operations and financials

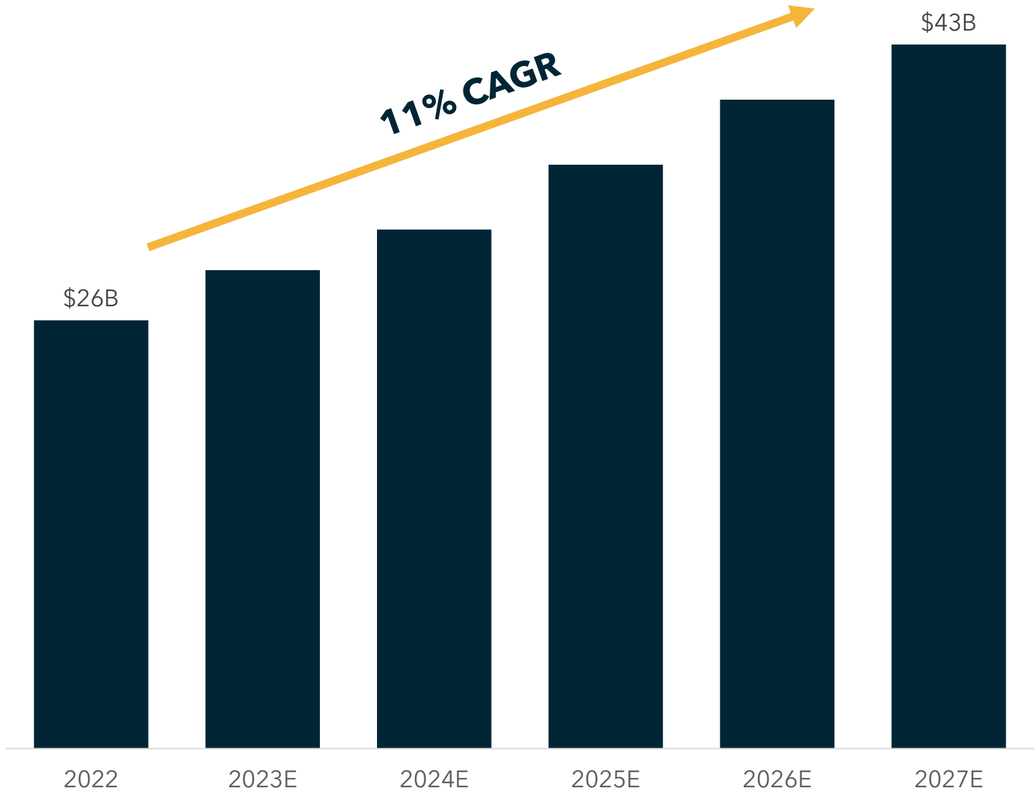


CANNABIS IS A LARGE AND GROWING INDUSTRY

Long-Term Growth Outlook for Cannabis

$43B	68%	~15K
Estimated Legal Cannabis Sales by 2027(1)	U.S. Population of States with an IIP Presence(2)	Cannabis Dispensaries in the United States(3)

US Legal Cannabis Sales Forecast(1)



(1) See footnote (1) on page 3. See footnote (2) on page 4.
(2) Per 2020 US Census Data.
(3) Per Pew Research Center (February 2024).

EXECUTIVE CHAIRMAN & CO-FOUNDER

Alan Gold has experience starting real estate companies focused on nuanced, regulated industries.

Co-founded Alexandria Real Estate Equities (NYSE: ARE) in 1994 and served as President and a director until 1998

- Invests in office buildings and laboratories leased to life science and technology companies



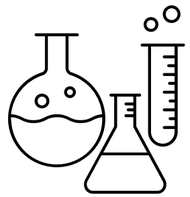


Co-founder of BioMed Realty Trust (formerly NYSE: BMR); served as Chairman and CEO from inception of its predecessor in 1998 through BMR's sale in 2016

- Owner and operator of high-quality life science real estate
- Previously publicly traded investment grade REIT

Executive Chairman of IQHQ, Inc.

- Privately-held life science real estate company with properties in both the U.S. and U.K.





Alan Gold

Executive Chairman & Co-Founder

SENIOR MANAGEMENT TEAM



Paul Smithers

President, CEO and Co-Founder

- 35+ years of legal and regulatory experience
- Previously co-founded Iso Nano International, LLC



David Smith

CFO and Treasurer

- 20+ years of finance and real estate experience
- Former CFO of Aventine Property Group, Inc.



Catherine Hastings

COO

- 20+ years of accounting and real estate experience
- Former VP, Internal Audit of BioMed Realty



Ben Regin

CIO

- 18+ years of real estate and accounting experience
- Former Senior Associate, Investments and Asset Management at BioMed Realty



Brian Wolfe

VP, GC, and Secretary

- Former VP, Corporate Legal of BioMed Realty
- Former attorney at Latham & Watkins LLP



Andy Bui

VP, Chief Accounting Officer

- Former Senior Director, Financial Reporting at BioMed Realty



Tracie Hager

VP, Asset Management

- 30+ years of experience in property management
- Former VP, Property Management at BioMed Realty



Kelly Spicher

VP, Real Estate Counsel

- 20+ years legal experience representing real estate matters
- Former attorney at Foley & Lardner LLP