Table of Contents

**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

# FORM 10-K

(Mark One)

☐ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For the Fiscal Year Ended December 31, 2025**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From _____ to _____

Commission File Number: **001-37949**

# Innovative Industrial Properties, Inc.

(Exact name of registrant as specified in its charter)

| **Maryland** | **81-2963381** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **1389 Center Drive, Suite 200, Park City, UT 84098** | **(858) 997-3332** |
| (Address of principal executive offices) (Zip Code) | (Registrant's telephone number, including area code) |

Securities registered pursuant to Section 12(b) of the Act:

| **Title of Each Class** | **Trading Symbol(s)** | **Name of Each Exchange on Which Registered** |
|---|---|---|
| Common Stock, par value $0.001 per share | IIPR | New York Stock Exchange |
| Series A Preferred Stock, par value $0.001 per share | IIPR-PA | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act:

None.

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes ☐ No ☑

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☑ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the Registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the Registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of the common stock held by non-affiliates of the Registrant was approximately $1.5 billion, based upon the last reported sale price of $55.22 per share on the New York Stock Exchange on June 30, 2025, the last business day of the Registrant's most recently completed second quarter.

As of February 24, 2026, there were 28,135,865 shares of common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of Innovative Industrial Properties, Inc.'s Proxy Statement with respect to its 2026 Annual Meeting of Stockholders to be filed not later than 120 days after the end of the Registrant's fiscal year are incorporated by reference into Part III hereof.

**INNOVATIVE INDUSTRIAL PROPERTIES, INC.**

**FORM 10-K – ANNUAL REPORT**
**DECEMBER 31, 2025**
**TABLE OF CONTENTS**


**PART I**

| | | |
|---|---|---|
| Item 1. | Business | 5 |
| Item 1A. | Risk Factors | 24 |
| Item 1B. | Unresolved Staff Comments | 61 |
| Item 1C. | Cybersecurity | 61 |
| Item 2. | Properties | 62 |
| Item 3. | Legal Proceedings | 63 |
| Item 4. | Mine Safety Disclosures | 63 |

**PART II**

| | | |
|---|---|---|
| Item 5. | Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities | 64 |
| Item 6. | [Reserved] | 65 |
| Item 7. | Management's Discussion and Analysis of Financial Condition and Results of Operations | 66 |
| Item 7A. | Quantitative and Qualitative Disclosures About Market Risk | 83 |
| Item 8. | Financial Statements and Supplementary Data | 84 |
| Item 9. | Changes in and Disagreements with Accountants on Accounting and Financial Disclosure | 84 |
| Item 9A. | Controls and Procedures | 84 |
| Item 9B. | Other Information | 86 |
| Item 9C. | Disclosure Regarding Foreign Jurisdictions that Prevent Inspections | 86 |

**PART III**

| | | |
|---|---|---|
| Item 10. | Directors, Executive Officers and Corporate Governance | 86 |
| Item 11. | Executive Compensation | 87 |
| Item 12. | Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters | 87 |
| Item 13. | Certain Relationships and Related Transactions, and Director Independence | 87 |
| Item 14. | Principal Accountant Fees and Services | 87 |

**PART IV**

| | | |
|---|---|---|
| Item 15. | Exhibits and Financial Statement Schedules | 88 |
| Item 16. | Form 10-K Summary | 90 |

**SIGNATURES**

| | | |
|---|---|---|
| Signatures | | 91 |

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

We make statements in this report that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). In particular, our statements regarding anticipated growth in our funds from operations and anticipated market and regulatory conditions, our strategic direction, 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, as well as 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;
- our ability to re-lease properties upon tenant defaults or lease terminations for the rent we currently receive, or at all;
- 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;
- anticipated funding sources for our investment in IQHQ Preferred Stock (as defined below);
- defaults on our investments in real estate-related assets, such as the IQHQ Credit Facility (as defined below) and IQHQ Preferred Stock;
- our ability to identify, acquire, or profitably operate life science properties;
- market dynamics in the life science sector;
- decreased economic activity due to fluctuations in trade policies, tariffs, and related government actions;
- inflation dynamics;
- 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 tenants' and 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;
- our ability to refinance our indebtedness at maturity on favorable terms or at all, and if we are unable to obtain refinancing or other additional financing, our ability to continue operating as a going concern;
- 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;
- how and when any forward equity sales may settle;
- our ability to maintain our qualification as a real estate investment trust ("REIT") for U.S. federal income tax purposes;
- our ability to maintain our exemption from registration under the Investment Company Act of 1940 (the "Investment Company Act");
- availability of qualified personnel; and
- market trends in our industry, interest rates, real estate values, the securities markets or the general economy.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For a further discussion of these and other factors that could impact our future results, performance or transactions, see Item 1A, "Risk Factors."

Market data and industry forecasts and projections used in this Annual Report on Form 10-K have been obtained from independent industry sources. Forecasts, projections and other forward-looking information obtained from such sources are subject to similar qualifications and uncertainties as other forward-looking statements in this report.

## PART I

### ITEM 1. *BUSINESS*

**General**

As used herein, the terms "we", "us", "our" or the "Company" refer to Innovative Industrial Properties, Inc., a Maryland corporation, and any of our subsidiaries, including IIP Operating Partnership, LP, a Delaware limited partnership (our "Operating Partnership").

We are an internally-managed REIT focused on the acquisition, ownership and management of specialized industrial and commercial properties in the United States. Our properties are primarily leased to experienced, state-licensed operators for their regulated cannabis facilities. We have acquired and expect to continue to acquire our cannabis properties through sale-leaseback transactions and third-party purchases. These properties are generally leased, and we expect to continue leasing them on a triple-net lease basis, pursuant to which the tenant is responsible for all aspects of and costs related to the property and its operation during the lease term, including structural repairs, maintenance, real estate taxes and insurance. Outside of the cannabis sector, our leases may include different lease structures that do not require tenants to assume all property-related expenses. In addition to our cannabis-related real estate portfolio, we also have financial investments in the life science industry and intend to actively pursue acquisitions of properties within that sector as a key component of our growth strategy. We may continue expanding our investment activities to include joint ventures, debt or mezzanine financing, preferred or joint venture equity interests, and interests in other real estate funds or REITs.

We were incorporated in Maryland on June 15, 2016. We conduct our business through a traditional umbrella partnership real estate investment trust, or UPREIT structure, in which our properties are owned by our Operating Partnership, directly or through subsidiaries. We are the sole general partner of our Operating Partnership and own, directly or through subsidiaries, 100% of the limited partnership interests in our Operating Partnership. As of December 31, 2025, we had 23 full-time employees.

Our corporate office is located at 1389 Center Drive, Suite 200, Park City, Utah 84098. Our telephone number is (858) 997-3332.

**2025 Business Update**

***Real Estate Investments***

During 2025, we acquired one new property and made additional investments into existing properties under development or redevelopment. As of December 31, 2025, we owned 111 properties comprising an aggregate of 8.9 million rentable square feet (including 303,000 rentable square feet under development/redevelopment) in 19 states. As of December 31, 2025, we had invested an aggregate of $2.5 billion across our property portfolio (consisting of purchase price and funding of draws for improvements submitted by tenants, if any, but excluding transaction costs) and had committed an additional $6.5 million to fund draws to certain tenants and vendors for improvements at our properties. Of the $6.5 million committed to fund draws to certain tenants and vendors for improvements at our properties, $3.0 million was incurred but not funded as of December 31, 2025.

Of these 111 properties, we include 109 properties in our operating portfolio, which were 96.7% leased as of December 31, 2025, with a weighted-average remaining lease term of 12.8 years.

We do not include in our operating portfolio the following properties (all of which were under development/redevelopment as of December 31, 2025, and together are expected to comprise 255,000 rentable square feet upon completion of development/redevelopment):

- Inland Center Drive in San Bernardino, California; and
- Leah Avenue in San Marcos, Texas.

For more information regarding our properties and tenants, see the sections entitled "— Tenant Concentration" and "— Geographic Concentration" below.

As discussed below under the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Impacting Our Operating Results—Conditions in Our Markets," market dynamics in the regulated cannabis industry have been extremely challenging in recent years. These challenges include federal, state and local taxation burdens; ineffective enforcement policies with respect to the illicit cannabis market; declines in unit pricing for regulated cannabis products; limited access to capital; and inflation and supply chain constraints. As previously disclosed, these challenges have negatively impacted the ability of certain of our tenants to make their lease payments on the properties they lease from us. In light of these industry conditions and their impact on our existing portfolio, we have expanded our growth strategy to include a broader range of real estate and real estate-related investments. See the subsections below entitled "Life Science Investments—Investment in IQHQ—IQHQ Revolving Credit Facility Investment."

***Life Science Investments***

Investment in IQHQ

As previously disclosed, on August 6, 2025, the Company through its Operating Partnership entered into a Securities Purchase Agreement (the "Securities Purchase Agreement") with IQHQ, Inc., a Maryland corporation ("IQHQ REIT") and certain of IQHQ REIT's affiliates. The Securities Purchase Agreement, together with certain exhibits thereto, set forth the terms under which the Operating Partnership agreed to: (i) purchase up to $170 million of 15.0% Series G Cumulative Redeemable Preferred Stock of IQHQ REIT (the "IQHQ Preferred Stock") at a price of $1,000 per share, together with corresponding warrants to purchase common equity units of IQHQ Holdings, LP, a Delaware limited partnership and the parent entity of IQHQ REIT ("IQHQ Holdings"), subject to the satisfaction of certain funding milestones of the IQHQ Preferred Stock; and (ii) provide a $100 million commitment to IQHQ, LP ("IQHQ OP"), the operating partnership of IQHQ REIT, as a member of a lender syndicate under an Amended and Restated Credit Agreement (the "IQHQ Credit Facility") with an initial term of three years and which can be extended for an additional 12 months upon payment of an extension fee and satisfaction of certain conditions.

On September 30, 2025, our Operating Partnership assigned its rights and obligations under the Securities Purchase Agreement to IIP Life Science Investments LLC ("IIP Life Science"), a wholly owned subsidiary of the Operating Partnership. Following the assignment, IIP Life Science completed the initial closing of the Company's investment in preferred equity of IQHQ REIT, purchasing 5,000 shares of IQHQ Preferred Stock for $5.0 million. On October 31, 2025, the Company purchased an additional 45,000 shares of IQHQ Preferred Stock for $45.0 million, resulting in a total investment of 50,000 shares with an aggregate purchase price of $50.0 million.

The IQHQ Preferred Stock accrues cumulative dividends comprised of (i) a 10.0% annual cash dividend and (ii) a 5.0% paid-in-kind ("PIK") dividend, both calculated on the Base Amount (as defined in the Securities Purchase Agreement), with dividends payable quarterly in arrears. The PIK dividend rate increases by 1.25% on each of the fourth and fifth anniversaries of issuance. In the event of a failure by IQHQ REIT to make required redemptions or cash dividend payments, the PIK dividend rate increases by an additional 5.0% until the failure is cured, subject to a cap on the increase. The IQHQ Preferred Stock ranks senior to IQHQ REIT's common equity and any junior securities, pari passu with its Series E Preferred Stock and other parity securities, and junior to its Series A and Series D-1 Preferred Stock with respect to dividends and liquidation preferences. The IQHQ Preferred Stock is not convertible and carries limited voting rights, except as required by law or with respect to charter amendments that are materially adverse to holder rights. The IQHQ Preferred Stock may be redeemed by IQHQ REIT at any time at the greater of $1,560 per share or the then-current Base Amount and may also be subject to holder redemption upon a change of control or sale transaction.

The remaining balance of the Company's committed investment in IQHQ Preferred Stock, which totaled $120.0 million as of December 31, 2025, is expected to be funded in multiple tranches commencing the second quarter of 2026 and continuing through the second quarter of 2027, subject to extension options exercisable by IQHQ REIT. In connection with the initial closing, IIP Life Science also received a warrant (the "IQHQ Warrant") to purchase common equity units of IQHQ Holdings. The IQHQ Warrant is exercisable for a number of common equity units representing 1.5% of the fully diluted outstanding common equity of IQHQ Holdings (after giving effect to all previously issued warrants) as of the date of the initial closing.

IQHQ Revolving Credit Facility Investment

In connection with the initial closing under the Securities Purchase Agreement, on September 30, 2025, IIP Life Science became a lender under the IQHQ Credit Facility. Pursuant to the terms of the facility, IIP Life Science committed to provide a $100.0 million loan to IQHQ OP, which was fully funded on that same date. As a result of IIP Life Science's participation, the aggregate amount funded under the IQHQ Credit Facility by all lender parties increased to $400.0 million.

The IQHQ Credit Facility bears interest at a fixed annual rate of 13.5%, consisting of 12.0% payable in cash and 1.5% PIK, with interest payable quarterly. The IQHQ Credit Facility has an initial term of three years from the closing date, with a one-time extension option of up to 12 months, subject to the satisfaction of certain conditions and payment of a facility extension fee. All obligations under the IQHQ Credit Facility are unconditionally guaranteed by IQHQ REIT and secured by a first priority pledge of IQHQ OP's majority ownership interest in an entity that owns a development project near Fenway Park in Massachusetts, subordinated to certain construction financing. IIP Life Science is subject to a rate reduction penalty of up to 3.0% in the event it fails to make required purchases of IQHQ Preferred Stock under the Securities Purchase Agreement. The IQHQ Credit Facility includes customary representations, warranties, and covenants, as well as major decision rights requiring lender approval. IQHQ OP is required to prepay loans with proceeds from certain asset or equity sales and may voluntarily prepay or reduce commitments subject to specified conditions.

Relationships with IQHQ REIT

Alan Gold, our Company's co-founder and Executive Chairman, was the co-founder and served as Executive Chairman of IQHQ REIT from December 2018 until December 2024. Gary Kreitzer, the Vice Chairman of our Company's board of directors, served as Vice Chairman and a member of the compensation committee of IQHQ REIT from December 2018 until December 2024. No other executive officer or director of our Company has held a position with IQHQ REIT or any of its affiliates, except that Paul Smithers, our Company's Chief Executive Officer, was appointed to the board of directors of IQHQ REIT pursuant to the Securities Purchase Agreement. Certain members of our Company's board of directors own equity interests of IQHQ REIT and its affiliates. No director of our Company individually owns, nor do our directors own collectively, more than 1.0% of the outstanding equity interests of IQHQ REIT or its affiliates.

Pursuant to the terms of the Securities Purchase Agreement, upon the initial closing, IIP Life Science obtained the right to appoint one voting member to IQHQ REIT's board of directors, subject to certain ownership thresholds, and designated Paul Smithers, our company's Chief Executive Officer, for this role.

IIP Life Science also entered into a Right of First Offer Letter (the "ROFO Letter") with IQHQ REIT and its affiliates (collectively, the "IQHQ Parties"), granting our Company a contractual right of first offer on certain real estate asset sales of the IQHQ Parties, which we expect will support the execution of our strategy to acquire life science properties. Pursuant to the ROFO Letter, if the IQHQ Parties intend to sell any real property or related ownership interests to an unaffiliated third party, they must first offer such interests to our Company on the same material terms, including price. If we waive our ROFO rights, the IQHQ Parties may proceed with the sale, provided it is completed within 12 months and at no less than 90% of the price initially offered to our Company. Otherwise, the right of first offer process must be reinitiated. The ROFO Letter will terminate automatically upon the earliest to occur of: (i) our Company transferring more than 50% of the IQHQ Preferred Stock acquired under the Securities Purchase Agreement; (ii) a change of control of IQHQ REIT or certain of its affiliates; or (iii) our Company defaulting on any funding obligation under the Securities Purchase Agreement or the IQHQ Credit Facility

***Property Sales***

In April 2025, we sold a property in Michigan for $9.0 million (excluding transaction costs) and, in connection with the transaction, provided a secured loan to the buyer in the principal amount of $8.5 million. The loan matures on April 24, 2028, with one twelve-month extension option subject to the payment of an extension fee, and is interest only with payments due monthly in advance. The transaction did not qualify for recognition as a completed sale under GAAP because not all required criteria were met. Accordingly, we have not derecognized the property transferred and the land and building and improvements with gross carrying values of $0.4 million and $9.6 million, respectively, and accumulated depreciation of $2.1 million as of December 31, 2025, remain on our consolidated balance sheet, and the buildings and improvements continue to be depreciated. All consideration received to date, as well as any future payments, from the buyer are recorded as a deposit liability and will be included in other liabilities on our consolidated balance sheet until the

criteria for sale recognition are satisfied. As of December 31, 2025, we had received $1.6 million related to the transaction, consisting of a loan origination fee and interest.

In June 2025, we sold a property in Palm Springs, California. Net proceeds from the sale were $1.8 million and no gain or loss was recognized on the sale as the property was impaired and recognized at fair value less selling costs.

In December 2025, we sold a property in Mancos, Colorado. Net proceeds from the sale were $0.5 million and we recognized a loss on sale of real estate of $0.3 million.

***Financial Results***

| | Years Ended December 31, | | Percentage Change |
|---|---|---|---|
| | 2025 | 2024 | |
| | *(dollars in thousands, except per share data)* | | |
| Rental revenues (including tenant reimbursements) | $ 265,486 | $ 306,936 | (14) % |
| Net income attributable to common stockholders | $ 114,435 | $ 159,857 | (28) % |
| Net income attributable to common stockholders per share – diluted | $ 3.93 | $ 5.52 | (29) % |
| AFFO attributable to common stockholders[(1)] | $ 205,412 | $ 256,144 | (20) % |
| AFFO attributable to common stockholders per share – diluted[(1)] | $ 7.24 | $ 8.98 | (19) % |
| Dividends per share of common stock declared | $ 7.60 | $ 7.52 | 1 % |

(1) For a definition and discussion of adjusted funds from operations ("AFFO") and a reconciliation of AFFO to net income attributable to common stockholders, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

***Capital Activities***

ATM Program

In May 2024, we entered into equity distribution agreements with four sales agents, pursuant to which we may offer and sell from time to time through an "at-the-market" offering program (the "ATM Program"), including on a forward basis, shares of our common stock and 9.00% Series A Cumulative Redeemable Preferred Stock, $0.001 par value per share (the "Series A Preferred Stock"), up to an aggregate offering price of $500.0 million. During the year ended December 31, 2025, we sold 1,016,852 shares of our Series A Preferred Stock pursuant to the ATM Program for net proceeds of $24.1 million. No shares of our common stock were sold pursuant to the ATM program during the year ended December 31, 2025.

Share Repurchase Program

In March 2025, our board of directors authorized a share repurchase program of up to $100.0 million of the Company's common stock. The repurchase program expires on March 17, 2026, and may be extended, suspended, modified or discontinued at any time at the Company's discretion. During the year ended December 31, 2025, we repurchased and retired 371,538 shares of common stock for $20.1 million.

Revolving Credit Facility

In October 2023, our Operating Partnership entered into a loan and security agreement (the "Loan Agreement") with a federally regulated commercial bank, as lender and as agent for lenders that become party thereto from time to time, which matures on October 23, 2026. The Loan Agreement initially provided $50.0 million in aggregate commitments for secured revolving loans (the "Revolving Credit Facility"), the availability of which is based on a borrowing base consisting of real properties owned by subsidiaries (the "Subsidiary Guarantors") of the Operating Partnership that satisfy eligibility criteria set forth in the Loan Agreement. The obligations of the Operating Partnership under the Loan Agreement are guaranteed by the Company and the Subsidiary Guarantors, and are secured by (i) operating accounts of the Operating Partnership into which lease payments under the real property included in the borrowing base are paid, (ii) the equity interest of the Subsidiary Guarantors, (iii) the real estate included in the borrowing base and the leases and rents thereunder, and (iv) all personal property of the Subsidiary Guarantors. The Loan Agreement also allows the Operating Partnership, subject to the satisfaction of certain conditions, to request additional revolving loan commitments up to a specified amount. In November

2024, our Operating Partnership entered into an amendment to the Loan Agreement, pursuant to which the aggregate commitments under the Revolving Credit Facility was increased from $50.0 million to $87.5 million. Borrowings under the Revolving Credit Facility bear interest at a variable rate based on the greater of the prime rate and an applicable margin based on deposits with the participating bank(s) and a stipulated interest rate. At December 31, 2025, the interest rate was 9.0%. The Revolving Credit Facility is subject to an unused line of credit fee, calculated in accordance with the Loan Agreement. At December 31, 2025, there were $27.5 million of borrowings outstanding under the Revolving Credit Facility. The Loan Agreement is subject to certain liquidity and operating covenants and includes customary representations and warranties, affirmative and negative covenants and events of default.

IIP Life Science Credit Facility

In October 2025, our Operating Partnership and IIP Life Science entered into a loan agreement with a federally regulated commercial bank, as agent for the lenders that become party thereto from time to time (the "IIP Life Science Credit Facility"). Under the IIP Life Science Credit Facility, our Operating Partnership has a revolving line of credit available up to $100.0 million until the maturity date on October 3, 2028. The IIP Life Science Credit Facility includes an accordion feature under which the revolving line of credit may be increased up to an aggregate of $135.0 million, under certain conditions, including obtaining additional lender commitments. The availability of credit at any given time under the IIP Life Science Credit Facility is subject to, among other things, the amount of collateral available and a borrowing base formula based upon the value of eligible investments in certain securities and an eligible loan receivable. All obligations under the IIP Life Science Credit Facility are secured by substantial assets of the loan parties, including the Company's investment through IIP Life Science in IQHQ Preferred Stock, the IQHQ Warrant, and the IQHQ Credit Facility. Borrowings under the IIP Life Science Credit Facility bear interest on the outstanding daily balance at a rate of interest per annum equal to the greater of (i) the one-month Secured Overnight Financing Rate ("SOFR"), as administered by CME Group Benchmark Administration, plus 2.0% and (ii) 6.1%. At December 31, 2025, the interest rate was 6.1% and there were $75.0 million of borrowings outstanding under the IIP Life Science Credit Facility. The IIP Life Science Credit Facility contains a liquidity covenant and a debt service coverage ratio covenant, which requires that the ratio of the Company's consolidated EBITDA to debt service costs not be less than 2.0 to 1.0, measured as of the end of each fiscal quarter. Management believes that it was in compliance with those covenants as of December 31, 2025.

**Our Properties**

***Generally***

We have acquired and intend to continue to acquire specialized industrial real estate assets in the United States, operated by state-licensed cannabis operators, through sale-leaseback transactions and third-party purchases. In sale-leaseback transactions, concurrently upon closing of the acquisition, we lease the properties back to the sellers under long-term, triple-net lease agreements. Based on our properties and ongoing review of potential acquisitions, indoor cultivation facilities generally have similar shells as standard light industrial buildings or greenhouses. However, based on our diligence, the regulated cannabis cultivation process typically requires a finely tuned environment to achieve consistent high quality and specificity in cannabinoid levels and to maximize yields, which translates into certain capital improvements in the building's infrastructure. These improvements can include enhanced HVAC systems for climate and humidity control, high capacity electrical and plumbing systems, specialized lighting systems, and sophisticated building management, cultivation monitoring and security systems. Through our sale-leaseback strategy, we serve as a source of capital to our tenants, allowing them to redeploy their sale proceeds into their core operations to grow their business and achieve higher returns. We may also purchase properties from third parties and fund the necessary improvements through a long-term lease with an identified tenant, which provides those tenants with increased cash flow to deploy in their operating businesses.

The following table sets forth certain information regarding our property portfolio by property type for the year ended and as of December 31, 2025 (dollars in thousands):

| Property Type | Number of Properties | Rentable Square Feet | | Contractual Rent Collected for the Year Ended December 31, 2025[1] | Percentage of Total |
|---|---|---|---|---|---|
| | | Operating | Under Development or Redevelopment | | |
| Industrial[2] | 68 | 7,841,000 | 240,000 | $ 220,590 | 90 % |
| Retail | 33 | 152,000 | — | 6,643 | 3 |
| Industrial/Retail | 10 | 572,000 | 63,000 | 16,510 | 7 |
| **Total** | **111** | **8,565,000** | **303,000** | **$ 243,743** | **100 %** |

(1) Contractual rent collected includes base rent and property management fees and excludes tenant reimbursements.
(2) Number of properties and rentable square feet include one property acquired in January 2022 which did not satisfy the requirements for sale-leaseback accounting and, therefore, the investment is recognized as a note receivable and is included in other assets, net on our consolidated balance sheets.

As of December 31, 2025, the tenants at our leased properties are generally responsible for paying (or reimbursing us) for all structural repairs, maintenance expenses, insurance and real estate taxes related to the property during the term of the applicable lease.

**Our Competitive Strengths**

We believe that we have the following competitive strengths:

- ***Experienced Management Team.*** Alan Gold, our executive chairman, and other members of our senior management team have substantial experience operating within highly regulated, specialized industries, including the legal cannabis and life science sectors. In addition to their broad real estate experience across acquisitions, dispositions, construction, development, management, finance and capital markets, our senior leadership has a demonstrated track record of identifying and executing on opportunities in industries that require specialized facilities and regulatory sophistication. In particular, in August 2004, Mr. Gold and Gary Kreitzer, vice chairman of our board of directors, founded BioMed Realty Trust, Inc. (formerly NYSE: BMR) ("BioMed Realty"), an internally-managed REIT focused on acquiring, developing, owning, leasing and managing laboratory and office space for the life science industry, an industry they believed to be underserved by commercial property investors and lenders and poised for significant growth. Mr. Gold served as chairman of the board of directors and chief executive officer and Mr. Kreitzer served as executive vice president and a member of the board of directors from the founding of BioMed Realty in 2004 through the acquisition of BioMed Realty by an affiliate of The Blackstone Group, L.P. in 2016.

- ***Recurring Revenue with Contractual Escalations.*** As of December 31, 2025, we owned 111 properties. Of these 111 properties, we include 109 properties in our operating portfolio, which were 96.7% leased as of December 31, 2025, with a weighted-average remaining lease term of 12.8 years, and which are subject to contractual rental rate increases. Along with our existing portfolio, we expect to continue to enter into additional similar transactions structured to provide recurring revenue with contractual escalations.

- ***Demonstrated Investment Acumen.*** We utilize rigorous underwriting standards for evaluating acquisitions and potential tenants to ensure that they meet our strategic and financial criteria. Our extensive experience and relationships in the real estate and regulated cannabis industry enable us to identify, negotiate and close on acquisitions and leases with established operators and other operators which meet our criteria.

- ***Regulated Cannabis Industry Growth Trends.*** Based on the strong historical and, according to BDSA (a leading market intelligence company for the legal cannabis industry), projected growth in sales for the regulated cannabis industry, we expect to see continued spending by state-licensed cannabis operators on their existing and new state-licensed cannabis facilities, presenting an opportunity for us to be a key capital provider in their expansion initiatives.

**Our Business Objectives and Growth Strategies**

Our principal business objective is to maximize stockholder returns through a combination of regular distributions to our stockholders and sustainable long-term growth in cash flows driven by increased rents, income from financial investments and disciplined portfolio expansion. We seek to achieve this objective by acquiring, owning, and actively managing a portfolio of specialized industrial and commercial properties, with a core focus on regulated cannabis facilities leased to experienced tenants holding the requisite state licenses to operate in the regulated cannabis industry, along with our financial investments in the life science industry. While regulated cannabis properties remain our primary investment focus, we may diversify our portfolio by investing in life science facilities and other real estate or real estate-related assets that exhibit return and risk characteristics consistent with our investment objectives.

Our strategy includes primarily the following components:

- ***Owning Specialized Industrial Properties and Related Real Estate Assets for Income.*** We primarily acquire specialized industrial properties, including regulated cannabis facilities from licensed operators who will continue their cultivation, processing and/or dispensing operations after our acquisition of the property. We expect to hold acquired properties for investment, with the objective of generating stable and increasing rental income from leasing these properties to licensed operators.

- ***Expanding as Additional States Enact Regulated Cannabis Programs.*** We acquire properties in the United States, with a focus on states that have established regulated cannabis programs. As of December 31, 2025, we owned properties in 19 states, and we expect that our acquisition opportunities will continue to expand as additional states establish regulated cannabis programs and license new operators.

- ***Providing Expansion Capital to Existing Tenants as an Additional Source of Income.*** We have provided expansion capital for many of our existing tenant operators as they expand operations in additional states and locations within a state, as well as capital for continued enhancements of production capacity at existing facilities that these operators lease from us, which correspond to adjustments in rent under the applicable leases and other provisions in certain cases. We expect to continue to focus on executing on these expansion initiatives with our tenant operators.

- ***Preserving Financial Flexibility on our Balance Sheet.*** We are focused on maintaining a flexible capital structure for financing our growth initiatives. As of December 31, 2025, our debt is comprised of $291.2 million principal amount of our 5.50% Senior Notes due May 2026 (the "Notes due 2026"), $27.5 million outstanding on the Revolving Credit Facility, and $75.0 million outstanding on the Life Science Credit Facility, equating to leverage of 14.5% of our total gross assets of $2.7 billion.

In order to capitalize on the appropriate acquisition and investment opportunities, including opportunities in the life science industry, we may modify or expand our growth strategy from time to time. In addition to our existing investment programs, we may pursue direct acquisitions or development of specialized real estate assets, make senior secured, mezzanine or preferred equity investments, acquire interests in or co-invest alongside real estate-focused funds or REITs, or enter into asset-level joint ventures. We also may sell minority interests in existing assets to strategic partners where doing so advances our capital allocation objectives. From time to time, we may invest in debt, mezzanine loans, preferred equity or other forms of joint venture equity.

**Our Target Markets**

Our target markets include states that have established regulated cannabis programs. As of December 31, 2025, we owned 111 properties located in 19 states. According to the Marijuana Business Daily, as of December 31, 2025, 42 states and the District of Columbia have legalized cannabis for medical use, and 24 states and the District of Columbia have legalized cannabis for adult-use.

Although these states have approved the regulated use of cannabis, the applicable state and local laws and regulations vary widely. For example, most states' laws allow commercial production and sales through dispensaries and set forth rigorous licensing requirements; in other states the licensing rules are unclear. In some states, dispensaries are mandated to operate on a not-for-profit basis. Some states permit home cultivation activities. The states also differ on the form in which they permit cannabis to be sold. For example, some states do not permit cannabis-infused products such as concentrates, edibles and topicals, while other states ban smoking cannabis.

In addition, we expect other factors will be important in the development and growth of the regulated cannabis industry in the United States, including the timeframes for developing regulations and issuing licenses in states that recently passed laws allowing for regulated cannabis; continued legislative authorization of cannabis at the state level; support from local municipalities within a state; federal, state and local taxation of regulated cannabis products; and the level of enforcement against illicit, non-licensed cannabis activities in a state. Progress in the regulated cannabis industry is not assured and any number of factors could slow or halt progress in this area.

**Market Opportunity**

***The Regulated Cannabis Industry***

Overview

In the United States, the development and growth of the regulated cannabis industry has generally been driven by state law and regulation, and accordingly, the market varies on a state-by-state basis. State laws that legalize and regulate medical-use cannabis allow patients to consume cannabis for medicinal reasons with a designated healthcare provider's recommendation, subject to various requirements and limitations. States have authorized numerous medical conditions as qualifying conditions for treatment with medical-use cannabis, which vary significantly from state to state and may include, among others, treatment for cancer, glaucoma, HIV/AIDs, wasting syndrome, pain, nausea, seizures, muscle spasms, multiple sclerosis, post-traumatic stress disorder (PTSD), migraines, arthritis, Parkinson's disease, Alzheimer's, lupus, residual limb pain, spinal cord injuries, inflammatory bowel disease and terminal illness.

Industry Trends

According to BDSA, state-legal cannabis sales in the United States are projected to grow from $31.4 billion in 2024 to $44.4 billion by 2029, representing a compound annual growth rate of approximately 7.2%.

As the industry continues to evolve, new ways to consume regulated cannabis products are being developed in order for patients to have the treatment needed for their condition and provide consumers safe, consistent and appealing options. In addition to smoking and vaporizing of dried leaves, cannabis can be incorporated into a variety of edibles, pills, spray products, transdermal patches, beverages, and topicals, including salves, ointments, lotions and sprays with low or high levels of delta-9-tetrahydrocannabinol ("THC"), the principal psychoactive constituent of the cannabis plant.

As with any nascent but growing industry, operational and business practices evolve and become more sophisticated over time. We believe that the quality and experience of industry participants and the development of sound business, operational and compliance practices have strengthened significantly over time, increasing the attractiveness for investment in the regulated cannabis industry.

Shifting Public Attitudes and State Law and Legislative Activity

We believe that the growth of the regulated cannabis industry has been fueled, in part, by the rapidly changing public attitudes in the United States. In a Pew Research Survey released in January 2024, 88% of Americans support legal adult-use and/or medical cannabis.

As of December 31, 2025, 42 states, plus the District of Columbia, have passed laws allowing their citizens to use medical cannabis. The first state to permit the use of cannabis for medicinal purposes was California in 1996, upon adoption of the Compassionate Care Act. The law allowed doctors to recommend cannabis for serious medical conditions and patients were permitted to use, possess and grow cannabis themselves. Several other states adopted medical-use cannabis laws in 1998 and 1999, and the remaining medical-use cannabis states adopted their laws on various dates through 2024. In addition, as of December 31, 2025, 24 states, plus the District of Columbia, have legalized cannabis for adult-use.

Following the approval of state-regulated cannabis, state programs must be developed and businesses must be licensed before commencing cannabis sales. Some states have developed the necessary procedures and licensing requirements quickly, while other states have taken years to develop their programs for production and sales of cannabis. Even where regulatory frameworks for regulated cannabis production and sales are in place, states tend to revise these rules over time. These revisions often impact sales, making it difficult to predict the potential of new markets. States may restrict the number of regulated cannabis businesses permitted; impose significant taxes on regulated cannabis products, in addition to taxes imposed by local municipalities; take limited enforcement actions against non-licensed cannabis operators; restrict

the method by which cannabis can be consumed; restrict the ability of alternative health care providers to recommend medical cannabis for treatment; limit the medical conditions that are eligible for cannabis treatment; or require registration of doctors and/or patients, each of which can limit growth of the regulated cannabis industry in those states. Alternatively, states may relax their initial regulations relating to regulated cannabis production and sales and take other actions to support the growth of the regulated cannabis program, which would likely accelerate growth of the regulated cannabis industry in such states.

Access to Capital

To date, the status of state-licensed cannabis under federal law has limited the ability of state-licensed industry participants to fully access the U.S. banking system and traditional financing sources. These limitations, when combined with the high costs of maintaining licensed and stringently regulated cannabis facilities, substantially increase the cost of production. While future changes in federal and state laws may ultimately open up financing options that have not been widely available to date in this industry, we believe that our sale-leaseback and other real estate solutions to state-licensed industry participants will continue to be attractive capital options for regulated operators.

Market Opportunity and Associated Risks

We focus on purchasing specialized industrial real estate assets for the regulated cannabis industry. We believe that our sale-leaseback and other real estate solutions offer an attractive alternative to state-licensed cannabis operators who may have limited access to traditional financing alternatives. We have acquired and intend to continue to acquire regulated cannabis facilities in states that permit regulated cannabis operations.

Notwithstanding the foregoing market opportunity and trends, and despite legalization at the state level, we continue to believe that the current state of federal law creates significant uncertainty and potential risks associated with investing in regulated cannabis facilities, including but not limited to potentially heightened risks related to the use of such facilities for adult-use cannabis operations, if a state passes such laws. For a more complete description of these risks, see the sections "—Governmental Regulation" below and "Risks Related to Regulation" under Item 1A, "Risk Factors."

Market Dynamics in Regulated Cannabis State Programs

States vary significantly in their market dynamics, driven by many factors, including, but not limited to, regulatory frameworks, enforcement policies with respect to illicit, unlicensed cannabis operations, taxation and licensing structures. Ineffective enforcement policies with respect to illicit cannabis sales in a particular state may significantly limit the growth and profitability of operators in that state's regulated cannabis market.

*Unit Pricing for Regulated Cannabis Products*

Many states have experienced declines in unit pricing for regulated cannabis products, with that decline more pronounced in certain states than in others, which compresses operating margins for operators. As a result, certain regulated cannabis operators have consolidated operations or shuttered certain operations to reduce costs, which could have a negative impact on operators' demand for regulated cannabis facilities, including our existing tenants.

*Inflation and Supply Chain Constraints*

The U.S. economy has experienced a sustained increase in inflation rates in recent years, which we believe is negatively impacting our tenants. This inflation has impacted costs for labor and production inputs for regulated cannabis operators, in addition to increasing costs of construction for development and redevelopment projects. Labor shortages and global supply chain issues also continue to adversely impact costs and timing for completion of these development and redevelopment projects, which are resulting in cost overruns and delays in commencing operations on certain of our tenants' projects.

*Capital Availability for Tenants*

In recent years, financial markets have been volatile, reflecting heightened geopolitical risks and continued uncertainty regarding monetary policy.

Driven in part by overall macroeconomic conditions, capital availability has declined for regulated cannabis operators over the last several years. According to Viridian Capital Advisors ("Viridian"), worldwide cannabis capital raises in 2025 decreased modestly to $2.1 billion, compared to $2.3 billion in 2024, but remain materially below levels observed in prior years, such as $4.3 billion in 2022. In contrast, Viridian reports that mergers and acquisitions activity in the North American regulated cannabis industry increased to approximately $2.1 billion in 2025, up from $1.2 billion in 2024.

Capital raising activities by U.S. REITs decreased in 2025 with $80 billion of capital raised compared to $85 billion in 2024. According to the National Association of Real Estate Investment Trusts, Inc. ("NAREIT"), U.S. REIT 2025 capital raising was higher than 2022 and 2023, but remained lower than 2019-2021 and 2024 levels.

**Tenant Concentration**

As of December 31, 2025, all of our rental revenues were derived from 111 properties. The following table sets forth certain information regarding the top ten tenants in our property portfolio that represented the largest total invested and committed capital as of December 31, 2025 (dollars in thousands):

| Tenant[1] | Number of Properties | Total Invested and Committed Capital[2] | Contractual Rent Collected for the Year Ended December 31, 2025[3] | Percentage of Total |
|---|---|---|---|---|
| Ascend Wellness Holdings, Inc. ("Ascend") | 4 | $ 214,050 | $ 31,137 | 13 % |
| PharmaCann Inc. ("PharmaCann") | 7 | 185,058 | 7,395 | 4 |
| Green Thumb Industries, Inc ("Green Thumb") | 3 | 176,800 | 22,589 | 10 |
| Curaleaf Holdings, Inc ("Curaleaf") | 8 | 175,047 | 20,719 | 9 |
| The Cannabist Company | 21 | 147,834 | 18,341 | 8 |
| Trulieve, Inc. ("Trulieve") | 6 | 146,503 | 19,704 | 9 |
| Cresco Labs Inc. ("Cresco") | 5 | 120,845 | 16,897 | 7 |
| 4Front Ventures Corp. ("4Front")[4] | 4 | 120,684 | 1,750 | 1 |
| SH Parent, Inc. ("Parallel") | 2 | 107,900 | 16,136 | 7 |
| Holistic Industries, Inc ("Holistic") | 4 | 107,650 | 17,050 | 7 |
| **Total** | **64** | **$ 1,502,371** | **$ 171,718** | **75 %** |

(1) Includes leases with affiliates of each entity, for which the entity has provided a corporate guaranty.
(2) Total invested and committed capital includes development and improvements allowance not funded as of December 31, 2025.
(3) Contractual rent collected includes base rent and property management fees, including amounts collected for one property and a portion of one other property that did not satisfy the requirements for sale-leaseback accounting and therefore are primarily recognized as other revenue on our consolidated statements of income. Contractual rent collected excludes tenant reimbursements.
(4) Number of properties and total invested and committed capital include one property acquired in January 2022 which did not satisfy the requirements for sale-leaseback accounting and therefore, the investment is recognized as a note receivable and is included in other assets, net on our consolidated balance sheet.

Our tenants primarily operate in the regulated cannabis industry and are subject to a combination of macroeconomic, industry-specific, and regulatory risks, including federal, state, and local tax burdens; competition from illicit operators; declining unit pricing for regulated cannabis products; constrained access to capital; inflationary pressures; elevated interest rates; significant debt maturities; labor and supply chain constraints; evolving trade policies; and broader U.S. consumer financial conditions. Market dynamics and regulatory frameworks vary by state and may materially affect tenant profitability and demand for regulated cannabis facilities. These conditions have already adversely affected certain tenants' ability to meet their lease obligations and have had a material adverse effect on our financial condition, results of operations, and cash flows. If these challenges persist or worsen, additional tenant defaults may occur, and we may be unable to re-lease affected properties on favorable terms, or at all. Many of our tenants have limited operating histories and lack sustained profitability. For some or all of 2026, we expect that many tenants will continue to incur losses and may rely on cash on hand or asset sale proceeds, rather than operating cash flows, to fund rent payments. If tenants are unable to improve operating performance or access additional liquidity, their ability to satisfy lease obligations may be materially adversely affected.

Furthermore, each of our leases does not prohibit the tenant from conducting adult-use cannabis operations at the applicable property, provided such operations are in compliance with applicable state and local laws. As such, our tenant

may conduct adult-use cannabis operations at the property it leases from us, which in turn could expose that tenant, us and our property to different and greater risks, including heightened risks of enforcement of federal laws. For example, Arizona, California, Colorado, Illinois, Maryland, Massachusetts, Michigan, Missouri, Nevada, New Jersey, New York, Ohio, Virginia and Washington permit licensed adult-use cannabis operations, and our leases with tenants in those states allow for adult-use cannabis operations to be conducted at the properties in compliance with state and local laws.

The Company previously entered into leases with PharmaCann Inc. and its affiliates for eleven properties. Rent pursuant to two of such leases, for cultivation facilities in Michigan and Massachusetts and representing aggregate monthly base rent of approximately $1.3 million, was fully abated effective February 1, 2025, under lease amendments entered into by the parties in January 2025. The Company re-leased the 205,000 square foot Michigan property to Berry Green in April 2025 and has leased to a third party the former PharmaCann cultivation facility located in Holliston, Massachusetts.

As previously disclosed, PharmaCann defaulted on its rent obligations under the remaining nine of these leases, covering properties in New York, Illinois, Pennsylvania, Ohio and Colorado, with total amounts due of $29.2 million in base rent, property management fees, and estimated tax and insurance payments as of December 31, 2025. The Company recovered possession of one of its retail properties in Colorado through a default judgment, and PharmaCann has paid and continues to pay full rent on the remaining four retail properties located in Colorado. In December 2025, the Company obtained a judgment in its favor in an eviction action relating to the PharmaCann facility located in Dwight, Illinois and recovered possession of that property, which is currently vacant and under the Company's control. The Company has commenced litigation and is actively seeking possession of the remaining properties located in New York, Pennsylvania, and Ohio. As of December 31, 2025, the properties leased to PharmaCann collectively accounted for approximately 9.9% of the Company's annualized contractual rent due. The Company continues to enforce its rights under the applicable lease agreements and intends to pursue all remedies available under such agreements and applicable law. See Note 6 "Investments in Real Estate" in the notes to our consolidated financial statements for further information regarding our leases with PharmaCann.

In March 2025, the Company launched a strategic initiative aimed at improving long-term financial performance by seeking to refresh a substantial portion of its tenant base with more financially viable, long-term tenants. As part of this initiative, the Company declared certain tenants and their affiliates in default for failure to pay contractual rent in full, including 4Front Ventures Corp., Gold Flora, LLC, and TILT Holdings Inc. These tenants, which collectively accounted for approximately 11.6% of the Company's annualized contractual rent due as of December 31, 2025, owed $23.0 million, $2.7 million and $5.6 million, respectively, in base rent, property management fees, and estimated tax and insurance payments as of such date. The Company is actively pursuing its rights under these leases, which may include initiating eviction proceedings. Gold Flora and 4Front Ventures are both currently operating under receivership and 4Front Ventures has filed for bankruptcy protection in Canada and for voluntary receivership in Massachusetts and Illinois. Therefore, any actions with respect to their leases may involve additional legal processes and delays. In July 2025, we terminated the lease with an affiliate of Gold Flora for our property located in Palm Springs, California, which represents one of three leases with affiliates of Gold Flora.

During the year ended December 31, 2025, the Company declared additional defaults on its leases with two tenants for failure to pay rent in full. These leases represent, in the aggregate, less than 2% of our total rental revenues for the year ended December 31, 2025.

In March 2025, we amended our lease with a subsidiary of AYR Wellness, Inc. at one of our Florida properties to reduce the improvement allowance by $2.5 million to $27.5 million, which also resulted in a corresponding adjustment to the base rent for the lease at the property.

See each of the discussions under Item 1A, "Risk Factors," under the captions "Many of our existing tenants are, and we expect that many of our future tenants will be, companies with limited histories of operations and may be unable to pay rent with funds from operations or at all, which could adversely affect our cash available to make distributions to our stockholders or otherwise impair the value of our common stock," "Continuing unfavorable market dynamics affecting the regulated cannabis industry could adversely affect our business, liquidity and financial condition, and overall results of operations," and "Because we lease our properties to a limited number of tenants, and to the extent we depend on a limited number of tenants in the future, the inability of any single tenant to make its lease payments could adversely affect our business and our ability to make distributions to our stockholders."

**Geographic Concentration**

The following table sets forth certain state-by-state information regarding our property portfolio as of and for the year ended December 31, 2025 (dollars in thousands):

| State | Number of Properties | Rentable Sq. Ft.[1] | Total Invested and Committed Capital[2] | Contractual Rent Collected for the Year Ended December 31, 2025[3] | Percentage of Total |
|---|---|---|---|---|---|
| Arizona | 3 | 377,000 | $ 27,738 | $ 4,477 | 2 % |
| California | 11 | 689,000 | 204,004 | 10,013 | 4 |
| Colorado | 26 | 229,000 | 82,192 | 7,782 | 3 |
| Florida | 5 | 1,153,000 | 207,050 | 30,372 | 13 |
| Illinois | 7 | 965,000 | 307,234 | 31,624 | 13 |
| Maryland | 5 | 319,000 | 101,585 | 13,381 | 5 |
| Massachusetts[4] | 10 | 993,000 | 306,883 | 27,225 | 11 |
| Michigan | 13 | 901,000 | 287,164 | 22,166 | 9 |
| Minnesota | 1 | 89,000 | 9,710 | 1,881 | 1 |
| Missouri | 1 | 85,000 | 28,250 | 4,280 | 2 |
| Nevada | 1 | 43,000 | 9,600 | 1,647 | 1 |
| New Jersey | 4 | 291,000 | 103,985 | 13,718 | 6 |
| New York | 2 | 623,000 | 211,986 | 15,525 | 6 |
| North Dakota | 3 | 42,000 | 15,849 | 2,067 | 1 |
| Ohio | 5 | 374,000 | 115,795 | 15,014 | 6 |
| Pennsylvania | 10 | 1,361,000 | 385,930 | 37,039 | 15 |
| Texas | 2 | 138,000 | 30,231 | 2,509 | 1 |
| Virginia | 1 | 82,000 | 19,750 | 3,023 | 1 |
| Washington | 1 | 114,000 | 17,500 | — | — |
| **Total** | **111** | **8,868,000** | **$ 2,472,436** | **$ 243,743** | **100 %** |

(1) Includes 303,000 square feet under development/redevelopment.
(2) Total invested and committed capital includes development and improvements allowances not funded as of December 31, 2025.
(3) Contractual rent collected includes base rent and property management fees and excludes tenant reimbursements.
(4) Number of properties and rentable square feet include one property acquired in January 2022 which did not satisfy the requirements for sale-leaseback accounting and therefore, the investment is recognized as a note receivable and is included in other assets, net on our consolidated balance sheet.

See discussion under Item 1A, "Risk Factors," under the caption "Our properties are, and are expected to continue to be, geographically concentrated in states that permit licensed cannabis operations, and we will be subject to social, political and economic risks of doing business in these states and any other state in which we may own property." The regulated cannabis market is in its early stages; is generally subject to strict regulations providing for, among other things, comprehensive product testing and tracking systems, limited medical conditions for treatment with medical-use cannabis, limitations on the form in which medical cannabis can be consumed and enhanced registration requirements for patients and physicians; is subject in many instances to significant taxation burdens at the federal, state and local levels; competes in many instances with non-licensed cannabis operators due in part to limited enforcement by state and local authorities; and may face opposition from local municipalities within a state, any of which may contribute to a particular market not growing and developing in the way that we or our tenants projected.

**Our Financing Strategy**

We intend to meet our long-term liquidity needs through cash flow from operations and the issuance of equity and debt securities, including common stock, preferred stock and notes, and draws from our Credit Facilities. Where possible, we also may issue limited partnership interests in our Operating Partnership to acquire properties from existing owners seeking a tax-deferred transaction. We expect to issue equity and debt securities at times when we believe that we can reinvest the

proceeds of such an offering in accretive property acquisitions. We may also issue common stock to permanently finance properties that were previously financed by debt securities or draws from our Credit Facilities. However, we cannot assure you that we will have access to the capital markets at times and on terms that are acceptable to us. Our ability to access the capital markets and to obtain other financing arrangements is also significantly limited by our focus on serving the regulated cannabis industry. Our investment guidelines provide that our aggregate borrowings (secured and unsecured) will not exceed 50% of the cost of our tangible assets at the time of any new borrowing, subject to our board of directors' discretion.

We have filed a registration statement with the SEC, allowing us, from time-to-time, to offer and sell common stock, preferred stock, warrants, debt securities and other securities to the extent necessary or advisable to meet our liquidity needs.

Capital raising activities by U.S. REITs decreased in 2025 with $80 billion of capital raised compared to $85 billion in 2024. According to the National Association of Real Estate Investment Trusts, Inc. ("NAREIT"), U.S. REIT 2025 capital raising was higher than 2022 and 2023, but remained lower than 2019-2021 and 2024 levels.

Financial markets for REITs and the cannabis industry have been volatile in general for an extended period of time, which has also significantly reduced our access to capital. This has contributed to a significant decrease in our investments in new properties in 2024 and 2025. If sustained, this would have a material adverse effect on our business, financial condition and results of operations, including our ability to continue to make acquisitions of new properties and fund investments for improvements at existing properties.

**Risk Management**

As of December 31, 2025, we owned 111 properties located in 19 states. Many of our tenants are tenants at multiple properties. We will continue to attempt to diversify the investment size and location of our portfolio of properties in order to manage our portfolio-level risk. Over the long term, we expect that no single property will exceed 20% of our total assets and that properties leased to a single tenant (individually or together with its affiliates) will not exceed 20% of our total assets. Notwithstanding the foregoing, the industry continues to experience significant consolidation among regulated cannabis operators, and certain of our tenant operators may combine, increasing the concentration of our tenant portfolio with those consolidated operators.

We expect that single tenants will continue to occupy our properties pursuant to triple-net lease arrangements in general and, therefore, the success of our investments will be materially dependent on the financial stability of these tenants. Many of our existing tenants have limited histories of operations, and have not yet been profitable, or have been profitable only for a short period of time. As such, we expect that many of our current and future tenants will continue to incur losses as their expenses increase in connection with the expansion of their operations, and that they have made and will make rent payments to us from proceeds from the sale of the applicable property or cash on hand, and not funds from operations. We also expect the success of our tenants, and their ability to make rent payments to us, to significantly depend on the projected growth and development of the applicable state market; as many of these state markets have a very limited history, and other state markets are still forming their regulations, issuing licenses and otherwise establishing the market framework, significant uncertainty exists as to whether these markets will develop in the way that we or our tenants project.

We evaluate the credit quality of our tenants and any guarantors on an ongoing basis. In addition, we monitor the payment history data for all of our tenants and, in some instances, we monitor our tenants by periodically conducting site visits and meeting with the tenants to discuss their operations. In many instances, we will generally not be entitled to financial results or other credit-related data from our tenants. See the section "Risks Related to Our Business" under Item 1A, "Risk Factors."

**Competition**

The current market for properties that meet our investment objectives is limited. In addition, we believe finding properties that are appropriate for the specific use of allowing regulated cannabis operators may be limited as more competitors enter the market, and as regulated cannabis operators obtain greater access to alternative financing sources, including, but not limited to, equity and debt financing sources.

We face significant competition from a diverse mix of market participants, including but not limited to, other companies with similar business models, independent investors, hedge funds and other real estate investors, hard money

lenders, and cannabis operators themselves, all of whom may compete with us in our efforts to acquire real estate zoned for regulated cannabis facilities. In some instances, we will be competing to acquire real estate with persons who have no interest in the cannabis industry, but have identified value in a piece of real estate that we may be interested in acquiring.

These competitors may prevent us from acquiring desirable properties or may cause an increase in the price we must pay for properties. Our competitors may have greater financial and operational resources than we do and may be willing to pay more for certain assets or may be willing to accept more risk than we believe can be prudently managed. In particular, larger companies may enjoy significant competitive advantages that result from, among other things, a lower cost of capital and enhanced operating efficiencies. Our competitors may also adopt transaction structures similar to ours, which would decrease our competitive advantage in offering flexible transaction terms.

In addition, due to a number of factors, including but not limited to potential greater clarity of the laws and regulations governing regulated cannabis by state and federal governments, the number of entities and the amount of funds competing for suitable investment properties may increase substantially, resulting in increased demand and increased prices paid for these properties. Furthermore, changes in federal regulations pertaining to cannabis as well as the rescheduling of cannabis from Schedule I to Schedule III under the Controlled Substances Act of 1970 (the "CSA") could also lead to increased access to U.S. capital markets for our competitors and for regulated cannabis operators (including but not limited to access to the Nasdaq Stock Market and/or the New York Stock Exchange). We compete for the acquisition of properties primarily based on purchase price and the lease terms (including rental rates, lease duration and improvement allowances, among others) in our sale leaseback and other real estate capital transactions. If we pay higher prices for properties or offer lease terms that are less attractive for us, our profitability may decrease, and you may experience a lower return on our common stock. Increased competition for properties may also preclude us from acquiring those properties that would generate attractive returns to us.

**Governmental Regulation**

***Federal Laws Applicable to the Regulated Cannabis Industry***

Cannabis (with the exception of hemp containing no more than 0.3% THC by dry weight) is illegal under U.S. federal law. The U.S. federal government regulates drugs through the CSA. The CSA classifies marijuana (cannabis) as a Schedule I controlled substance, and as such, the manufacture, distribution and dispensing of marijuana is illegal under U.S. federal law. Moreover, on two separate occasions the U.S. Supreme Court ruled that the CSA trumps state law. That means that the federal government may enforce U.S. drug laws against companies operating in accordance with state cannabis laws, creating a climate of legal uncertainty regarding the production and sale of cannabis. Unless and until Congress amends the CSA with respect to cannabis (and the President approves such amendment), there is a risk that the federal law enforcement authorities responsible for enforcing the CSA, including the U.S. Department of Justice ("DOJ") and the Drug Enforcement Agency ("DEA"), may enforce current federal law.

Under the Obama administration, the DOJ previously issued memoranda, including the so-called "Cole Memo" on August 29, 2013, providing internal guidance to federal prosecutors concerning enforcement of federal cannabis prohibitions under the CSA. This guidance essentially characterized as inefficient the use of federal law enforcement resources to prosecute those complying with state laws allowing the use, manufacture and distribution of cannabis where states have enacted laws legalizing cannabis in some form and have also implemented strong and effective regulatory and enforcement systems to control the cultivation, processing, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations was not a priority for the DOJ. Instead, the Cole Memo directed U.S. Attorney's Offices discretion not to investigate or prosecute state law compliant participants in the medical cannabis industry who did not implicate one or more specifically identified federal government priorities, including preventing interstate diversion or distribution of cannabis to minors.

On January 4, 2018, then-U.S. Attorney General Jeff Sessions issued a written memorandum rescinding the Cole Memo and related internal guidance issued by the DOJ regarding federal law enforcement priorities involving cannabis (the "Sessions Memo"). The Sessions Memo instructed federal prosecutors to enforce the laws enacted by Congress and to follow well-established principles that govern all federal prosecutors when deciding whether to pursue prosecutions related to cannabis activities. As a result, federal prosecutors could, and still can, use their prosecutorial discretion to decide to prosecute actors compliant with their state laws. The Sessions Memo states that "these principles require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community." The Sessions Memo went on to state that given the DOJ's well-

established general principles, "previous nationwide guidance specific to marijuana is unnecessary and is rescinded, effective immediately." Although there have not been any identified prosecutions of state law compliant cannabis entities, there can be no assurance that the federal government will not enforce federal laws relating to cannabis in the future and it remains unclear what impact the Sessions Memo will have on the regulated cannabis industry, if any.

Jeff Sessions resigned as U.S. Attorney General on November 7, 2018.

On February 14, 2019, William Barr was confirmed as U.S. Attorney General. However, in a written response to questions from U.S. Senator Cory Booker made as a nominee, Attorney General Barr stated "I do not intend to go after parties who have complied with state law in reliance on the Cole Memo." The DOJ under Mr. Barr did not take a formal position on federal enforcement of laws relating to cannabis. Merrick Garland served as U.S. Attorney General from 2021 to January 20, 2025. The DOJ under Mr. Garland also did not take a formal position on federal enforcement of laws relating to cannabis.

Pamela Bondi was confirmed by the United States Senate as Attorney General of the United States on February 4, 2025. During her tenure as Attorney General in the State of Florida, Bondi routinely opposed the softening of anti-cannabis laws, including opposition to ballot initiatives to broaden access to medical cannabis, but she also generally faithfully enforced state cannabis laws to maintain a well-regulated medical cannabis market. Bondi has not provided a clear policy directive for the United States as it pertains to state-level cannabis-related activities, it is generally expected that Bondi will closely follow the Trump Administration's enforcement priorities.

In August 2023, the U.S. Department of Health and Human Services ("HHS") recommended to the DEA that cannabis be reclassified from a Schedule I drug to a Schedule III drug under the CSA. HHS based this recommendation on a Food and Drug Administration ("FDA") review of cannabis' classification pursuant to President Biden's executive order in October 2022. On May 16, 2024, the DEA issued a Notice of Proposed Rulemaking, which proposed to schedule cannabis as a Schedule III substance under the CSA. During the 60-day comment period that followed publication of the notice in the Federal Register, the majority of commenters favored either the proposed rescheduling or the complete removal of cannabis as a scheduled substance under the CSA.

Initially, prospects for this reclassification effort stalled with the transition to the new Trump administration. Further, the 2026 Agriculture appropriations law passed by Congress and signed by President Trump in November 2025 revised the federal definition of hemp under the Agriculture Improvement Act of 2018, commonly known as the "Farm Bill," to a focus on "total THC" and THC-like effects, and functionally bans intoxicating hemp products beginning in November 2026.

However, on December 18, 2025, President Trump issued an Executive Order (the "Executive Order"), Increasing Medical Marijuana and Cannabidiol Research, that directs the Attorney General in the most expeditious manner in accordance with federal law, to complete the rulemaking process related to rescheduling that was begun during the Biden Administration. The order, to be carried out consistent with existing law and available funding, impacts both "medical marijuana, which is primarily made up of two cannabinoids, cannabidiol (CBD) and tetrahydracannabinol (THC)," and "appropriate full-spectrum CBD products." The Executive Order mandates the Attorney General to "take all necessary steps to complete the rulemaking process related to rescheduling marijuana to Schedule III of the CSA." It also calls on the Assistant to the President and Deputy Chief of Staff for Legislative, Political, and Public Affairs to collaborate with Congress to amend statutory definitions of final hemp derived cannabinoid products.

If completed, reclassification could also allow cannabis companies to take certain tax deductions, including for depreciation or interest expense, in their federal taxes. Currently, cannabis companies are barred from taking these deductions by Code Section 280E, which prevents businesses from deducting these expenses if they are engaged in the "trafficking" of Schedule I or Schedule II substances. If cannabis were rescheduled to a Schedule III drug, our tenants may no longer be subject to Code Section 280E and could be able to deduct the same business expenses as other companies, decreasing their tax liability although many interpretive issues are likely to exist in connection with the change in treatment. However, it remains unclear if reclassification will occur and if so how long the reclassification process will take or whether reclassification will result in cannabis companies no longer being subject to Code Section 280E.

One legislative safeguard for the medical cannabis industry, appended to federal appropriations legislation, remains in place. Commonly referred to as the "Rohrabacher-Blumenauer Amendment", this so-called "rider" provision has been appended to the Consolidated Appropriations Acts since 2015. Under the terms of the Rohrabacher-Blumenauer rider, the federal government is prohibited from using congressionally appropriated funds to enforce federal cannabis laws against

regulated medical cannabis actors operating in compliance with state and local law. On January 23, 2026, President Trump signed H.R. 6938, which contains the appropriations funding for the Departments of Commerce, Justice, Interior, and other related agencies, thereby extending the application of the Rohrabacher-Blumenauer Amendment until September 30, 2026. There is no assurance that Congress will approve inclusion of a similar prohibition on DOJ spending in the appropriations bills for future years. In USA vs. McIntosh, the United States Circuit Court of Appeals for the Ninth Circuit held that this provision prohibits the DOJ from spending funds from relevant appropriations acts to prosecute individuals who engage in conduct permitted by state medical-use cannabis laws and who strictly comply with such laws. However, the Ninth Circuit's opinion, which only applies in the states of Alaska, Arizona, California, Hawaii and Idaho, also held that persons who do not strictly comply with all state laws and regulations regarding the distribution, possession and cultivation of medical-use cannabis have engaged in conduct that is unauthorized, and in such instances the DOJ may prosecute those individuals.

Furthermore, our leases do not prohibit cannabis cultivation for adult-use that is permissible under the state and local laws where our facilities are located. Consequently, certain of our tenants cultivate, process and/or dispense adult-use cannabis now (and may in the future) in our facilities that are permitted by such state and local laws, which may in turn subject the tenant, us and our properties to greater and/or different federal legal and other risks than exclusively medical-use cannabis facilities, including not providing protection under the above Congressional spending provision.

Federal prosecutors have significant discretion and no assurance can be given that the federal prosecutor in each judicial district where we purchase a property will not choose to strictly enforce the federal laws governing cannabis production, processing or distribution. Any change in the federal government's enforcement posture with respect to state-licensed cultivation of cannabis, including the enforcement postures of individual federal prosecutors in judicial districts where we purchase properties, would result in our inability to execute our business plan, and we would likely suffer significant losses with respect to our investment in regulated cannabis facilities in the United States, which would adversely affect the trading price of our securities. Furthermore, following any such change in the federal government's enforcement position, we could be subject to criminal prosecution, which could lead to imprisonment and/or the imposition of penalties, fines, or forfeiture. See Item 1A, "Risk Factors – Risks Relating to Regulation."

***State Laws Applicable to the Regulated Cannabis Industry***

In most states that have legalized cannabis in some form, the growing, processing and/or dispensing of cannabis generally requires that the operator obtain one or more licenses in accordance with applicable state requirements. In addition, many states regulate various aspects of the growing, processing and/or dispensing of cannabis. Local governments in some cases also impose rules and regulations on the manner of operating cannabis businesses. As a result, applicable state and local laws and regulations vary widely, including, but not limited to, regulations governing the medical cannabis program (such as the type of cannabis products permitted under the program, qualifications and registration of health professionals that may recommend treatment with medical cannabis, and the types of medical conditions that qualify for medical cannabis), product testing, the level of enforcement by state and local authorities on non-licensed cannabis operators, state and local taxation of regulated cannabis products, local municipality bans on operations and operator licensing processes and renewals. As a result of these and other factors, if our tenants default under their leases, we may not be able to find new tenants that can successfully engage in the cultivation, processing or dispensing of regulated cannabis on the properties.

There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed, amended or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends or repeals the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendment or repeal there can be no assurance), there is a significant risk that federal authorities may enforce current federal law. If the federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, our business, results of operations, financial condition and prospects would be materially adversely affected.

***Laws Applicable to Financial Services for the Regulated Cannabis Industry***

All banks are subject to federal law, whether the bank is a national bank or state-chartered bank. At a minimum, all banks maintain federal deposit insurance which requires adherence to federal law. Violation of federal law could subject a bank to loss of its charter. Financial transactions involving proceeds generated by cannabis-related conduct can form the basis for prosecution under the federal money laundering statutes, unlicensed money transmitter statutes and the Bank

Secrecy Act. For example, under the Bank Secrecy Act, banks must report to the federal government any suspected illegal or suspicious activity, which would include any transaction associated with a cannabis-related business. These reports must be filed even though the business is operating in compliance with applicable state and local laws. Therefore, financial institutions that conduct transactions with money generated by cannabis-related conduct could face criminal liability under the Bank Secrecy Act for, among other things, failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the CSA.

Despite these laws, the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") issued a memorandum on February 14, 2014 (the "FinCEN Memorandum") outlining the pathways for financial institutions to provide services to state-sanctioned cannabis businesses consistent with Bank Secrecy Act obligations and in alignment with federal enforcement priorities. The FinCEN Memorandum sets forth extensive requirements for financial institutions to meet if they want to offer bank accounts to cannabis-related businesses and echoed the enforcement priorities of the Cole Memo. Under these guidelines, financial institutions looking to provide banking services to cannabis-related businesses are subject to increased customer due diligence requirements and reporting obligations. Pursuant to the FinCEN Memorandum, financial institutions must submit a Suspicious Activity Report ("SAR") in connection with all cannabis-related banking activities by any client of such financial institution, in accordance with federal anti-money laundering laws. These cannabis-related SARs are divided into three categories – cannabis limited, cannabis priority, and cannabis terminated – based on the financial institution's belief that the business in question follows state law, is operating outside of compliance with state law, or where the banking relationship has been terminated, respectively. Concurrently with the issuance of the FinCEN Memorandum, the DOJ issued supplemental guidance (the "2014 Cole Memorandum") directing federal prosecutors to consider the federal enforcement priorities enumerated in the Cole Memo with respect to federal anti-money laundering, unlicensed money transmitter and Bank Secrecy Act offenses based on cannabis-related violations of the CSA. The 2014 Cole Memorandum has been rescinded as of January 4, 2018, removing guidance that enforcement of applicable financial crimes against state-compliant actors was not a DOJ priority.

The rescission of the Cole Memo and the 2014 Cole Memorandum has not yet affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself.

In subsequent guidance not directly related to cannabis-related businesses, FinCEN has indicated financial institutions should continue to rely on and follow the FinCEN Memorandum. In December 2019, FinCEN and other federal banking regulators released an interagency statement on Providing Financial Services to Customers Engaged in Hemp-Related Businesses ("FinCEN Hemp Statement"). In June 2020, FinCEN issued further guidance regarding Due Diligence Requirements under the Bank Secrecy Act for Hemp-Related Business Customers ("FinCEN Hemp Guidance"). The FinCEN Hemp Statement and FinCEN Hemp Guidance provided financial institutions with anti-money laundering risk considerations for hemp-related businesses to ultimately enhance the availability of financial services for, and the financial transparency of, hemp-related businesses in compliance with federal law. In the FinCEN Hemp Statement and FinCEN Hemp Guidance, FinCEN directed banks, within the context of cannabis-related businesses, to continue relying on and following the guidance in the FinCEN Memorandum. The FinCEN Hemp Statement and FinCEN Hemp Guidance do not replace or supersede the FinCEN Marijuana-Related Guidance.

Although the FinCEN Memorandum remains intact, it is unclear whether the current administration will continue to follow the guidelines of the FinCEN Memorandum. While the FinCEN Memorandum purported to clarify how financial institutions can provide banking services to state-sanctioned cannabis-related businesses in a manner consistent with their obligations under the Bank Secrecy Act, the FinCEN Memorandum is not law. FinCEN's guidance, which may be modified or rescinded at any time, does not insulate financial institutions from regulatory inquiry or examination, or provide any safe harbors or legal defenses from regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. The DOJ continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act, that occur in any state including states that have in some form legalized the sale of cannabis. Further, the conduct of the DOJ's enforcement priorities could change for any number of reasons. A change in the DOJ's priorities could result in the DOJ's prosecuting banks and financial institutions for crimes that were not previously prosecuted.

As a result, many banks are hesitant to offer any banking services to cannabis-related businesses, including opening bank accounts. While we currently maintain banking relationships, our inability to maintain those accounts or the lack of access to bank accounts or other banking services in the future, would make it difficult for us to operate our business, increase our operating costs, and pose additional operational, logistical and security challenges. Similarly, if our proposed

tenants are unable to access banking services, they will not be able to enter into triple-net leasing arrangements with us, as our leases will require rent payments to be made by check or wire transfer.

In addition, for our tenants that are publicly traded companies, securities clearing firms may refuse to accept deposits of securities of those tenants, which may negatively impact the trading and valuations of such tenants and have a material adverse impact on our tenants' ability to finance their operations and growth through the capital markets.

The increased uncertainty surrounding financial transactions related to cannabis activities may also result in financial institutions discontinuing services to the cannabis industry. See Item 1A, "Risk Factors – Risks Relating to Regulation."

***Agricultural Regulation***

The properties that we acquire are used primarily for cultivation and production of regulated cannabis and are subject to the laws, ordinances and regulations of state, local and federal governments, including laws, ordinances and regulations involving land use and usage, water rights, treatment methods, disturbance, the environment, and eminent domain.

Each governmental jurisdiction has its own distinct laws, ordinances and regulations governing the use of agricultural lands. Many such laws, ordinances and regulations seek to regulate water usage and water runoff because water can be in limited supply, as is the case in certain locations where our properties are located. In addition, runoff from rain or from irrigation is governed by laws, ordinances and regulations from state, local and federal governments. Additionally, if any of the water used on or running off from our properties flows to any rivers, streams, ponds, the ocean or other waters, there may be specific laws, ordinances and regulations governing the amount of pollutants, including sediments, nutrients and pesticides, that such water may contain.

We believe that our existing properties have, and other properties that we acquire in the future will have, sources of water that provide sufficient amounts of water necessary for the current operations at each location. However, should the need arise for additional water from wells and/or surface water sources, we may be required to obtain additional permits or approvals or to make other required notices prior to developing or using such water sources. Permits for drilling water wells or withdrawing surface water may be required by federal, state and local governmental entities pursuant to laws, ordinances, regulations or other requirements, and such permits may be difficult to obtain due to drought, the limited supply of available water within the districts of the states in which our properties are located or other reasons.

In addition to the regulation of water usage and water runoff, state, local and federal governments also seek to regulate the type, quantity and method of use of chemicals and materials for growing crops, including fertilizers, pesticides and nutrient rich materials. Such regulations could include restricting or preventing the use of such chemicals and materials near residential housing or near water sources. Further, some regulations have strictly forbidden or significantly limited the use of certain chemicals and materials. Licenses, permits and approvals must be obtained from governmental authorities requiring such licenses, permits and approvals before chemicals and materials can be used at grow facilities. Reports on the usage of such chemicals and materials must be submitted pursuant to applicable laws, ordinances, and regulations and the terms of the specific licenses, permits and approvals. Failure to comply with laws, ordinances and regulations, to obtain required licenses, permits and approvals or to comply with the terms of such licenses, permits and approvals could result in fines, penalties and/or imprisonment.

The use of land for agricultural purposes in certain jurisdictions is also subject to regulations governing the protection of endangered species. When agricultural lands border, or are in close proximity to, national parks, protected natural habitats or wetlands, the agricultural operations on such properties must comply with laws, ordinances and regulations related to the use of chemicals and materials and avoid disturbance of habitats, wetlands or other protected areas.

Because properties we own may be used for growing cannabis, there may be other additional land use and zoning regulations at the state or local level that affect our properties that may not apply to other types of agricultural uses. For example, certain states in which our properties are located require stringent security systems in place at grow facilities, and require stringent procedures for disposal of waste materials.

As an owner of agricultural lands, we may be liable or responsible for the actions or inactions of our tenants with respect to these laws, regulations and ordinances.

***Environmental Matters***

Our properties and the operations thereon are subject to federal, state and local environmental laws, ordinances and regulations, including laws relating to water, air, solid wastes and hazardous substances. Our properties and the operations thereon are also subject to federal, state and local laws, ordinances, regulations and requirements related to the federal Occupational Safety and Health Act, as well as comparable state statutes relating to the health and safety of our employees and others working on our properties. Although we believe that we and our tenants are in material compliance with these requirements, there can be no assurance that we will not incur significant costs, civil and criminal penalties and liabilities, including those relating to claims for damages to persons, property or the environment resulting from operations at our properties. Furthermore, many of our properties have been repurposed for regulated cannabis operations, and historically were utilized for other purposes, including heavy industrial uses, which expose us to additional risks associated with historical releases of substances at the properties.

***Real Estate Industry Regulation***

Generally, the ownership and operation of real properties are subject to various laws, ordinances and regulations, including regulations relating to zoning, land use, water rights, wastewater, storm water runoff and lien sale rights and procedures. These laws, ordinances or regulations, such as the Comprehensive Environmental Response and Compensation Liability Act and its state analogs, or any changes to any such laws, ordinances or regulations, could result in or increase the potential liability for environmental conditions or circumstances existing, or created by tenants or others, on our properties. Laws related to upkeep, safety and taxation requirements may result in significant unanticipated expenditures, loss of our properties or other impairments to operations, any of which would adversely affect our cash flows from operating activities.

Changes to zoning, land use and other laws, ordinances and regulations may also prevent us from leasing a property for regulated cannabis cultivation, processing and/or dispensing in the future. For two of our properties (one located in San Bernardino, California and one located in Palm Springs, California), we continue to evaluate alternative non-cannabis uses for the properties, due in part to changes in the zoning of the properties that no longer allow for regulated cannabis cultivation and processing.

Our property management activities, to the extent we are required to engage in them due to lease defaults by tenants or vacancies on certain properties, will likely be subject to state real estate brokerage laws and regulations as determined by the particular real estate commission for each state.

***Americans with Disabilities Act ("ADA") and Other Building Regulations***

All of our properties are required to comply with the Americans with Disabilities Act ("ADA"), which generally requires that buildings be made accessible to people with disabilities. Compliance with ADA requirements may require removal of access barriers, and noncompliance may result in imposition of fines by the U.S. government or an award of damages to private litigants, or both. The tenants to whom we lease space in our properties are generally obligated by law to comply with the ADA provisions, and typically under tenant leases are obligated to cover costs associated with compliance. We are required to operate the properties in compliance with fire and safety regulations, building codes and other land use regulations, as they may be adopted by governmental entities and become applicable to the properties.

**Seasonality**

Our business has not been, and we do not expect it to become subject to, material seasonal fluctuations.

**Available Information**

We make available to the public free of charge through our website our Definitive Proxy Statement, Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, including exhibits and amendments to those reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange as soon as reasonably practicable after we electronically file such reports with, or furnish such reports to, the SEC. Our internet website address is www.innovativeindustrialproperties.com. The SEC also maintains electronic versions of the Company's reports on its website at www.sec.gov. You can also access on our website our Code of Business Conduct and Ethics, Corporate Governance Guidelines, Audit Committee Charter, Compensation Committee Charter, and Nominating and Corporate Governance Committee Charter. The content of our website is not incorporated by reference into this Annual Report on

Form 10-K or in any other report or document we file with the SEC, and any references to our website are intended to be inactive textual references only.

**Human Capital**

Our employees are our most valuable asset, and we believe we have an inclusive and engaging work environment, where each person is an integrated member of the team and is critical to our company's continued success. We meet regularly as a full team where each member is encouraged to actively participate in a wide range of topics relating to our company's execution.

We believe that attracting, developing, engaging and retaining our team is an absolute priority. To that end, we believe we offer a highly competitive compensation (including salary, bonuses and equity) and benefits package for each member of our team, which include the following:

- Comprehensive health insurance, including medical, dental and vision, to each employee and every member of his or her immediate family at no cost to the employee, with the same benefits to every employee, regardless of title;
- Four weeks of paid time off each year for each employee (increasing to five weeks after five years of service and to six weeks after ten years of service), which are in addition to Company holidays;
- A severance plan applicable to all non-executive employees that assists with each employee's financial security in the event his or her employment is terminated without cause or he or she resigns for good reason;
- A 401(k) plan with matching contributions from the Company;
- Disability insurance;
- Company sponsorship of continuing education courses related to our Company's business, including commercial real estate, cannabis, property management, legal and accounting courses;
- Company reimbursement of up to $200 per year for each employee's health and wellness activities, materials, equipment and/or classes; and
- Matching contribution by the Company, dollar-for-dollar, up to $2,500 per year per employee for donations to qualifying educational institutions.

We also coordinate periodic team and individual community giving activities (both in terms of hands-on volunteering and continued financial contributions), soliciting input from our employees regarding charitable organizations and community activities that they would like to support.

We are also proud to be an equal opportunity workplace and employer. We are committed to the principle of equal employment opportunity for all employees and to providing employees with an inclusive work environment free of discrimination and harassment. All employment decisions are based on qualifications, merit and business needs, without regard to race, color, creed, gender, religion, sex, national origin, ancestry, pregnancy, age, marital status, registered domestic partner status, sexual orientation, gender identity, protected medical condition, genetic information, physical or mental disability, veteran status, or any other status protected by the laws or regulations in the locations where we operate.

## ITEM 1A. *RISK FACTORS*

*Certain factors may have a material adverse effect on our business, financial condition, and results of operations. You should consider carefully the risks and uncertainties described below, in addition to other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and related notes. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks actually occurs, our business, financial condition, results of operations, and future prospects could be materially and adversely affected. In that event, the trading price of our common stock could decline, and you could lose part or all of your investment.*

**Risk Factors Summary**

The following is a summary of the principal risks and uncertainties that could adversely affect our business, cash flows, financial condition and/or results of operations, and these adverse impacts may be material. This summary is qualified in its entirety by reference to the more detailed descriptions of the risks and uncertainties included in this Item 1A below and you should read this summary together with those more detailed descriptions. These principal risk and uncertainties relate to, among other things:

Risks Related to Our Business

- Many of our tenants are, and we expect that many of our future tenants will be, companies with limited histories of operations and may be unable to pay rent with funds from operations or at all.
- Continuing unfavorable market dynamics affecting the regulated cannabis industry could adversely affect our business, liquidity and financial condition, and overall results of operations.
- The inability of any single tenant to make its lease payments could adversely affect our business.
- We are focused on properties leased to licensed cannabis operators, and a decrease in demand for these types of facilities would have a greater impact on us than if we had a more diversified property portfolio.
- Our real estate investments consist of primarily properties suitable for cultivation and production of cannabis, which may be difficult to sell or re-lease upon tenant defaults or lease terminations.
- The assets we acquire may be subject to impairment charges.
- We face significant risks associated with the development and redevelopment of properties that we acquire.
- We are currently subject to securities lawsuits and an SEC investigation, and we may be subject to litigation in the future, which may divert management's attention and have a material adverse effect on us.
- Competition for the acquisition of properties suitable for regulated cannabis operations and alternative financing sources for licensed operators may make new acquisitions difficult or less economically attractive.
- Our growth depends, in part, upon future acquisitions of regulated cannabis facilities.
- There may only be a limited number of cannabis facilities operated by suitable tenants available for acquisition.
- Our tenants may be unable to renew or otherwise maintain their licenses for their cannabis operations.
- We acquire our properties "as-is," which increases the risk of costs to remedy defects without recourse.
- Our property portfolio is and will be geographically concentrated in certain states.
- Certain of our tenants have experienced financial distress or are in receivership, which increases the risk of lease defaults and potential delays in enforcing our rights.
- Our tenants may be subject to Section 280E of the Internal Revenue Code of 1986, as amended (the "Code").
- We are exposed to the potential impacts of future climate change.
- Liability for uninsured losses could adversely affect our financial condition.
- Our properties' access to adequate water and power supplies could be interrupted.
- We may have a difficult time obtaining the insurance policies with our focus on the regulated cannabis industry.
- Construction loans involve an increased risk of loss and other risks that are different from owning properties.

Risks Related to Our Life Science Investments and Real Estate-Related Assets

- Our investments in the IQHQ Credit Facility and IQHQ Preferred Stock expose us to borrower credit risk, structural subordination, illiquidity, collateral impairment, reduced or delayed returns, and potential loss of principal.
- Payment-in-kind dividends and interest on our investments in IQHQ Preferred Stock and the IQHQ Credit Facility may result in taxable income without corresponding cash receipts, which could adversely affect our liquidity and financial condition.
- As part of our investment strategy, we may invest in equity and secured and unsecured debt of private REITs, which involve limited liquidity, uncertain valuations, restricted access to financial and operational information, dependence on issuer performance and structure, and features that make the timing and amount of returns uncertain.

Risks Related to Investments in Life Science Properties

- Intense competition in the life sciences industry may limit our ability to acquire attractive assets and successfully execute our investment strategy.
- Any investment in life science properties subjects us to industry-specific risks, including heightened regulatory scrutiny, specialized infrastructure and capital needs, and potential liability for hazardous materials that may exceed insurance coverage.
- Any future investments in life science properties involve uncertainty in leasing, occupancy, and returns due to industry downturns, oversupply, reduced funding, consolidation, high capital costs for repositioning, and potential geographic shifts away from key hubs.

Risks Related to Cannabis Regulation

- Cannabis remains illegal under federal law, and therefore, strict enforcement of federal laws regarding cannabis would likely result in our inability and the inability of our tenants to execute our respective business plans.
- Certain of our tenants engage in operations for the adult-use cannabis industry, which may subject us and our properties to additional risks associated with such adult-use cannabis operations.
- Our ability to grow our business depends on state laws pertaining to the cannabis industry.
- New laws adverse to the business of our tenants may be enacted, and current favorable national, state or local laws or enforcement guidelines relating to cannabis operations may be modified or eliminated in the future.

- FDA regulation of cannabis facilities could negatively affect the regulated cannabis industry.
- We and our tenants may have difficulty accessing the service of banks and other financial institutions.
- Property owners located in close proximity to our properties may assert claims against our cannabis facilities.
- Laws and regulations affecting the regulated cannabis industry are constantly changing, which could materially adversely affect our operations, and we cannot predict the impact that future regulations may have on us.
- Assets leased to cannabis businesses may be forfeited to the federal government.
- We may have difficulty accessing bankruptcy courts.
- The properties that we acquire are subject to extensive regulations, which may result in significant costs.
- Compliance with environmental laws could materially increase our operating expenses.

Risks Related to Financing Our Business

- Our independent auditor's report includes an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern, and if we are unable to obtain refinancing or other additional financing, we may be unable to continue operating as a going concern.
- Our operating results and financial condition could be adversely affected if we are unable to refinance our Notes due 2026 or extend, renew or replace our Revolving Credit Facility.
- Our growth depends on external sources of capital, which may not be available on favorable terms or at all.
- Our existing and future indebtedness could reduce our distributable cash and expose us to default risk.
- A downgrade in our investment grade credit rating could adversely affect our business and financial condition.
- Our Notes due 2026 and our Credit Facilities include restrictive covenants that limit our operational flexibility.
- Rising interest rates could increase our cost of capital, reduce investment returns, and adversely affect our ability to make distributions to our shareholders.
- Increased debt service obligations under our Credit Facilities or otherwise reduce the amount of cash available for distribution to our shareholders.

Risks Related to Our Organization and Structure

- Our senior management team manages our portfolio subject to very broad investment guidelines.
- Our board of directors may change our investment objectives and strategies without stockholder consent.
- Certain provisions of Maryland law could inhibit changes in control.
- Our authorized but unissued shares of common and preferred stock may prevent a change in our control.
- Severance agreements with our executive officers could be costly and prevent a change in our control.
- We depend on our Operating Partnership for cash flow and are structurally subordinated in right of payment.
- Our Operating Partnership may issue additional limited partnership interests to third parties without the consent of our stockholders, which would reduce the distributions we can make to our stockholders.
- If we issue limited partnership interests in our Operating Partnership in exchange for property, the value placed on such partnership interests may not accurately reflect their market value, which may dilute your interest in us.
- Our rights and the rights of our stockholders to take action against our directors and officers are limited.
- Our charter provisions make it difficult to remove directors, and to effect changes in management as a result.
- Ownership limitations may restrict change in control or business combination opportunities in which our stockholders might receive a premium for their shares.
- We plan to continue to operate our business so as not to require registration under the Investment Company Act.

Risks Related to Our Securities

- The market prices and trading volumes of our capital stock have been and may continue to be volatile.
- Capital stock eligible for future sale may have material and adverse effects on our share price.
- We cannot assure you of our ability to make distributions in the future.
- Our charter permits us to pay distributions from any source and, as a result, the amount of distributions paid at any time may not reflect the performance of our properties or our cash flow from operations.
- The market price of our capital stock could be materially, adversely affected by our level of cash distributions.
- We may enter into forward sale transactions that subject us to certain risks.

Risks Related to Our Taxation as a REIT

- Our failure to qualify as a REIT would reduce our distributable cash and negatively impact us.
- The REIT distribution requirements could adversely affect our ability to execute our business plan, and require us to make unfavorable borrowing decisions or subject us to tax.
- If Section 280E of the Code applies to us while cannabis remains classified as a Schedule I drug, tax deductions may be disallowed, resulting in federal income tax and potentially jeopardizing our REIT status.
- Complying with REIT requirements may cause us to forego attractive business opportunities or asset sales.
- The tax on prohibited transactions could limit what transactions we make or subject us to a 100% penalty tax.
- Our board of directors has the ability to revoke our REIT election without stockholder approval.

- Dividends payable by REITs do not qualify for the reduced tax rates on dividends from regular corporations.
- REIT requirements may limit our ability to hedge our liabilities effectively and result in tax liabilities.
- Re-characterization of sale-leaseback transactions may cause us to lose our REIT status.
- Non-U.S. stockholders will generally be subject to withholding tax with respect to our ordinary dividends.
- Legislative, regulatory or administrative changes could adversely affect us or our stockholders.
- Any repurchase of our Notes due 2026 at a discount may result in cancellation of debt income.

General Risk Factors

- We are dependent on our key personnel for our success.
- The occurrence of cyber incidents or cyberattacks could disrupt our operations and damage our business.
- Contingent or unknown liabilities could materially and adversely affect our business.

**Risks Related to Our Business**

***Many of our existing tenants are, and we expect that many of our future tenants will be, companies with limited histories of operations and may be unable to pay rent with funds from operations or at all, which could adversely affect our cash available to make distributions to our stockholders or otherwise impair the value of our common stock.***

Single tenants currently occupy our properties generally, and we expect that single tenants will occupy our properties that we acquire in the future. Therefore, the success of our investments will be materially dependent on the financial stability of these tenants. We rely on our management team to perform due diligence investigations of our potential tenants, related guarantors and their properties, operations and prospects, of which there is generally little or no publicly available operating and financial information. We may not learn all of the material information we need to know regarding these businesses through our investigations, and these businesses are subject to numerous risks and uncertainties, including but not limited to regulatory risks and the rapidly evolving market dynamics of each state's regulated cannabis program. As a result, it is possible that we could enter into a sale-leaseback arrangement with tenants or otherwise lease properties to tenants that ultimately are unable to pay rent to us, which could adversely impact our cash available for distributions.

Many of our existing tenants are, and we expect that many of our future tenants will be, companies with limited histories of operations that are not profitable when they enter triple-net leasing arrangements with us and therefore, may be unable to pay rent with funds from operations. Many of our current tenants are not profitable and have experienced losses since inception, or have been profitable for only a short period of time. As a result, many of our current tenants have made, and we expect that many of our future tenants will make, initial rent payments to us from proceeds from the sale of the property, in the case of sale-leaseback transactions, or other cash on hand, including cash received from debt financings.

In addition, in general, our tenants are more vulnerable to adverse conditions resulting from federal and state regulations affecting their businesses or industries or other changes in the marketplace for their products, and have limited access to traditional forms of financing. For example, during the COVID-19 pandemic, our tenants were generally not able to access federal assistance programs that were available to companies in other industries, due to cannabis being a Schedule I controlled substance under the CSA. The success of our tenants will also heavily depend on the growth and development of the state markets in which the tenants operate, many of which have a very limited history or are still in the stages of establishing the regulatory framework. For example, in California, the illicit market for cannabis remains a much larger portion of overall sales in the state according to Global Go Analytics, and state and local authorities have assessed significant taxes on regulated cannabis products, both of which have had the impact of significantly limiting the growth and profitability for operators in the state's regulated cannabis market. In recent months, pricing for regulated cannabis products has dropped significantly, driven in part by the lack of effective enforcement on the illicit market, while input costs, including labor, supplies and construction materials, have increased significantly as a result of the broader higher inflationary environment.

Some of our tenants may be subject to significant debt obligations and may rely on debt financing to make rent payments to us. Tenants that are subject to significant debt obligations may be unable to make their rent payments if there are adverse changes in their business plans or prospects, the regulatory environment in which they operate or in general economic conditions. In addition, the payment of rent and debt service may reduce the working capital available to tenants for the start-up phase of their business. Furthermore, we may be unable to monitor and evaluate tenant credit quality on an on-going basis.

Any lease payment defaults by a tenant could adversely affect our cash flows and cause us to reduce the amount of distributions to stockholders. In the event of a default by a tenant, we may also experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment and re-leasing our property as operators of regulated

cannabis cultivation and production facilities are generally subject to extensive state licensing requirements, including limited licenses in certain states. In addition, applicable state licensing authorities may have little experience re-leasing a cannabis property, which may extend the delays we experience in re-leasing a property. Furthermore, we will not operate any of the facilities that we purchase.

***Continuing unfavorable market dynamics affecting the regulated cannabis industry could adversely affect our business, liquidity and financial condition, and overall results of operations.***

Market dynamics in the regulated cannabis industry have negatively impacted our tenants' ability to make their lease payments on the properties they lease from us. Regulated cannabis operators have experienced, among other things:

- federal, state and local taxation and regulatory burdens;
- declines in unit pricing for regulated cannabis products;
- ineffective state and local law enforcement efforts to curtail the illicit production and sale of cannabis; and
- limited access to capital on acceptable terms or at all.

As a result of these unfavorable market dynamics, certain regulated cannabis operators, including some of our tenants, have consolidated operations or shuttered certain operations to reduce costs, which may lead to increased default rates on the leases for our properties.

See "Business – Tenant Concentration" for a discussion of our recent tenant defaults.

Failure by any of our tenants to comply with the terms of its lease agreement with us could require us to seek another lessee for the applicable property. We cannot assure you that we will be able to re-lease that property for the rent we currently receive, or at all, or that a lease termination would not result in our having to sell the property at a loss. In addition, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment and re-leasing properties on which any of our tenants default on their lease obligations. The result of any of the foregoing risks could materially and adversely affect our business, liquidity, financial condition and results of operations and our ability to make distributions to our stockholders.

***Because we lease our properties to a limited number of tenants, and to the extent we depend on a limited number of tenants in the future, the inability of any single tenant to make its lease payments could adversely affect our business and our ability to make distributions to our stockholders.***

As of December 31, 2025, we owned 111 properties. As of such date, five of our tenants, Ascend (at four of our properties), Green Thumb (at three of our properties), Curaleaf (at eight of our properties), Trulieve (at six of our properties) and The Cannabist Company (at 21 of our properties) represented 12%, 9%, 8%, 8% and 8%, respectively, of our rental revenues (including tenant reimbursements) for the year ended December 31, 2025. Lease payment defaults by any of our tenants or a significant decline in the value of any single property would materially adversely affect our business, financial position and results of operations, including our ability to make distributions to our stockholders. Our lack of diversification also increases the potential that a single underperforming investment or tenant could have a material adverse effect on our cash flows and the price we could realize from the sale of our properties. Any adverse change in the financial condition of any of our tenants, including but not limited to the state cannabis markets not developing and growing in ways that we or our tenants projected, or any adverse change in the political climate regarding cannabis where our properties are located, would subject us to a significant risk of loss.

In addition, failure by any of our tenants to comply with the terms of its lease agreement with us could require us to find another lessee for the applicable property. We may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment and re-leasing that property. Furthermore, we cannot assure you that we will be able to re-lease that property for the rent we currently receive, or at all, or that a lease termination would not result in our having to sell the property at a loss. The result of any of the foregoing risks could materially and adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders.

***Because our real estate investments consist of primarily industrial and greenhouse properties suitable for cultivation and production of cannabis, our rental revenues are significantly influenced by demand for these facilities generally,***

***and a decrease in such demand would likely have a greater adverse effect on our rental revenues than if we owned a more diversified real estate portfolio.***

Because our portfolio of properties primarily consists of industrial and greenhouse properties used in the regulated cannabis industry, we are subject to risks inherent in investments in a single industry. A decrease in the demand for cannabis cultivation and processing facilities would have a greater adverse effect on our rental revenues than if we owned a more diversified real estate portfolio. Demand for cannabis cultivation and processing facilities has been and could be adversely affected by changes in current favorable state or local laws relating to cultivation and production of cannabis or any change in the federal government's current enforcement posture with respect to state-licensed cannabis operations, among others, including but not limited to changes to local zoning and other laws that no longer allow a facility to be utilized for regulated cannabis activities. To the extent that any of these conditions occur, they are likely to affect demand and market rents for cannabis cultivation and processing facilities, which could cause a decrease in our rental revenue. Any such decrease could impair our ability to make distributions to investors. As of December 31, 2025, other than our investments in IQHQ, we do not have any other material investments in other real estate or businesses to hedge against the risk that industry trends might decrease the profitability of our facilities leased for cannabis operations.

***Our real estate investments consist of primarily industrial and greenhouse properties suitable for cultivation and production of cannabis, which may be difficult to sell or re-lease upon tenant defaults or lease terminations, either of which would adversely affect returns to stockholders.***

While our business objectives consist of principally acquiring and deriving rental income from industrial and greenhouse properties used in the regulated cannabis industry, we expect that at times we will deem it appropriate or desirable to sell or otherwise dispose of certain properties we own. These types of properties are relatively illiquid compared to other types of real estate and financial assets. This illiquidity could limit our ability to quickly dispose of properties in response to changes in regulatory, economic or other conditions. Therefore, our ability at any time to sell assets may be restricted and this lack of liquidity may limit our ability to make changes to our portfolio promptly, which could materially and adversely affect our financial performance. We cannot predict the various market conditions affecting the properties that we expect to acquire that will exist in the future. Due to the uncertainty of regulatory and market conditions which may affect the future disposition of the real estate assets we expect to acquire, we cannot assure you that we will be able to sell these assets at a profit in the future. Accordingly, the extent to which we will realize potential appreciation (or depreciation) on the real estate investments we have acquired and expect to acquire will depend upon regulatory and other market conditions. In addition, in order to maintain our REIT status, we may not be able to sell properties when we would otherwise choose to do so, due to market conditions or changes in our strategic plan.

Furthermore, we may be required to make expenditures to correct defects or to make improvements before a property can be sold and we cannot assure you that we will have funds available to correct such defects or to make such improvements. With these kinds of properties, if the current lease is terminated or not renewed, we may be required to make expenditures and rent concessions in order to lease the property to another tenant.

In addition, in the event we are forced to sell or re-lease the property, we may have difficulty finding qualified purchasers who are willing to buy the property or tenants who are willing to lease the property at our current rental rates, or at all. As our properties are concentrated in the regulated cannabis industry, a shift in property preferences by regulated cannabis operators, including but not limited to changing preferences regarding location and types of improvements, could have a significant negative impact on the desirability of our properties to prospective tenants when we need to re-lease them, in addition to other challenges, such as obtaining the necessary state and local authorizations for a new tenant to commence operations at the property. These and other limitations may affect our ability to sell or re-lease properties, which may adversely affect returns to our stockholders. Certain regulated cannabis operators have consolidated operations or shuttered certain operations to reduce costs, which if prolonged, could have a material negative impact on operators' demand for regulated cannabis facilities, including our existing tenants.

***The assets we acquire may be subject to impairment charges.***

We periodically evaluate the real estate investments we acquire and other assets for impairment indicators. The judgment regarding the existence of impairment indicators is based upon factors such as market conditions, tenant performance and legal structure. For example, the termination of a lease by a tenant may lead to an impairment charge. If we determine that an impairment has occurred, we would be required to make an adjustment to the net carrying value of the asset which could have an adverse effect on our results of operations in the period in which the impairment charge is recorded.

***We face significant risks associated with the development and redevelopment of properties that we acquire.***

In many instances, we engage in development or redevelopment of properties that we acquire. Development and redevelopment activities entail risks that could adversely impact our financial condition and results of operations, including:

- construction costs, which may exceed our or our tenant's original estimates due to increases in materials, labor or other costs, which could make the project less profitable for our tenant, require us or our tenant to commit additional funds to complete the project and adversely impact our tenant's business and prospects as a result;
- permitting or construction delays, which may result in increased project costs, as well as deferred revenue and delayed commencement of operations by our tenant;
- unavailability of raw materials when needed, which may result in project delays, stoppages or interruptions, which could make the project less profitable;
- claims for warranty, product liability and construction defects after a property has been built;
- health and safety incidents and site accidents;
- poor performance or nonperformance by, or disputes with, any of our contractors, subcontractors or other third parties on whom we rely;
- a contractor, subcontractor or other third party on whom we rely files for bankruptcy or commits fraud before completing a project that we have funded in part or in full;
- unforeseen engineering, environmental or geological problems, which may result in delays or increased costs;
- changes in local zoning, permitting and other requirements which may impact the permitted use or scope of a project;
- labor stoppages, slowdowns or interruptions;
- a default on an existing lease of a property under development or redevelopment by the tenant, exposing us to potential vacancy for a property that is not ready for its intended use;
- liabilities, expenses or project delays, stoppages or interruptions as a result of challenges by third parties in legal proceedings; and
- weather-related and geological interference, including hurricanes, landslides, earthquakes, floods, drought, wildfires and other events, which may result in delays or increased costs.

The realization of any of the risks above or other delays in development and redevelopment activities at a property may also materially adversely impact our tenant's ability to commence, continue or expand its operations, which may result in that tenant defaulting on its rent obligations to us. As of December 31, 2025, we had properties consisting of an aggregate of 303,000 rentable square feet under development or redevelopment, and we had committed to fund improvements at our properties in the future totaling up to $6.5 million.

For one of our properties located in San Bernardino, California, as of December 31, 2025, we are evaluating alternative non-cannabis uses for the property, due in part to changes in the zoning of the property that no longer allow for regulated cannabis cultivation and processing.

In November 2022, Green Peak defaulted on its obligations to pay rent at one of our properties in Michigan, which was under redevelopment as a regulated cannabis cultivation and processing facility, and we subsequently regained possession of that property in March 2023.

In February 2023, Parallel also defaulted on its obligations to pay rent at one of our properties in Texas, which was under development, and we regained possession of that property in March 2023.

Ongoing inflation for construction and labor costs, labor shortages and global supply chain issues also continue to adversely impact costs and timing for completion of our development and redevelopment projects, which are resulting in cost overruns and delays in commencing operations on certain projects.

***We are currently subject to securities lawsuits and an investigation by the U.S. Securities and Exchange Commission, which may divert management's attention and have a material adverse effect on our business, financial condition and results of operations.***

Purported securities class action lawsuits have been filed against us and certain of our executive officers alleging that the Company made false or misleading statements regarding its business. Derivative lawsuits also have been filed against us and certain of our officers and directors asserting putative derivative claims for breach of fiduciary duty, unjust

enrichment, abuse of control, gross mismanagement, and waste of corporate assets against our directors and certain of our officers. See Note 12 "Commitments and Contingencies — Litigation" for a full description of these actions.

In addition, on February 13, 2026, the Company was notified that the SEC is conducting a formal investigation of the Company concerning matters similar to those alleged in the above-described lawsuits, and the Company received a subpoena from the Denver Regional Office of the Division of Enforcement of the SEC requesting the production of documents and information. The timing and outcome of the investigation cannot be predicted, and SEC investigations can take years to complete and may result in civil or criminal penalties, fines, disgorgement, restitution, cease-and-desist orders, deferred prosecution agreements, or other sanctions or remedial actions.

We intend to defend these lawsuits vigorously, but there can be no assurance that we will be successful in any defense. If any of the lawsuits are adversely decided, we may be liable for significant damages directly or under our indemnification obligations, which could adversely affect our business, results of operations and cash flows. We have not established reserves for any potential liability relating to the pending litigation or the SEC investigation, and although we maintain insurance, coverage could be denied or prove to be insufficient.

The Company has incurred and expects to continue to incur significant legal and other expenses in connection with the pending litigation and SEC investigation, including the reimbursement of legal fees for certain officers and directors. These matters are time-consuming and require substantial financial and managerial resources, including significant legal costs and the diversion of management's attention from the day-to-day operation of our business. The duration and outcome of these proceedings are uncertain, and the Company cannot estimate the possible loss or range of loss. Regardless of the outcome, the costs and management distraction associated with these matters could have a material adverse effect on our business, financial condition, results of operations, and the market price of our securities.

***Inflation may adversely affect our business and our tenants' financial condition and results of operations.***

Increased inflation could have a more pronounced negative impact on any variable rate debt we incur in the future and on our results of operations. We also enter into leases that generally provide for fixed increases in rent. During times when inflation is greater than increases in rent as provided for in our leases, rent increases may not keep up with the rate of inflation. Likewise, even though net leases reduce our exposure to rising property expenses due to inflation, substantial inflationary pressures and increased costs may have an adverse impact on our tenants if increases in their operating expenses exceed increases in their revenues, which may adversely affect our tenants' ability to pay rent. Substantial inflation in the cost of construction materials and labor may also adversely impact our and our tenants' ability to complete building projects on budget and on time, which may also materially adversely impact our tenants' ability to commence operations of facilities and consequently our tenants' ability to pay rent.

***Competition for the acquisition of properties suitable for the retail sale, cultivation or production of regulated cannabis and alternative financing sources for licensed operators may impede our ability to make acquisitions or increase the cost of these acquisitions, which could adversely affect our operating results and financial condition.***

We compete for the acquisition of properties suitable for the retail sale, cultivation or production of regulated cannabis with other entities engaged in retail, agricultural and real estate investment activities, including corporate agriculture companies, cultivators and producers of cannabis, private equity investors, and other real estate investors (including public and private REITs). These competitors may prevent us from acquiring desirable properties, may cause an increase in the price we must pay for properties or may result in us having to lease our properties on less favorable terms than we expect. Our competitors may have greater financial and operational resources than we do and may be willing to pay more for certain assets or may be willing to accept more risk than we believe can be prudently managed. In particular, larger companies may enjoy significant competitive advantages that result from, among other things, a lower cost of capital and enhanced operating efficiencies. Our competitors may also adopt transaction structures similar to ours, which would decrease our competitive advantage in offering flexible transaction terms. In addition, due to a number of factors, including but not limited to potential greater clarity of the laws and regulations governing cannabis by state and federal governments, the number of entities and the amount of funds competing for suitable investment properties may increase, resulting in increased demand and increased prices paid for these properties. If we pay higher prices for properties or enter into leases for such properties on less favorable terms than we expect, our profitability and ability to generate cash flow and make distributions to our stockholders may decrease.

We also compete as a provider of capital to regulated cannabis operators with alternative financing sources to these companies, including both equity and debt financing alternatives. For example, many larger, publicly traded multi-state

cannabis operators are able to raise significant capital through public equity offerings, in addition to access to significant debt financing options. Furthermore, changes in federal regulations pertaining to cannabis could also lead to increased access to U.S. capital markets for our competitors and for regulated cannabis operators (including but not limited to access to the Nasdaq Stock Market and/or the New York Stock Exchange).

Increased competition for properties as a result of greater clarity of the federal regulatory environment may also preclude us from acquiring those properties that would generate attractive returns to us. If any of the proposed bills in Congress focused on the regulated cannabis industry became law, there could be further increased competition for the acquisition of properties that can be leased to licensed cannabis operators, consolidation of cannabis cultivation facilities for more cost efficient, larger scale production and manufacturing may occur (including consolidation that may occur as a result of authorization of interstate commerce in cannabis), and such operators would have greater access to alternative financing sources with lower costs of capital. These factors may reduce the number of operators that wish to enter into lease transactions with us or renew leases with us, or may result in us having to enter into leases on less favorable terms with tenants, each of which may significantly adversely impact our profitability and ability to generate cash flow and make distributions to our stockholders.

***Our growth will depend upon future acquisitions of regulated cannabis facilities, and we may be unable to consummate acquisitions on advantageous terms.***

Our growth strategy is focused on primarily the acquisition of specialized industrial real estate assets on favorable terms as opportunities arise. Our ability to acquire these real estate assets on favorable terms is subject to the following risks:

- competition from other potential acquirers or increased availability of alternative debt and equity financing sources for tenants may significantly increase the purchase price of a desired property and/or negatively impact the lease terms we are able to secure with our tenants;
- we may not successfully purchase and lease our properties to meet our expectations;
- we may be unable to obtain the necessary equity or debt financing to consummate an acquisition on satisfactory terms or at all;
- agreements for the acquisition of properties are typically subject to closing conditions, including satisfactory completion of due diligence investigations, and we may spend significant time and money and divert management attention on potential acquisitions that we do not consummate; and
- we may acquire properties without any recourse, or with only limited recourse, for liabilities, whether known or unknown, against the former owners of the properties.

Our failure to consummate acquisitions on advantageous terms without substantial expense or delay would impede our growth and negatively affect our results of operations and our ability to generate cash flow and make distributions to our stockholders.

***There may only be a limited number of regulated cannabis facilities operated by suitable tenants available for us to acquire, which could adversely affect the return on our common stock.***

We target regulated cannabis facilities for acquisition and leasing to licensed operators under triple-net lease agreements. In light of the current regulatory landscape regarding regulated cannabis, including but not limited to, the rigorous state licensing processes, limits on the number of licenses granted in certain states and in counties within such states, zoning regulations related to regulated cannabis facilities, the inability of potential tenants to open bank accounts necessary to pay rent and other expenses and the ever-changing federal and state regulatory landscape, we may have only a limited number of regulated cannabis facilities available to purchase that are operated by licensees that we believe would be suitable tenants. These tenants may also have increased access to alternative equity and debt financing sources over time, which may limit our ability to negotiate leasing arrangements that meet our investment criteria. Our inability to locate suitable investment properties and tenants would have a material adverse effect on our ability to generate cash flow and make distributions to our stockholders.

***Our and our tenants' businesses may be materially and adversely affected by the impact of global pandemics.***

We cannot predict the extent to which global pandemics may impact our business and operating results and those of our tenants, but their impact may include the following:

- a complete or partial closure of, or other operational issues at, one or more of our properties resulting from government or tenant actions;
- the temporary inability of consumers and patients to purchase our tenant's cannabis products due to a number of factors, including but not limited to illness, dispensary closures or limitations on operations (including but not limited to shortened operating hours, social distancing requirements and mandated "curbside only" pickup), quarantine, financial hardship, and "stay at home" orders, could severely impact our tenants' businesses, financial condition and liquidity and may cause one or more of our tenants to be unable to meet their obligations to us in full, or at all, or to otherwise seek modifications of such obligations;
- difficulty accessing equity and debt capital on attractive terms, or at all, and a severe disruption and instability in the global financial markets or deteriorations in credit and financing conditions may affect our access to capital necessary to fund business operations and our tenants' ability to fund their business operations and meet their obligations to us;
- workforce disruptions for our tenants, as a result of infections, quarantines, stay at home orders or other factors, could result in a material reduction in our tenants' cannabis cultivation, manufacturing, distribution and/or sales capacity;
- because of the federal regulatory uncertainty relating to the regulated cannabis industry, our tenants may not be eligible for financial relief available to other businesses, including federal assistance programs;
- restrictions on public events for the regulated cannabis industry limit the opportunity for our tenants to market and sell their products and promote their brands;
- delays in construction at our properties may adversely impact our tenants' ability to commence operations and generate revenues from projects, including but not limited to delays caused by:
  - construction moratoriums by local, state or federal government authorities;
  - delays by applicable governmental authorities in providing the necessary authorizations to continue construction or commence operations;
  - reductions in construction team sizes to effectuate social distancing and other requirements;
  - infection by one or more members of a construction team necessitating a partial or full shutdown of construction; and
  - manufacturing and supply chain disruptions for materials sourced from other geographies which may be experiencing shutdowns and/or restrictions on transportation of such materials;
- a general decline in business activity in the regulated cannabis industry would adversely affect our ability to grow our portfolio of regulated cannabis properties; and
- the potential negative impact on the health of our personnel, particularly if a significant number of them are impacted, would result in a deterioration in our ability to ensure business continuity during a disruption.

The extent to which pandemics impact our operations and those of our tenants will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the outbreak or mitigate its impact, and the extent of the direct and indirect economic effects of the pandemic and containment measures, among others.

***Our tenants may be unable to renew or otherwise maintain their licenses or other requisite authorizations for their cannabis operations, which may result in such tenants not being able to operate their businesses and defaulting on their lease payments to us.***

Most states where we own properties issue licenses for cannabis operations for a limited period. We rely on our tenants to renew or otherwise maintain the requisite state and local cannabis licenses and other authorizations on a continuous basis. If one or more of our tenants are unable to renew or otherwise maintain its licenses or other state and local authorizations necessary to continue its cannabis operations, such tenants may default on their lease payments to us.

Any such noncompliance by our tenants of state and local laws, rules and regulations may also subject us, as the owner of such properties, to potential penalties, fines or other liabilities.

Any lease payment defaults by a tenant or additional liability on us could adversely affect our cash flows and cause us to reduce the amount of distributions to stockholders. In the event of a default by a tenant, we may also experience delays

in enforcing our rights as landlord and may incur substantial costs in protecting our investment and re-leasing our property as operators of cannabis cultivation and production facilities are generally subject to extensive state licensing requirements, including required state and local authorizations for a new tenant to take over operations at a facility.

In July 2022, Kings Garden, a prior tenant of ours at six properties that we own in southern California, defaulted on its obligations to pay rent. As previously disclosed, for two of our properties (one located in San Bernardino, California and one located in Palm Springs, California), we continue to evaluate alternative non-cannabis uses for the properties, due in part to changes in the zoning of the properties that no longer allow for regulated cannabis cultivation and processing. In September 2023, we regained possession of the remaining four properties that Kings Garden previously occupied.

In November 2022, a subsidiary of Parallel defaulted on its obligations to pay rent at one of our properties in Pennsylvania, and we regained possession of the property in October 2023. The Pennsylvania regulated cannabis program issued a limited number of operator licenses, and as a result, we may encounter longer delays and other challenges in finding a suitable tenant, versus in states with more licensed operators.

In February 2023, Parallel also defaulted on its obligations to pay rent at one of our properties in Texas, and we regained possession of that property in March 2023. The Texas regulated cannabis program is a restricted medical cannabis program with a limited number of operator licenses, and as a result, we may encounter longer delays and other challenges in development and finding a suitable tenant, versus in states with more licensed operators and a more open regulated cannabis program.

***We acquired our properties, and expect to acquire other properties, "as-is," which increases the risk of an investment that requires us to remedy defects or costs without recourse to the prior owner.***

We acquired our properties, and expect to acquire other real estate properties, "as is" with only limited representations and warranties from the property seller regarding matters affecting the condition, use and ownership of the property. There may also be environmental conditions associated with properties we acquire of which we are unaware despite our diligence efforts or that we have identified during diligence, including with respect to historical heavy industrial uses of the properties. In particular, cannabis facilities may present environmental concerns of which we are not currently aware. If environmental contamination exists on properties we acquire or develops after acquisition, we could become subject to liability for the contamination. As a result, if defects in the property (including any building on the property) or other matters adversely affecting the property are discovered, including but not limited to environmental matters, we may not be able to pursue a claim for any or all damages against the property seller. Such a situation could harm our business, financial condition, liquidity and results of operations.

***Our properties are, and are expected to continue to be, geographically concentrated in states that permit licensed cannabis operations, and we will be subject to social, political and economic risks of doing business in these states and any other state in which we may own property.***

As of February 23, 2026, we owned properties in 19 states, and we expect that the properties that we acquire will be geographically concentrated in these states and other states that have established cannabis programs. See "Geographic Concentration" under Item 1, "Business" for a table of properties owned by us and organized by state as of December 31, 2025. Circumstances and developments related to operations in these markets that could negatively affect our business, financial condition, liquidity and results of operations include, but are not limited to, the following factors:

- the state regulated cannabis market fails to develop and grow in ways that we or our tenants projected;
- the responsibility of complying with multiple and, in some respects, conflicting state and federal laws in the United States, including with respect to cultivation and distribution of cannabis, licensing, banking and insurance;
- access to capital may be more restricted, or unavailable on favorable terms or at all in certain locations;
- difficulties and costs of staffing and managing operations;
- unexpected changes in regulatory requirements and other laws;
- the impact of national, regional or state specific business cycles and economic instability; and
- potentially adverse tax consequences.

***Some of our tenants could be susceptible to bankruptcy, which would affect our ability to generate rents from them and therefore negatively affect our results of operations.***

In addition to the risk of tenants being unable to make regular rent payments, certain of our tenants may depend on debt, which could make them especially susceptible to bankruptcy in the event that their cash flows are insufficient to satisfy their debt. Because cannabis remains illegal under federal law, there is no assurance that federal bankruptcy courts will provide relief for parties who engage in cannabis-related businesses. A number of recent bankruptcy court rulings have denied bankruptcy relief for certain cannabis businesses on the basis that businesses cannot violate federal law and then claim the benefits of federal bankruptcy for such activity and on the basis that courts cannot ask a bankruptcy trustee to take possession of, and distribute cannabis assets, as such action would violate the CSA. Any inability of our tenants to seek bankruptcy protection may impact their ability to secure financing for their operations and prevent our tenants from utilizing the benefits of reorganization of their businesses under bankruptcy protection to operate in a financially sustainable way, thereby reducing the probability that such a tenant would be able to honor its lease obligations with us.

Generally, under bankruptcy law, a tenant who is the subject of bankruptcy proceedings may continue ("assume") or give up ("reject") any unexpired lease of non-residential real property. If a bankrupt tenant decides to give up (reject) a lease, any claim for breach of the lease is treated as a general unsecured claim in the tenant's bankruptcy case, subject to certain exceptions for collateral and guarantees. In the event one of our tenants is permitted to seek bankruptcy protection in the U.S., our general unsecured claim would likely be capped at the amount the tenant owed us for unpaid rent prior to the bankruptcy unrelated to the termination, plus the greater of one year of lease payments or 15% of the lease payments payable under the remaining term of the lease, but in no case more than three years of lease payments. In addition to the cap on our damages for breach of the lease, even if our claim is timely submitted to the bankruptcy court, there is no guaranty that the tenant's bankruptcy estate would have sufficient funds to satisfy the claims of general unsecured creditors. Finally, a bankruptcy court could re-characterize a net lease transaction as a disguised secured lending transaction. If that were to occur, we would not be treated as the owner of the property, but might have additional rights as a secured creditor. This would mean our claim in bankruptcy court could be limited to the amount we paid for the property, which could adversely impact our financial condition. Any bankruptcy, if allowed, of one of our tenants would result in a loss of lease payments to us, as well as an increase in our costs to carry the property.

***Our tenants may be subject to Section 280E of the Code because of the nature of their business activities, which could have an adverse impact on their financial condition due to a disallowance of certain tax deductions.***

Section 280E of the Code provides that, with respect to any taxpayer, no deduction or credit is allowed for expenses incurred during a taxable year "in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of Schedule I and II of the CSA) which is prohibited by federal law or the law of any state in which such trade or business is conducted." Because cannabis is presently a Schedule I controlled substance under the CSA, and there can be no assurance that the reclassification called for by the Executive Order will occur, Section 280E by its terms applies to the purchase and sale of cannabis products. Our tenants are engaged in the cultivation, processing and sale of cannabis and cannabis-related products, and therefore may be subject to Section 280E. Application of the provisions of Section 280E to our tenants would result in the disallowance of certain tax deductions, including for depreciation or interest expense, which could have an adverse impact on their respective financial condition and ability to make lease payments to us. Any lease payment defaults by a tenant could adversely affect our results of operations and cash flows, and cause us to reduce the amount of distributions to our stockholders.

***We have acquired and may continue to acquire cannabis retail stores and dispensaries and enter into leases with licensed operators for those properties, which present additional risks and challenges in comparison to properties for the cultivation and production of cannabis.***

We have acquired and may continue to acquire cannabis retail stores and dispensaries and enter into leases with licensed operators for those locations. Cannabis retail stores and dispensaries entail risks that could adversely impact our financial condition and results of operations, and that are in addition to risks associated with regulated cannabis cultivation and processing facilities, including but not limited to:

- the impact of the continued evolution of the retail distribution model for cannabis and customer preferences, including the impact of e-commerce and home delivery on demand for cannabis retail space;
- negative perceptions by customers of the safety, convenience and attractiveness of cannabis dispensaries;

- the handling of significant cash transactions and cannabis inventory at the property, which may increase security risks associated with dispensary operations;
- local real estate conditions (such as an oversupply of, or a reduction in demand for, cannabis retail space);
- our and our tenants' ability to procure and maintain appropriate levels of property and casualty insurance; and
- risks associated with data breaches through cyberattacks, cyber intrusions or otherwise that expose customer personal information at dispensaries, which may result in liability and reputational damage to our tenants and our company.

The realization of any of the risks above, among others, with respect to one or more of our properties or tenants could have a material adverse impact on our business.

***We are exposed to the potential impacts of future climate change, which may result in unanticipated losses that could affect our business and financial condition.***

We are exposed to potential physical risks from possible future changes in climate. Our properties may be exposed to catastrophic weather events, such as severe storms, hurricanes, fires, floods or droughts, in addition to changes in temperature and air quality. If the frequency of extreme weather events increases, our exposure to these events could increase. We may also be exposed to regulatory risks related to climate change, including regulations seeking to limit greenhouse gas emissions and reduce water usage. We may also be adversely impacted by potential impacts to the supply chain or stricter energy efficiency standards or greenhouse gas regulations for commercial real estate. We cannot give any assurance that other such conditions do not exist or may not arise in the future. The potential impacts of future climate change on our properties could adversely affect our ability to lease or sell such properties or to borrow using such properties as collateral.

***Liability for uninsured losses could adversely affect our financial condition.***

While the terms of our leases with our tenants generally require property and casualty insurance, losses from disaster-type occurrences, such as earthquakes, hurricanes, floods and weather-related disasters, and other types of insurance, such as landlord's rental loss insurance, may be either uninsurable or not insurable on economically viable terms, due in part to our properties' locations, construction types and concentration on the regulated cannabis industry. Should an uninsured loss occur, we could lose our capital investment or anticipated profits and cash flows from one or more properties.

***If our properties' access to adequate water and power supplies is interrupted, it could harm our ability to lease the properties for cannabis cultivation and production, thereby adversely affecting our ability to generate returns on our properties.***

In order to lease the properties that we acquire, these properties require access to sufficient water and power to make them suitable for the cultivation and production of cannabis. Although we expect to acquire properties with sufficient access to water, should the need arise for additional wells from which to obtain water, we would be required to obtain permits prior to drilling such wells. Permits for drilling water wells are required by state and county regulations, and such permits may be difficult to obtain due to the limited supply of water in areas where we acquire properties. Similarly, our properties may be subject to governmental regulations relating to the quality and disposition of rainwater runoff or other water to be used for irrigation. In such case, we could incur costs necessary in order to retain this water. If we are unable to obtain or maintain sufficient water supply for our properties, our ability to lease them for the cultivation and production of cannabis would be seriously impaired, which would have a material adverse impact on the value of our assets and our results of operations.

Historically, states that have legalized cannabis cultivation have typically required that such cultivation take place indoors. Indoor cultivation of cannabis requires significant power for growing lights and ventilation and air conditioning to remove the hot air generated by the growing lights. While outdoor cultivation is gaining acceptance in many states with favorable climates for such growth, we expect that most of our properties will continue to utilize indoor cultivation methods. Any extended interruption of the power supply to our properties, particularly those using indoor cultivation methods, would likely harm our tenants' crops and processing capabilities, which could result in their inability to make lease payments to us for our properties. Any lease payment defaults by a tenant could adversely affect our cash flows and cause us to reduce the amount of distributions to stockholders.

***Due to our involvement in the regulated cannabis industry, we may have a difficult time obtaining the various insurance policies that are desired to operate our business, which may expose us to additional risks and financial liabilities.***

Insurance that is otherwise readily available, such as workers' compensation, general liability and directors' and officers' insurance, is more difficult for us to find and more expensive, because we lease our properties to companies in the regulated cannabis industry. There are no guarantees that we will be able to find such insurance in the future, or that the cost will be affordable to us. If we are forced to go without such insurance or with less insurance than we would prefer, it may prevent us from entering into certain business sectors, may inhibit our growth, and may expose us to additional risk and financial liabilities.

***Construction loans involve an increased risk of loss and other risks that are different from owning and leasing properties.***

In June 2021, we executed a construction loan agreement with a developer, pursuant to which we agreed to make available up to $18.5 million for the development of a regulated cannabis cultivation and processing facility in California. In February 2023, we amended our construction loan agreement to provide up to an additional $4.5 million for the development as a result of costs incurred by the developer that were in excess of the original budget, making our total potential investment in the project $23.0 million. We may invest in other such loans in the future. Construction loans involve an increased risk of loss and other risks that are different from owning and leasing properties, including the following risks:

- If we fail to fund our entire commitment on a construction loan or if a borrower otherwise fails to complete the construction of a project, there could be adverse consequences associated with the loan, including, but not limited to: a loss of the value of the property securing the loan, especially if the borrower is unable to raise funds to complete it from other sources; a borrower's claim against us for failure to perform under the loan documents; increased costs to the borrower that the borrower is unable to pay; a bankruptcy or receivership filing by the borrower; and abandonment by the borrower of the collateral for the loan;
- We are subject to the risk that a borrower may make business decisions with which we disagree and the management of such company may take risks or otherwise act in ways that do not serve our interests;
- A borrower may not be able to realize the value anticipated from the project and otherwise not have the resources to repay the amount owed under the construction loan at maturity;
- We may incur significant costs and assume significant liabilities in foreclosing on any property subject to a construction loan, in addition to costs and risks associated with completing construction of the property if construction was not completed; and
- If we foreclose on the property and take ownership, we may incur a significant loss on disposing of the property or, in the alternative, we may not be able to lease the property at all or on terms reasonably acceptable to us if we determine to continue to own the property.

If any one of these risks were to materialize with respect to one or more construction loans, our financial condition, results of operations, cash flow, and our ability to make distributions to our stockholders could be materially and adversely affected.

***We may purchase properties subject to ground leases or enter into other transactions involving ground leases that expose us to the loss of such properties upon breach or termination of the ground leases.***

A ground lease agreement permits a tenant to develop and/or operate a land parcel (property) during the lease period, after which the land parcel and all improvements revert back to the property owner. Under a ground lease, property improvements are owned by the property owner unless an exception is created and all relevant taxes incurred during the lease period are paid for by the tenant. Ground leases typically have a long duration generally ranging from 50 to 99 years with additional extension options. As a lessee under a ground lease, we would be exposed to the possibility of losing the property upon termination, or an earlier breach by us, of the ground lease, which could have a material adverse effect on our business, financial condition and results of operations, our ability to make distributions to our stockholders and the trading price of our common stock.

**Risks Related to Our Life Science Investments and Real Estate-Related Assets**

***Credit and structural risks related to our investment in the IQHQ Credit Facility may adversely affect our return on investment and financial condition.***

Through IIP Life Science, a wholly owned subsidiary of our Operating Partnership, we became a lender under the IQHQ Credit Facility through the funding of a $100.0 million loan to the operating partnership of IQHQ REIT.

The ability of IQHQ REIT and its operating partnership to meet their obligations under the facility depends on numerous factors, including the performance of IQHQ REIT's real estate assets, prevailing market conditions in the life sciences and commercial real estate sectors, and the financial health of the borrower and its affiliates. A deterioration in the financial condition of the borrower or its affiliates could impair their ability to service the loan or meet other obligations under the IQHQ Credit Facility in a timely manner.

There can be no assurance that we will recover the full value of our investment in the IQHQ Credit Facility. In the event of a default or restructuring, our ability to recover principal or interest could be delayed, reduced, or eliminated. While the loan is secured by a pledge of a majority ownership interest in IQHQ REIT's Fenway Center project held by an affiliate of IQHQ REIT, this collateral does not generate cash flow and is not expected to contribute to repayment of the loan under the IQHQ Credit Facility. A decline in the value of the pledged interest in the Fenway Center project could reduce the amount recoverable in the event of a default, particularly because the pledge is subordinate to certain construction financing. Additionally, the real estate collateral securing our investment in the IQHQ Credit Facility may be negatively impacted by market fluctuations, changes in environmental and zoning laws, casualty or condemnation losses, regulatory limitations on rents, decreases in property values, changes in the appeal of properties to potential tenants, changes in supply and demand for competing properties in an area, the financial resources of potential tenants, changes in availability of debt financing that may render the sale or refinancing of properties difficult or impracticable, changes in building, environmental and other laws, energy and supply shortages, various uninsured or uninsurable risks and other unforeseen occurrences.

In addition, if we fail to meet our separate funding obligations under the Securities Purchase Agreement with respect to the purchase of IQHQ Preferred Stock, the interest rate payable to us under the IQHQ Credit Facility may be reduced by up to 3.0% per annum. This would negatively affect our investment returns even absent a borrower default. Accordingly, this investment exposes us to borrower credit risk, structural subordination, potential collateral impairment, and other uncertainties that could adversely affect our return on investment and financial condition.

Our investment through the IQHQ Credit Facility likely will not qualify as a "real estate asset" for our REIT asset test requirement that 75% of the value of our total assets be represented by real estate assets, cash, cash items and government securities. If such investment does not qualify as a "real estate asset", then it cannot represent more than 5% of the value of our total assets under an additional REIT asset test. If the investment doesn't qualify as a "real estate asset", any related interest income will not qualify as "good income" for our REIT income test that requires that we derive directly or indirectly at least 75% of our gross income, excluding gross income from prohibited transactions, from investments relating to real property or mortgages on real property, including "rents from real property." While we presently believe we have adequate other qualifying real estate assets and income to meet these REIT asset and income test requirements, no assurances can be provided that these tests will be met in the future. If we fail the REIT asset test in any calendar quarter or we fail a REIT income test in any calendar year, and cannot avail ourselves of certain relief provisions, we would cease to qualify as a REIT.

***Our investment in IQHQ Preferred Stock subjects us to risks inherent in private company real estate investments and preferred equity instruments.***

Through IIP Life Science, a wholly owned subsidiary of our Operating Partnership, we purchased the initial $5.0 million tranche of IQHQ Preferred Stock pursuant to the Securities Purchase Agreement. On October 31, 2025, we purchased an additional 45,000 shares of IQHQ Preferred Stock for $45.0 million, resulting in a total investment of 50,000 shares with an aggregate purchase price of $50.0 million.

Subject to the exercise of certain rights by existing investors and other conditions, we may purchase up to an additional $120.0 million of IQHQ Preferred Stock in multiple tranches commencing in the second quarter of 2026 through the second quarter of 2027, subject to extension options by IQHQ REIT. While this investment is structured to provide both cash and PIK dividends, it remains subject to a number of significant risks.

Investments in preferred equity securities of private real estate companies, such as IQHQ REIT, are inherently illiquid and subordinate to all debt obligations of the issuer. While preferred equity may confer certain negotiated rights, such as consent or approval rights over specified actions and redemption provisions, such rights are generally more limited in scope than the legal remedies and enforcement mechanisms available to secured lenders. In the event of a default,

liquidation, or restructuring, our ability to recover invested capital may be limited, delayed, or entirely impaired, particularly where IQHQ REIT's obligations to senior creditors remain unsatisfied. These structural and contractual limitations may adversely affect the value of our investment and our ability to realize expected returns.

Furthermore, the payment of dividends on the IQHQ Preferred Stock is not guaranteed and is subject to the financial condition and performance of IQHQ REIT. If IQHQ REIT fails to generate sufficient cash flows, experiences project delays, faces cost overruns, or encounters disruptions in the life science real estate market, it may be unable to meet its dividend or redemption obligations. These risks are heightened given the capital-intensive nature of life science development projects and the sector's exposure to shifting demand, tenant concentration, and regulatory risk. In addition, although the IQHQ Preferred Stock includes a fixed cash dividend and PIK component, the dividend rate may be reduced by up to 3.0% in the event we fail to meet our funding obligations to purchase additional IQHQ Preferred Stock under the Securities Purchase Agreement, regardless of the performance of the underlying real estate assets.

There is no public market for the IQHQ Preferred Stock, and any ability to monetize this investment may be limited to contractual redemption rights or a liquidity event involving IQHQ REIT, neither of which is assured or within our control. As a result, the timing and amount of any returns on this investment are inherently uncertain and may not meet our expectations. Any adverse developments related to IQHQ REIT, its projects, capital structure, or operating performance could result in reduced income, impaired recoverability of our investment, or other negative impacts on our results of operations and financial condition.

Further, in connection with our IQHQ Preferred Stock investment we received warrants to purchase units in IQHQ Holdings, LP, a limited partnership that owns substantial equity in IQHQ REIT. These warrants have a nominal exercise price and as such are treated as deemed exercised for federal income tax purposes, with the consequence that we are treated as holding equity units in IQHQ Holdings, L.P. and may receive allocations of taxable income and gains from this entity even though we do not receive any current distributions. This may require us to increase our distributions to continue to qualify as a REIT and to eliminate any entity level taxation or alternatively, we may need to pay tax upon allocation of such income to us. We may need to raise or borrow funds to make these distributions or pay these taxes.

***Payment-in-kind dividends and interest on our investments in IQHQ Preferred Stock and the IQHQ Credit Facility may result in taxable income without corresponding cash receipts, which could adversely affect our liquidity and financial condition.***

A portion of the returns on our investments in IQHQ Preferred Stock and the IQHQ Credit Facility is payable in the form of PIK dividends or interest rather than cash. For U.S. federal income tax purposes, PIK dividends and interest are generally treated as taxable income to us when accrued, even though no cash is received at that time. As a result, we may be required to recognize taxable income, make additional distributions to shareholders to meet our REIT distribution requirements and incur related tax liabilities with respect to PIK amounts before we receive any corresponding cash payments, or potentially without ever receiving cash payments. This could require us to use cash from other sources, incur additional indebtedness, or dispose of assets to meet our REIT distribution requirements and satisfy our tax obligations, which could adversely affect our liquidity, financial condition, and results of operations.

In addition, the timing and character of income recognized with respect to PIK dividends and interest, including whether such amounts are treated as ordinary income, dividend income, or original issue discount, may be subject to complex tax rules and differing interpretations. Any changes in applicable tax laws, regulations, or interpretations, or adverse determinations by taxing authorities, could increase the amount or accelerate the timing of taxable income attributable to these investments, potentially exacerbating the liquidity risks described above.

***We may invest in the equity of private company REITs and real estate-related companies, which subjects us to additional risks, including limited liquidity, valuation uncertainty and operational risk.***

As part of our investment strategy, we may invest in the equity of private REITs, such as our investment in IQHQ Preferred Stock, and other private real estate-related companies. These investments may subject us to risks that are different from, or in addition to, those associated with our directly owned real estate portfolio or investments in publicly traded securities.

Private REITs and similar entities are generally not subject to the same disclosure, governance, or liquidity standards as publicly traded REITs. As a result, we may have limited access to financial and operational information and may be unable to monitor these investments with the same degree of transparency. Furthermore, valuations of equity interests in

private REITs may be difficult to assess and inherently uncertain due to the absence of active trading markets. Private REITs are also subject to general real estate risks, including those related to tenant defaults, financing availability, property-level performance, and market conditions.

Investments in the equity of private REITs, such as our investment in IQHQ Preferred Stock, inherently involve limited liquidity, which may restrict our ability to exit such positions in a timely or cost-effective manner. If we are required to liquidate an investment in a private REIT under adverse market conditions or before an optimal exit opportunity arises, we may be forced to do so at a discount or suffer a loss.

In addition, we may be exposed to indirect risks through our proportionate share of the REIT's management practices, leverage, and compliance with REIT qualification requirements under the Internal Revenue Code. A failure by a private REIT to maintain its REIT status could result in adverse tax consequences that could reduce the value of our investment and our returns. Failure of a private REIT to maintain its REIT status would likely cause our investment to cease to be a qualifying "real estate asset" for our REIT asset test requirements, including that 75% of the value of our total assets be represented by real estate assets, cash, cash items and government securities.

Because private REITs may not distribute consistent or predictable cash flows, our ability to rely on these investments for income generation could be limited. Additionally, income received from private REITs may consist of dividends, capital gains, or return of capital, each of which may be taxed differently and, in the case of dividends, may not qualify for favorable tax treatment applicable to qualified dividends.

Accordingly, while investments in private REITs and similar entities may offer opportunities for portfolio diversification and enhanced returns, they also introduce structural, operational, tax, and liquidity risks that could adversely affect our financial condition, results of operations, or ability to make distributions to our shareholders.

***Some of our investments in real estate-related equity securities may become distressed, which could result in a high risk of loss, increased volatility, and limited liquidity.***

Although our investment strategy generally focuses on non-distressed real estate-related assets, certain of our equity investments, such as our investment in IQHQ Preferred Stock, may be adversely affected by changing market conditions or negative developments impacting the issuer. The life sciences sector, in particular, has experienced financial stress in recent years, including limited access to capital, rising financing costs, broad valuation declines, and industry consolidation. These pressures have affected both public and private life sciences companies, those in earlier stages of development or with limited cash flow visibility. See "Investments in Life Science Properties" below for a discussion of risks associated with investments in the life sciences sector.

Equity securities of companies operating in financially or operationally challenged sectors tend to be highly illiquid, more volatile, harder to trade, and may decline significantly in value. In the event of issuer distress, including potential bankruptcy or restructuring, equity holders are subordinate to creditors and may experience a partial or total loss of capital. Recovery prospects are typically more uncertain for equity investments than for debt, and any reorganization process may result in receipt of securities of reduced value, diminished voting rights, or other unfavorable terms. As a result, our exposure to real estate-related equity securities, particularly in stressed sectors like life sciences, involves a higher degree of risk and could materially adversely affect our financial condition, results of operations, and our ability to make distributions to our shareholders.

***Investments in real estate-related assets may be subject to risks including various creditor risks and early redemption features which may materially adversely affect our results of operations and financial condition.***

The real estate-related assets in which we invest may include secured or unsecured debt at various levels of an issuer's capital structure. The real estate-related assets in which we invest may not be protected by financial covenants or limitations upon additional indebtedness, may be illiquid or have limited liquidity, and may not be rated by a credit rating agency. Debt securities are also subject to other creditor risks, including (1) the possible invalidation of an investment transaction as a "fraudulent conveyance," (2) lender liability claims by the issuer of the obligation and (3) environmental liabilities. Our investments may be subject to early redemption features, refinancing options, prepayment options or similar provisions which, in each case, could result in the issuer or borrower repaying the principal on an obligation held by us earlier than expected, resulting in a lower return to us than anticipated or reinvesting in a new obligation at a lower return to us.

**Risks Related to Investments in Life Science Properties.**

***Intense competition in the life science industry may limit our ability to acquire attractive life science real estate assets and successfully execute our investment strategy.***

The life science industry is highly competitive. In making investments in life science properties, we expect to face intense competition from other companies, including companies with significant financial, technical, and other resources. This competitive environment may make it difficult for us to identify and acquire commercially viable life science properties on acceptable terms, which could adversely affect our business, financial condition, and results of operations.

***Any investments in life sciences properties subjects us to industry-specific risks.***

As part of our broader growth strategy, we have made and may continue to make investments in properties used by tenants in the life science sector, either through direct property acquisitions or through other investment structures such as joint ventures, debt or mezzanine financing, preferred or joint venture equity interests, and interests in other real estate funds or REITs. These investments may expose us to risks that differ from those associated with our regulated cannabis industry portfolio. Properties leased to life science tenants are subject to a variety of industry-specific risks. If any of these risks were to materialize, they could adversely impact our financial condition, results of operations, and cash flows. For example, tenants in the life sciences sector may face heightened regulatory scrutiny, including evolving healthcare regulations, increased government-imposed price controls, and other cost-containment measures. In addition, the success of life science companies often depends on the safety and efficacy of their products, the availability of substantial capital to fund ongoing research and development, and their ability to maintain intellectual property protection. Adverse developments in any of these areas could impair the financial condition of our potential tenants in the life science industry and their ability to meet their lease obligations, which in turn could negatively affect the revenue generated by such properties and their valuation.

In addition, life science properties typically require more capital-intensive improvements than traditional commercial or office space. These may include enhanced structural loads, increased floor-to-ceiling heights, specialized HVAC systems, advanced environmental controls, upgraded plumbing and electrical infrastructure, and buildouts such as laboratories and clean rooms. The cost and complexity of these improvements may limit the pool of replacement tenants and increase re-leasing costs, particularly if space must be reconfigured for a non-life science use.

If we acquire life science properties in the future, such properties may be used by tenants that handle hazardous materials, chemicals, or biological and radioactive substances as part of their operations. As a result, we and any future tenants of such properties would be subject to federal, state, and local environmental laws and regulations governing the use, storage, handling, and disposal of these materials. In the event of contamination or injury arising from such activities, we could, under certain circumstances, be held liable for damages, remediation costs, or regulatory penalties, even if caused solely by a tenant's actions. Such liabilities could exceed our available insurance coverage or financial resources and could have a material adverse effect on our business, financial condition, or ability to make distributions to our shareholders. Accordingly, while investments in life science properties represent a key component of our growth strategy, they also introduce unique operational, regulatory, and environmental risks that may differ from those associated with our current portfolio.

***Changes in the life science industry could adversely affect the performance of any future investments we make in lab properties.***

As part of our growth strategy, we may pursue investments in life science properties, including lab space, either directly or through other investment structures. If we do so, the performance of these investments could be adversely affected by economic, financial, regulatory, or industry-specific developments impacting the life science sector. For example, a downturn in the life science industry could reduce demand for lab space, limit our ability to lease or re-lease such properties on favorable terms, or result in increased vacancy levels.

In addition, lab properties often require significant upfront capital investment due to their highly specialized infrastructure, and repositioning these assets for alternative uses could be costly and time-consuming. Any oversupply of lab space, reduced funding for life science and biotech companies, or industry consolidation could also negatively impact tenant demand or reduce the amount of rentable square footage required by prospective tenants.

Moreover, any geographic shift in demand, including a migration of life science activity away from U.S. markets or from key hubs such as South San Francisco, San Diego, and Boston, could adversely impact the viability of any lab property investments we may make in those areas. As such, while we view life science investments as a potential avenue for long-term growth, these opportunities are also subject to distinct market and industry risks that could materially affect our future results of operations, financial condition, and cash flows.

**Risks Related to Cannabis Regulation**

***Cannabis remains illegal under federal law, and therefore, strict enforcement of federal laws regarding cannabis would likely result in our inability and the inability of our tenants to execute our respective business plans.***

Cannabis is a Schedule I controlled substance under the CSA. Even in those jurisdictions in which cannabis has been legalized at the state level, the possession, distribution, cultivation, manufacture and use of cannabis all remain violations of federal law that are punishable by imprisonment, substantial fines and forfeiture. Moreover, individuals and entities may violate federal law if they intentionally aid and abet another in violating these federal controlled substance laws, or conspire with another to violate them. The U.S. Supreme Court has ruled in *United States v. Oakland Cannabis Buyers' Coop.* and *Gonzales v. Raich* that it is the federal government that has the right to regulate and criminalize the sale, possession and use of cannabis, even for medical purposes. We would likely be unable to execute our business plan if the federal government were to strictly enforce federal law regarding cannabis.

In January 2018, the DOJ rescinded certain memoranda, including the so-called "Cole Memo" issued on August 29, 2013 under the Obama Administration, which had characterized enforcement of federal cannabis prohibitions under the CSA to prosecute those complying with state regulatory systems allowing the use, manufacture and distribution of medical cannabis as an inefficient use of federal investigative and prosecutorial resources when state regulatory and enforcement efforts are effective with respect to enumerated federal enforcement priorities under the CSA. In rescinding the Cole Memo, DOJ instructed its prosecutors to enforce the laws enacted by Congress and to follow well-established principles that govern all federal prosecutions when deciding whether to pursue prosecutions related to cannabis activities. As a result, federal prosecutors could, and still can, use their prosecutorial discretion to decide to prosecute actors compliant with their state laws. Although there have not been any identified prosecutions of state law compliant cannabis entities, there can be no assurance that the federal government will not enforce federal laws against the regulated cannabis industry generally, including our tenants and us.

Pamela Bondi was confirmed by the United States Senate as Attorney General of the United States on February 4, 2025. During her tenure as Attorney General in the State of Florida, Bondi routinely opposed the softening of anti-cannabis laws, including opposition to ballot initiatives to broaden access to medical cannabis, but she also generally faithfully enforced state cannabis laws to maintain a well-regulated medical cannabis market. Bondi has not provided a clear policy directive for the United States as it pertains to state-level cannabis-related activities, and it is generally expected that Bondi will closely follow the Trump Administration's enforcement priorities.

On December 18, 2025, President Trump issued his Executive Order directing the Attorney General to complete the rulemaking process related to rescheduling of marijuana to Schedule III under the CSA that was begun during the Biden Administration. However, there can be no assurance as to whether such rescheduling will be completed or when it might ultimately occur.

Congress previously enacted an omnibus spending bill that includes the Rohrabacher-Blumenauer Amendment prohibiting the DOJ (which includes the DEA) from using funds appropriated by that bill to prevent states from implementing their medical-use cannabis laws. On January 23, 2026, President Trump signed H.R. 6938, which contains the appropriations funding for the Departments of Commerce, Justice, Interior, and other related agencies, thereby extending the application of the Rohrabacher-Blumenauer Amendment until September 30, 2026. There can be no assurance that Congress will approve inclusion of a similar prohibition in future appropriations bills to prevent DOJ from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law. In USA vs. McIntosh, the U.S. Court of Appeals for the Ninth Circuit held that this provision prohibits the DOJ from spending funds from relevant appropriations acts to prosecute individuals who engage in conduct permitted by state medical-use cannabis laws and who strictly comply with such laws. However, the Ninth Circuit's opinion, which only applies to the states of Alaska, Arizona, California, Hawaii, and Idaho, also held that persons who do not strictly comply with all state laws and regulations regarding the distribution, possession and cultivation of medical-use cannabis have engaged in conduct that is unauthorized, and in such instances the DOJ may prosecute those individuals. Furthermore, while we target the acquisition of medical-use cannabis facilities, our leases do

not prohibit cannabis cultivation for adult-use that is permissible under the state and local laws where our facilities are located. Consequently, certain of our tenants currently (and additional tenants may in the future) cultivate adult-use cannabis in our medical-use cannabis facilities, as permitted by such state and local laws now or in the future, which may in turn subject the tenant, us and our properties to greater and/or different federal legal and other risks as compared to facilities where cannabis is cultivated exclusively for medical use, including not providing protection under the Congressional spending bill provision described above.

Additionally, financial transactions involving proceeds generated by cannabis-related conduct can form the basis for prosecution under the federal money laundering statutes, unlicensed money transmitter statutes and the Bank Secrecy Act. The penalties for violation of these laws include imprisonment, substantial fines and forfeiture. Prior to the DOJ's rescission of the Cole Memo, supplemental guidance from the DOJ issued in the 2014 Cole Memorandum directed federal prosecutors to consider the federal enforcement priorities enumerated in the Cole Memo when determining whether to charge institutions or individuals with any of the financial crimes described above based upon cannabis-related activity. This supplemental guidance was followed by the February 14, 2014 FinCEN Memorandum outlining the pathways for financial institutions to provide services to state-sanctioned cannabis businesses consistent with Bank Secrecy Act obligations and in alignment with federal enforcement priorities. Under these guidelines, financial institutions must submit a SAR in connection with all cannabis-related banking activities by any client of such financial institution, in accordance with federal money laundering laws. These cannabis-related SARs are divided into three categories - cannabis limited, cannabis priority, and cannabis terminated - based on the financial institution's belief that the business in question follows state law, is operating outside of compliance with state law, or where the banking relationship has been terminated, respectively. The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. Although the Cole Memo has been rescinded, the FinCEN Memorandum technically remains intact; however, it is unclear whether the current administration will continue to follow the FinCEN Memorandum. The DOJ continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act, that occur in any state including states that have in some form legalized the sale of cannabis. Further, the conduct of the DOJ's enforcement priorities could change for any number of reasons. A change in the DOJ's priorities could result in the DOJ's prosecuting banks and financial institutions for crimes that were not previously prosecuted.

Federal prosecutors have significant discretion and no assurance can be given that the federal prosecutor in each judicial district where we purchase a property will not choose to strictly enforce the federal laws governing cannabis operations. Any change in the federal government's enforcement posture with respect to state-licensed cannabis operations, including the enforcement postures of individual federal prosecutors in judicial districts where we purchase properties, would result in our inability to execute our business plan, and we would likely suffer significant losses with respect to our investment in cannabis facilities in the United States, which would adversely affect the trading price of our securities. Furthermore, following any such change in the federal government's enforcement position, we could be subject to criminal prosecution, which could lead to imprisonment and/or the imposition of penalties, fines, or forfeiture.

***Certain of our tenants engage in operations for the adult-use cannabis industry in addition to or in lieu of operations for the medical-use cannabis industry, and such tenants, we and our properties may be subject to additional risks associated with such adult-use cannabis operations.***

Our existing leases at our properties do not, and we expect that leases that we enter into with future tenants at other properties we acquire will not, prohibit cannabis operations for adult-use that is permissible under state and local laws where our facilities are located and certain of our tenants are currently engaged in operations for the adult-use cannabis industry, which may subject our tenants, us and our properties to different and greater risks, including greater prosecution risk for aiding and abetting violation of the CSA and federal laws governing money laundering. For example, the prohibition in the current omnibus spending bill that prohibits the DOJ from using funds appropriated by Congress to prevent states from implementing their medical-use cannabis laws does not extend to adult-use cannabis laws. In addition, while we may purchase properties in states that only permit medical-use cannabis at the time of acquisition, such states may in the future authorize by state legislation or popular vote the legalization of adult-use cannabis, thus permitting our tenants to engage in adult-use cannabis operations at our properties. For example, a number of states permit licensed adult-use cannabis operations, and our leases with tenants in those states allow for adult-use cannabis operations to be conducted at the properties in compliance with state and local laws.

***Our ability to grow our business depends on state laws pertaining to the cannabis industry.***

Continued development of the cannabis industry depends upon continued legislative authorization of cannabis at the state level. The status quo of, or progress in, the regulated cannabis industry is not assured and any number of factors could slow or halt further progress in this area. While there may be ample public support for legislative action permitting the cannabis operations, numerous factors impact the legislative process. For example, many states that voted to legalize medical and/or adult-use cannabis have seen significant delays in the drafting and implementation of industry regulations and issuance of licenses. In addition, burdensome regulation at the state level could slow or stop further development of the cannabis industry, such as limiting the medical conditions for which medical cannabis can be recommended by physicians for treatment, not strictly enforcing regulations for non-licensed cannabis operators, restricting the form in which medical cannabis can be consumed, imposing significant registration requirements on physicians and patients or imposing significant taxes on the growth, processing and/or retail sales of cannabis, which could have the impact of dampening growth of the cannabis industry and making it difficult for cannabis businesses, including our tenants, to operate profitably in those states. Any one of these factors could slow or halt additional legislative authorization of cannabis, which could harm our business prospects.

For example, we believe that California's taxation of regulated cannabis at local and state governmental levels and ineffective enforcement policy with respect to illicit cannabis sales have significantly limited the growth and profitability of operators in that state. According to Global Go Analytics, the illicit market for cannabis remains a much larger portion of overall sales in the state, and state and local authorities have assessed significant taxes on regulated cannabis products, both of which have had the impact of significantly limiting the growth and profitability for operators in the state's regulated cannabis market. This also extends beyond California, with reports coming from states like Oregon, Massachusetts, and New York that buyers are turning to the illicit cannabis market to avoid state sales taxes. These states report difficulties in enforcement as well, allowing the illicit market to thrive, and limiting the growth and profitability for operators in the regulated markets of those states.

Recently, many states have also experienced significant declines in unit pricing for regulated cannabis products, with that decline more pronounced in certain states than in others. As a result, certain regulated cannabis operators have consolidated operations or shuttered certain operations to reduce costs, which if prolonged, could have a material negative impact on operators' demand for regulated cannabis facilities, including our existing tenants.

***New laws that are adverse to the business of our tenants may be enacted, and current favorable national, state or local laws or enforcement guidelines relating to cannabis operations may be modified or eliminated in the future.***

We have acquired and are targeting for acquisition properties that are owned by state-licensed cannabis operators. Relevant state or local laws may be amended or repealed, or new laws may be enacted in the future to eliminate existing laws permitting cannabis operations. If our tenants were forced to close their operations, we would need to replace those tenants with tenants who are not engaged in the cannabis industry, who most likely pay significantly lower rents. Moreover, any changes in state or local laws that reduce or eliminate the ability to conduct cannabis operations would likely result in a high vacancy rate for the kinds of properties that we seek to acquire, which would depress our lease rates and property values. In addition, we would realize an economic loss on any and all improvements made to properties that were specific to the cannabis industry.

For example, in connection with the Centers for Disease Control and Prevention identifying cases of vaping-related lung injuries, certain state and local governments had instituted temporary bans. In addition to litigation and reputational risks surrounding vaping-related lung injuries, bans or heightened regulations could have a material adverse impact on our tenants' operations in those states and localities where such a ban or other restrictive regulation has been implemented.

***FDA regulation of cannabis and the possible registration of facilities where cannabis is grown could negatively affect the cannabis industry, which would directly affect our financial condition.***

Should the federal government legalize cannabis, it is possible that the FDA would seek to regulate it under the Food, Drug and Cosmetics Act of 1938 or under the Public Health Service Act. Additionally, the FDA may issue rules, regulations, or guidance including certified good manufacturing practices, related to the growth, cultivation, harvesting and processing of medical cannabis. If regulated by the FDA as a drug, clinical trials may be needed to verify efficacy and safety. It is also possible that the FDA would require that facilities where cannabis is grown register with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations or enforcement actions are imposed, we do not know what the impact this would have on the cannabis industry, including what costs,

requirements and possible prohibitions may be enforced. If we or our tenants are unable to comply with the regulations or registration as prescribed by the FDA, we and or our tenants may be unable to continue to operate their and our business in its current form or at all.

***We and our tenants may have difficulty accessing the service of banks and other financial institutions, which may make it difficult to contract for real estate needs.***

Financial transactions involving proceeds generated by cannabis-related conduct can form the basis for prosecution under the federal money laundering statutes, unlicensed money transmitter statute and the Bank Secrecy Act. Previous guidance issued by FinCEN clarified how financial institutions can provide services to cannabis-related businesses consistent with their obligations under the Bank Secrecy Act. However, this guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Further, prosecution of financial institutions of offenses under the Bank Secrecy Act based on transactions involving cannabis proceeds does not require an underlying cannabis-related conviction under federal or state law. Thus, most banks and other financial institutions in the United States do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the executive branch. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. Prior to the DOJ's announcement in January 2018 of the rescission of the Cole Memo and related memoranda, supplemental guidance from the DOJ directed federal prosecutors to consider the federal enforcement priorities enumerated in the Cole Memo when determining whether to charge institutions or individuals with any of the financial crimes described above based upon cannabis-related activity. It remains unclear what impact the rescission of the Cole Memo will have, but federal prosecutors may increase enforcement activities against institutions or individuals that are conducting financial transactions related to cannabis activities. The increased uncertainty surrounding financial transactions related to cannabis activities may also result in financial institutions discontinuing services to the cannabis industry.

Consequently, those businesses involved in the regulated cannabis industry continue to encounter difficulty establishing banking relationships, which may increase over time. Our inability to maintain our current bank accounts would make it difficult for us to operate our business, increase our operating costs, and pose additional operational, logistical and security challenges and could result in our inability to implement our business plan.

The terms of our leases require that our tenants make rental payments via check or wire transfer. Only a small percentage of financial institutions in the United States currently provide banking services to licensed cannabis operators. The inability of our current and potential tenants to open accounts and continue using the services of banks will limit their ability to enter into triple-net lease arrangements with us or may result in their default under our lease agreements, either of which could materially harm our business and the trading price of our securities.

In addition, for our tenants that are publicly traded companies, securities clearing firms may refuse to accept deposits of securities of those tenants, which may negatively impact the trading and valuations of such tenants and have a material adverse impact on our tenants' ability to finance their operations and growth through the capital markets.

In addition, federal money laundering statutes and Bank Secrecy Act regulations discourage financial institutions from working with any organization that sells a controlled substance, regardless of whether the state it resides in permits cannabis sales. Both the U.S. House and Senate have considered legislation designed to reduce some of the legal risks financial institutions face under current law in providing financial services to state sanctioned cannabis-related businesses. The U.S. House of Representatives has on multiple occasions passed the SAFE Banking Act, which would permit commercial banks to offer services to cannabis companies that are in compliance with state law, however, the bill has not passed in the Senate. In September 2023, the U.S. Senate Banking Committee passed the Secure And Fair Enforcement Regulation Banking Act, or the SAFER Banking Act. As with the SAFE Banking Act, the SAFER Banking Act is designed to provide protections for federally regulated financial institutions that serve state-sanctioned cannabis businesses. The SAFER Banking Act has yet to be brought to the U.S. Senate floor. If Congress fails to pass the SAFE Banking Act, the SAFER Banking Act, or similar comprehensive legislation, the Company's inability, or limitations on the Company's ability, to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Company to operate and conduct its business as planned or to operate efficiently.

Federal and state banking regulators closed two U.S. banks in March 2023, and another U.S. bank in May 2023, with which we have no banking, financing or other business relationships, precipitating financial industry and capital markets turmoil centered on concerns about the stability and solvency of other banks and financial institutions and the attendant risk

they may be closed and/or forced by governmental agencies into receivership or sale. The failure of other banks and financial institutions, if it occurs, could have a material adverse effect on our or our tenants' liquidity or consolidated financial statements if we or our tenants have placed cash and cash equivalent deposits at such banks or financial institutions or have lending relationships with those banks.

***Owners of properties located in close proximity to our properties may assert claims against us regarding the use of the property as a regulated cannabis cultivation, processing or dispensing facility, which if successful, could materially and adversely affect our business.***

Owners of properties located in close proximity to our properties may assert claims against us regarding the use of our properties for regulated cannabis cultivation, processing or dispensing, including assertions that the use of the property constitutes a nuisance that diminishes the market value of such owner's nearby property. Such property owners may also attempt to assert such a claim in federal court as a civil matter under the Racketeer Influenced and Corrupt Organizations Act. If a property owner were to assert such a claim against us, we may be required to devote significant resources and costs to defending ourselves against such a claim, and if a property owner were to be successful on such a claim, our tenants may be unable to continue to operate their business in its current form at the property, which could materially adversely impact the tenant's business and the value of our property, our business and financial results and the trading price of our securities.

***Laws and regulations affecting the regulated cannabis industry are constantly changing, which could materially adversely affect our operations, and we cannot predict the impact that future regulations may have on us.***

Local, state and federal cannabis laws and regulations are broad in scope and subject to evolving interpretations, which could require us to incur substantial costs associated with compliance or alter our business plan. In addition, violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our operations. It is also possible that regulations may be enacted in the future that will be directly applicable to our business. We cannot predict the nature of any future laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on our business.

In August 2023, HHS recommended to the DEA that cannabis be reclassified from a Schedule I drug to a Schedule III drug under the CSA. HHS based this recommendation on an FDA review of cannabis' classification pursuant to President Biden's executive order in October 2022. On May 16, 2024, the DEA issued a Notice of Proposed Rulemaking, which proposed to schedule cannabis as a Schedule III substance under the CSA. During the 60-day comment period that followed publication of the notice in the Federal Register, the majority of commenters favored either the proposed rescheduling or the complete removal of cannabis as a scheduled substance under the CSA.

On December 18, 2025, President Trump issued his Executive Order directing the Attorney General to complete the rulemaking process related to rescheduling of marijuana to Schedule III under the CSA that was begun during the Biden Administration. The impact of such decisions or rules, if any are promulgated, on existing state-regulated cannabis programs remains unclear, including but not limited to FDA and other federal regulatory agency involvement, the impact of such a decision on potential federal legislative reform such as proposals to de-schedule cannabis and provide greater access to capital markets for state-regulated cannabis operators, and the potential entry into the cannabis markets of large, well-capitalized companies as a result of any re-scheduling.

***Assets leased to cannabis businesses may be forfeited to the federal government.***

Any assets used in conjunction with the violation of federal law are potentially subject to federal forfeiture, even in states where cannabis is legal. In July 2017, the DOJ issued a new policy directive regarding asset forfeiture, referred to as the "equitable sharing program." Under this new policy directive, federal authorities may adopt state and local forfeiture cases and prosecute them at the federal level, allowing for state and local agencies to keep up to 80% of any forfeiture revenue. This policy directive represents a reversal of the DOJ's policy under the Obama administration, and allows for forfeitures to proceed that are not in accord with the limitations imposed by state-specific forfeiture laws. This new policy directive may lead to increased use of asset forfeitures by local, state and federal enforcement agencies. If the federal government decides to initiate forfeiture proceedings against cannabis businesses, such as the cannabis facilities that we have acquired and intend to acquire, our investment in those properties may be lost.

***We may have difficulty accessing bankruptcy courts.***

As discussed above, cannabis is illegal under federal law. Therefore, there is a compelling argument that the federal bankruptcy courts cannot provide relief for parties who engage in the cannabis or cannabis related businesses. Recent bankruptcy rulings have denied bankruptcies for dispensaries upon the justification that businesses cannot violate federal law and then claim the benefits of federal bankruptcy for the same activity and upon the justification that courts cannot ask a bankruptcy trustee to take possession of, and distribute cannabis assets as such action would violate the CSA. Therefore, we may not be able to seek the protection of the bankruptcy courts and this could materially affect our business or our ability to obtain credit.

***The properties that we acquire are subject to extensive regulations, which may result in significant costs and materially and adversely affect our business, financial condition, liquidity and results of operations.***

Our properties are and other properties that we expect to acquire will be subject to various laws and regulatory requirements. For example, local property regulations, including restrictive covenants of record, may restrict the use of properties we acquire and may require us to obtain approval from local authorities with respect to the properties that we expect to acquire, including prior to acquiring a property or when developing or undertaking renovations. Among other things, these restrictions may relate to cultivation, processing or dispensing of cannabis, the use of water and the discharge of waste water, fire and safety, seismic conditions, asbestos-cleanup or hazardous material abatement requirements. Our failure to obtain such regulatory approvals could have a material adverse effect on our business, financial condition, liquidity and results of operations. Furthermore, we cannot assure you that the regulatory requirements and statutory prohibitions relating to properties used in cannabis operations will not materially and adversely affect us or the timing or cost of any future acquisitions, developments or renovations, or that additional regulations will not be adopted that would increase such delays or result in additional prohibition or costs.

***Compliance with environmental laws could materially increase our operating expenses.***

There may be environmental conditions associated with properties we acquire of which we are unaware. If environmental contamination exists on properties we acquire, we could become subject to liability for the contamination. The presence of hazardous substances on a property may materially and adversely affect our ability to sell the property and we may incur substantial remediation costs. In addition, although we may require in our leases that tenants operate in compliance with all applicable laws and indemnify us against any environmental liabilities arising from a tenant's activities on the property, we could nonetheless be subject to liability by virtue of our ownership interest and we cannot be sure that our tenants would satisfy their indemnification obligations to us. Such environmental liability exposure associated with properties we acquire could harm our business, financial condition, liquidity and results of operations.

**Risks Related to Financing Our Business**

***The report of our independent registered public accounting firm contains an explanatory paragraph that expresses substantial doubt about our ability to continue as a going concern.***

At February 23, 2026, the outstanding principal balance of our Notes due 2026 was $291.2 million, which matures in May 2026. The maturity of this obligation within one year of the issuance of our consolidated financial statements, together with our current liquidity position, raises substantial doubt about our ability to continue as a going concern within one year from the date our financial statements are issued.

We currently do not have sufficient liquidity to satisfy this obligation at maturity. Management is evaluating alternatives to address the maturity, including refinancing the existing indebtedness, negotiating an extension of the maturity date, or raising additional capital. However, no agreements have been executed, and these potential transactions are not within our control. There can be no assurance that any refinancing, extension, capital raise, or other transaction will be completed on acceptable terms, or at all.

If we are unable to retire or refinance the Notes due 2026, an event of default could occur, which would have a material adverse effect on our financial condition and results of operations. Our consolidated financial statements have been prepared assuming that we will continue as a going concern and do not include any adjustments that might result from the resolution of this uncertainty.

***Our operating results and financial condition could be adversely affected if we are unable to refinance our Notes due 2026 or extend, renew or replace our Revolving Credit Facility.***

Our Notes due 2026 mature on May 25, 2026, and there can be no assurance that we will be able to refinance or otherwise repay such notes on favorable terms, or at all. The availability and cost of refinancing alternatives may be adversely affected by prevailing interest rates, market volatility, investor appetite for our securities, our sector exposure, and our credit ratings or any changes thereto.

If we are unable to refinance or repay the Notes due 2026 when due, we may be required to use available cash, draw on existing Credit Facilities to the extent available, sell or mortgage assets, reduce or delay investments, seek amendments or waivers from lenders on unfavorable terms, or pursue other strategic alternatives. Any of these actions could adversely affect our business strategy and operating results and, if unsuccessful, could result in a default under the Notes due 2026 and potential cross-defaults under our Credit Facilities.

In addition, our Revolving Credit Facility matures on October 23, 2026. There is no assurance that we will be able to extend, renew or replace our Revolving Credit Facility on acceptable terms or at all before its scheduled maturity. Any inability to extend the facility or a renewal on more restrictive terms (including reduced commitments, higher pricing, additional collateral or tighter covenants) would further constrain our liquidity and financing flexibility.

***Our growth depends on external sources of capital, which may not be available on favorable terms or at all. In addition, banks, financial institutions, and other capital market participants may be reluctant to enter into lending and other financing transactions with us because we acquire properties used in the cultivation and production of cannabis. If one or more of these sources of funding is unavailable to us, it could have a material adverse effect on our business, financial condition, liquidity and results of operations.***

We expect to acquire additional real estate assets, which we intend to finance primarily through newly issued equity or debt. We may not be in a position to take advantage of attractive investment opportunities for growth if we are unable, due to global or regional economic uncertainty, changes in the state or federal regulatory environment relating to the cannabis industry, restrictions that potential investors may have to own our equity or debt due to our tenant's operations in the regulated cannabis industry, changes in market conditions for the regulated cannabis industry, our own operating or financial performance or otherwise, to access capital markets on a timely basis and on favorable terms or at all. In addition, U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, without regard to the deduction for dividends paid and excluding net capital gain and that it pay U.S. federal income tax at regular corporate rates to the extent that it annually distributes less than 100% of its taxable income. Because we intend to grow our business, this limitation may require us to raise additional equity or incur debt at a time when it may be disadvantageous to do so.

Our access to capital will depend upon a number of factors over which we have little or no control, including general market conditions, restrictions imposed on potential investors and other capital markets participants due to our tenants' operations in the regulated cannabis industry, and the market's perception of our current and potential future earnings. If general economic instability or downturn leads to an inability to borrow at attractive rates or at all, our ability to obtain capital to finance the purchase of real estate assets could be negatively impacted. In addition, banks and other financial institutions may be reluctant to enter into lending transactions with us, particularly secured lending, because we intend to acquire properties used in the cultivation, production or dispensing of cannabis. If this source of funding is unavailable to us, our growth may be limited and our levered return on the properties we purchase may be lower.

If we are unable to obtain capital on terms and conditions that we find acceptable, we likely will have to reduce the number of properties we can purchase. In addition, our ability to refinance all or any debt we may incur in the future, on acceptable terms or at all, is subject to all of the above factors, and will also be affected by our future financial position, results of operations and cash flows, which additional factors are also subject to significant uncertainties, and therefore we may be unable to refinance any debt we may incur in the future, as it matures, on acceptable terms or at all. All of these events would have a material adverse effect on our business, financial condition, liquidity and results of operations.

In addition, securities clearing firms may refuse to accept deposits of our securities, which may negatively impact the trading of our securities and have a material adverse impact on our ability to obtain capital.

In recent years, general financial conditions have deteriorated significantly, which has also significantly reduced our access to capital. If sustained, this would have a material adverse effect on our business, financial condition and results of

operations, including our ability to continue to make acquisitions of new properties and fund draws for future improvements at existing properties.

***Our Notes due 2026 and any future indebtedness reduce our cash available for distribution and may expose us to the risk of default.***

As of December 31, 2025, we had $291.2 million aggregate principal amount outstanding of our Notes due 2026. Payments of principal and interest on our Notes due 2026 and borrowings that we may incur in the future, including pursuant to the Credit Facilities, may leave us with insufficient cash resources to operate our properties or to pay the distributions currently contemplated or necessary to satisfy the requirements for REIT qualification. Our level of debt and the limitations imposed on us by these debt agreements could have significant material and adverse consequences, including the following:

- our cash flow may be insufficient to meet our required principal and interest payments;
- we may be unable to borrow additional funds as needed or on favorable terms, or at all;
- we may be unable to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of our original indebtedness;
- to the extent we borrow debt that bears interest at variable rates, increases in interest rates could materially increase our interest expense;
- we may be forced to dispose of one or more of the properties that we expect to acquire, possibly on disadvantageous terms;
- we may default on our obligations or violate restrictive covenants, in which case the lenders may accelerate these debt obligations; and
- our default under any loan with cross default provisions could result in a default on other indebtedness.

If any one of these events were to occur, our financial condition, results of operations, cash flow, and our ability to make distributions to our stockholders could be materially and adversely affected.

***A downgrade in our investment grade credit rating could materially adversely affect our business and financial condition.***

There can be no assurance that we will be able to maintain our current credit rating. Any downgrade in terms of rating or outlook by the rating agency could have a material adverse impact on our cost and availability of capital, which could in turn have a material adverse impact on our financial condition, results of operations and liquidity and a material adverse effect on the market price of our common stock.

***The terms governing our Notes due 2026 and the Credit Facilities include restrictive covenants relating to our operations, which could limit our ability to respond to changing market conditions and our ability to make distributions to our stockholders.***

The indenture governing the Notes due 2026 and the Loan Agreements governing the Credit Facilities each contains financial and operating covenants that, among other things, restrict our ability to take specific actions, even if we believe them to be in our best interest, including restrictions on our ability to (1) consummate a merger, consolidation or sale of all or substantially all of our assets and (2) incur additional secured and unsecured indebtedness. In addition, our Credit Facilities are subject to borrowing conditions, borrowing-base limitations, and financial and other covenants that may restrict our ability to incur additional indebtedness.

The covenants relating to our Notes due 2026 and Credit Facilities may adversely affect our flexibility and our ability to achieve our operating plans. Our ability to comply with these covenants and other provisions relating to our indenture governing the Notes due 2026 and the Loan Agreements governing the Credit Facilities may be affected by changes in our operating and financial performance, changes in general business and economic conditions, adverse regulatory developments or other events adversely impacting us. The breach of any of these covenants could result in a default under our indebtedness, which could cause those and other obligations to become due and payable. If any of our indebtedness is accelerated, we may not be able to repay it, pursue our business plan or make distributions to our stockholders.

***Rising interest rates could increase our cost of capital, reduce investment returns, and adversely affect our ability to make distributions to our shareholders.***

We may fund our real estate-related investments, including our commitments under the IQHQ Credit Facility and purchases of IQHQ Preferred Stock, using borrowings under variable-rate debt instruments or other interest-sensitive liabilities. In a rising interest rate environment, our cost of capital may increase, which could reduce the spread between our investment income and financing costs, negatively impacting our net returns and cash flows.

Although certain of our investments bear fixed rates of return and are not directly tied to market interest rates, their relative attractiveness may decline in a higher interest rate environment, and we could experience a negative interest rate spread if our cost of capital rises. This may reduce the profitability of such investments and limit our ability to deploy capital on favorable terms. Additionally, higher interest rates would increase interest expense on any variable-rate debt we may incur, reducing cash available for distributions to our shareholders. If we are required to refinance existing debt during periods of elevated interest rates, we may face increased borrowing costs or be forced to dispose of assets at times or prices that are not optimal. These conditions could materially and adversely affect our business, results of operations, financial condition, and our ability to make distributions to our shareholders.

***Increased debt service obligations under our Credit Facilities or otherwise reduce the amount of cash available for distribution to our shareholders.***

The interest and principal payments we are required to make on any outstanding debt under our Credit Facilities or otherwise directly decrease the cash flow available for distributions to our shareholders. A significant portion of our operating cash flows may be allocated to meeting these debt obligations, which may limit our ability to make distributions. In addition, if we are required to repay or refinance debt, we may need to liquidate one or more of our investments. Such sales may occur under market conditions that do not permit us to realize the full value of those assets, further reducing the cash available for distribution to shareholders.

**Risks Related to Our Organization and Structure**

***Our senior management team manages our portfolio subject to very broad investment guidelines.***

Our senior management team has broad discretion over our investments, and our stockholders will have no opportunity to evaluate the terms of transactions or other economic or financial data concerning our investments that are not described in periodic filings with the SEC. We rely on the senior management team's ability to execute acquisitions and dispositions of properties, subject to the oversight and approval of our board of directors. Our senior management team is authorized to pursue acquisitions and dispositions of real estate investments in accordance with very broad investment guidelines, subject to approval of our board of directors.

***Our board of directors may change our investment objectives and strategies without stockholder consent.***

Our board of directors determines our major policies, including with regard to financing, growth, debt capitalization, REIT qualification and distributions. Our board of directors may amend or revise these and other policies without a vote of the stockholders. Under our charter and Maryland General Corporation Law (the "MGCL"), our stockholders generally have a right to vote only on the following matters:

- the election or removal of directors;
- the amendment of our charter, except that our board of directors may amend our charter without stockholder approval to:
  - change our name;
  - change the name or other designation or the par value of any class or series of stock and the aggregate par value of our stock;
  - increase or decrease the aggregate number of shares of stock that we have the authority to issue;
  - increase or decrease the number of our shares of any class or series of stock that we have the authority to issue; and
  - effect certain reverse stock splits;
- our liquidation and dissolution; and
- our being a party to a merger, consolidation, sale or other disposition of all or substantially all of our assets or statutory share exchange.

All other matters are subject to the discretion of our board of directors.

***Certain provisions of Maryland law could inhibit changes in control.***

Under the MGCL, "business combinations" (including a merger, consolidation, statutory share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and an "interested stockholder" or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. An interested stockholder is defined as: (a) any person who beneficially owns 10% or more of the voting power of the then-outstanding voting stock of the corporation; or (b) an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then-outstanding stock of the corporation.

A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which the person otherwise would have become an interested stockholder. A Maryland corporation's board of directors may provide that its approval is subject to compliance with any terms and conditions determined by the board of directors prior to the time that the interested stockholder becomes an interested stockholder.

Thereafter, any such business combination must generally be recommended by the board of directors of such corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation, other than shares held by the interested stockholder with whom (or with whose affiliate) the business combination is to be effected, or held by an affiliate or associate of the interested stockholder unless, among other conditions, the corporation's common stockholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares.

A Maryland corporation's board of directors may provide that its approval is subject to compliance with any terms and conditions determined by it. These provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by a Maryland corporation's board of directors prior to the time that the interested stockholder becomes an interested stockholder.

The "control share" provisions of the MGCL provide that, subject to certain exceptions, a holder of "control shares" of a Maryland corporation (defined as shares which, if aggregated with all other shares of stock owned by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of issued and outstanding "control shares") has no voting rights with respect to such shares except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding votes entitled to be cast by the acquirer of control shares, our officers and our personnel who are also our directors. Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of shares of our stock. Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of shares of our stock. There can be no assurance that such provision will not be amended or eliminated at any time in the future by our board of directors.

The "unsolicited takeover" provisions of Title 3, Subtitle 8 of the MGCL, or Subtitle 8, permit our board of directors, without stockholder approval and regardless of what is currently provided in our charter or bylaws, to implement certain takeover defenses, some of which (for example, a classified board) we do not yet have. Our charter provides that vacancies on our board may be filled only by the remaining directors and for the remainder of the full term of the directorship in which the vacancy occurred. Through provisions in our charter and bylaws unrelated to Subtitle 8, we already (i) require the affirmative vote of stockholders entitled to cast not less than two-thirds of all of the votes entitled to be cast generally in the election of directors for the removal of any director from the board, only with cause, (ii) vest in the board of directors the exclusive power to fix the number of directorships and (iii) require, unless called by our chairman of the board, our chief executive officer or our board of directors, the written request of stockholders entitled to cast not less than a majority of all votes entitled to be cast at such a meeting to call a special meeting of our stockholders.

These provisions may have the effect of inhibiting a third party from making an acquisition proposal for us or of delaying, deferring or preventing a change in control of us under the circumstances that otherwise could provide the holders of shares of common stock with the opportunity to realize a premium over the then current market price.

***Our authorized but unissued shares of common and preferred stock may prevent a change in our control.***

Our charter permits our board of directors to authorize us to issue additional shares of our authorized but unissued common or preferred stock. In addition, our board of directors may, without stockholder approval, amend our charter to increase the aggregate number of our shares of stock or the number of shares of stock of any class or series that we have the authority to issue and classify or reclassify any unissued shares of common or preferred stock and set the terms of the classified or reclassified shares. As a result, our board of directors may establish a class or series of shares of common or preferred stock that could delay or prevent a transaction or a change in control that might involve a premium price for shares of our common stock or otherwise be in the best interest of our stockholders.

***Severance agreements with our executive officers could be costly and prevent a change in our control.***

The severance agreements that we entered into with our executive officers provide that, if their employment with us terminates under certain circumstances (including upon a change in our control), we may be required to pay them significant amounts of severance compensation, including accelerated vesting of equity awards, thereby making it costly to terminate their employment. Furthermore, these provisions could delay or prevent a transaction or a change in our control that might involve a premium paid for our common stock or otherwise be in the best interests of our stockholders.

***Because of our holding company structure, we depend on our Operating Partnership and its subsidiaries for cash flow and we will be structurally subordinated in right of payment to the obligations of such operating subsidiary and its subsidiaries.***

We are a holding company with no business operations of our own. Our only significant asset is and will be the general and limited partnership interests in our Operating Partnership. We conduct, and intend to continue to conduct, all of our business operations through our Operating Partnership. Accordingly, our only source of cash to pay our obligations is distributions from our Operating Partnership and its subsidiaries of their net earnings and cash flows. We cannot assure our stockholders that our Operating Partnership or its subsidiaries will be able to, or be permitted to, make distributions to us that will enable us to make distributions to our stockholders from cash flows from operations. Each of our Operating Partnership's subsidiaries is or will be a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from such entities. In addition, because we are a holding company, your claims as stockholders will be structurally subordinated to all existing and future liabilities and obligations of our Operating Partnership and its subsidiaries. Therefore, in the event of our bankruptcy, liquidation or reorganization, our assets and those of our Operating Partnership and its subsidiaries will be able to satisfy your claims as stockholders only after all of our and our Operating Partnership's and its subsidiaries' liabilities and obligations have been paid in full. Furthermore, U.S. bankruptcy courts have generally refused to grant bankruptcy protections to cannabis businesses.

***Our Operating Partnership may issue additional limited partnership interests to third parties without the consent of our stockholders, which would reduce our ownership percentage in our Operating Partnership and would have a dilutive effect on the amount of distributions made to us by our Operating Partnership and, therefore, the amount of distributions we can make to our stockholders.***

We are the sole general partner of our Operating Partnership and own, directly or through subsidiaries, 100% of the outstanding partnership interests in our Operating Partnership. We may, in connection with our acquisition of properties or otherwise, cause our Operating Partnership to issue additional limited partnership interests to third parties. Such issuances would reduce our ownership percentage in our Operating Partnership and affect the amount of distributions made to us by our Operating Partnership and, therefore, the amount of distributions we can make to our stockholders. Because our stockholders will not directly own any interest in our Operating Partnership, our stockholders will not have any voting rights with respect to any such issuances or other partnership level activities of our Operating Partnership.

***If we issue limited partnership interests in our Operating Partnership in exchange for property, the value placed on such partnership interests may not accurately reflect their market value, which may dilute your interest in us.***

If we issue limited partnership interests in our Operating Partnership in exchange for property, the per unit value attributable to such interests will be determined based on negotiations with the property seller and, therefore, may not

reflect the fair market value of such limited partnership interests if a public market for such limited partnership interests existed. If the value of such limited partnership interests is greater than the value of the related property, your interest in us may be diluted.

***Our rights and the rights of our stockholders to take action against our directors and officers are limited, which could limit your recourse in the event of actions not in your best interests.***

We have entered into indemnification agreements with each of our executive directors and officers that provide for indemnification to the maximum extent permitted by Maryland law. Maryland law permits us to include in our charter a provision eliminating the liability of our directors and officers and our stockholders for money damages except for liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- active and deliberate dishonesty that was established by a final judgment and was material to the cause of action.

Our charter authorizes us to obligate ourselves and our bylaws obligate us, to the fullest extent permitted by Maryland law in effect from time to time, to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to:

- any present or former director or officer who is made or threatened to be made a party to or witness in the proceeding by reason of his or her service in that capacity; or
- any individual who, while a director or officer of our company and at our request, serves or has served as a director, officer, partner, manager, member or trustee of another corporation, REIT, partnership, limited liability company, joint venture, trust, employee benefit plan or any other enterprise and who is made or threatened to be made a party to or witness in the proceeding by reason of his or her service in that capacity.

***Our charter contains provisions that make removal of our directors difficult, which could make it difficult for our stockholders to effect changes to our management.***

Our charter provides that, subject to the rights of holders of any series of preferred stock, a director may be removed only with cause upon the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast generally in the election of directors. Vacancies may be filled only by a vote of the majority of the remaining directors in office, even if less than a quorum. These requirements make it more difficult to change our management by removing and replacing directors and may prevent a change in control of our company that is in the best interests of our stockholders.

***Ownership limitations may restrict change in control or business combination opportunities in which our stockholders might receive a premium for their shares.***

In order for us to qualify as a REIT under the Code, shares of our stock must be owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of the outstanding shares of our stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year (other than the first year for which an election to be a REIT has been made). In order for us to qualify as a REIT under the Code, the relevant sections of our charter provide that, subject to certain exceptions, no person or entity may own, or be deemed to own, by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% (in value or number of shares, whichever is more restrictive) of the aggregate of our outstanding shares of stock or more than 9.8% (in value or number of shares, whichever is more restrictive) of our outstanding common stock or any class or series of our outstanding preferred stock, including our 9.00% Series A Cumulative Redeemable Preferred Stock (the "Series A Preferred Stock"). These ownership limits and other restrictions could have the effect of discouraging a takeover or other transaction in which holders of our common stock might receive a premium for their shares over the then prevailing market price or which holders might believe to be otherwise in their best interests.

***We plan to continue to operate our business so that we are not required to register as an investment company under the Investment Company Act.***

We engage primarily in the business of investing in real estate and we have not and do not intend to register as an investment company under the Investment Company Act. If our primary business were to change in a manner that would

require us register as an investment company under the Investment Company Act, we would have to comply with substantial regulation under the Investment Company Act which could restrict the manner in which we operate and finance our business and could materially and adversely affect our business operations and results.

**Risks Related to Our Securities**

***The market prices and trading volumes of our common stock and Series A Preferred Stock have been and may continue to be volatile.***

The market prices for our common stock and Series A Preferred Stock have been, and may continue to be, volatile. In addition, the trading volume in our common stock and Series A Preferred Stock has fluctuated and may continue to fluctuate, resulting in significant price variations.

Some of the factors that could negatively affect the share price or result in fluctuations in the price or trading volume of our common stock and preferred stock include:

- our actual or projected operating results, financial condition, cash flows and liquidity or changes in business strategy or prospects;
- changes in government policies, regulations or laws;
- the performance of our current properties and additional properties that we acquire;
- our ability to make acquisitions on preferable terms or at all;
- equity issuances by us, including issuances by us of shares of common stock and Series A Preferred Stock under our ATM Program, or share resales by our stockholders, or the perception that such issuances or resales may occur;
- actual or anticipated accounting problems;
- publication of research reports about us, the real estate industry or the cannabis industry;
- changes in market valuations of similar companies;
- adverse market reaction to any increased indebtedness we may incur in the future;
- interest rate changes;
- additions to or departures of our senior management team;
- speculation in the press or investment community or negative press in general;
- our failure to meet, or the lowering of, our earnings estimates or those of any securities analysts;
- failure to maintain our qualification as a REIT;
- refusal of securities clearing firms to accept deposits of our securities;
- a delisting of our common stock or preferred stock from the New York Stock Exchange ("NYSE");
- the realization of any of the other risk factors presented in this report;
- actions by institutional stockholders;
- price and volume fluctuations in the stock market generally; and
- market and economic conditions generally, including the current state of the credit and capital markets and the market and economic conditions.

Market factors unrelated to our performance could also negatively impact the market price of our common stock and preferred stock. One of the factors that investors may consider in deciding whether to buy or sell our common stock or Series A Preferred Stock is our distribution rate as a percentage of our stock price relative to market interest rates. If market interest rates increase, prospective investors may demand a higher distribution rate or seek alternative investments paying higher dividends or interest. As a result, interest rate fluctuations and conditions in capital markets can affect the market value of our common stock or Series A Preferred Stock.

***Common stock and preferred stock eligible for future sale may have material and adverse effects on our share price.***

Subject to applicable law, our board of directors, without stockholder approval, may authorize us to issue additional shares of our common stock or to raise capital through the issuance of preferred stock (including equity or debt securities convertible into preferred stock), options, warrants and other rights, on terms and for consideration as our board of directors in its sole discretion may determine. Any such issuance could result in dilution of the equity of our stockholders. Sales of substantial amounts of shares of our common stock in the public market, or the perception that such sales might occur, could adversely affect the market price of our common stock.

Our charter also authorizes our board of directors, without stockholder approval, to designate and issue one or more classes or series of preferred stock (including equity or debt securities convertible into preferred stock) and to set or change the voting, conversion or other rights, preferences, restrictions, limitations as to dividends or other distributions and qualifications or terms or conditions of redemption of each class of shares so issued. If any preferred stock is publicly offered, the terms and conditions of such preferred stock (including any equity or debt securities convertible into preferred stock) will be set forth in a registration statement registering the issuance of such preferred stock or equity or debt securities convertible into preferred stock. Because our board of directors has the power to establish the preferences and rights of each class or series of preferred stock, it may afford the holders of any series or class of preferred stock preferences, powers, and rights senior to the rights of holders of common stock or other preferred stock. If we ever create and issue additional preferred stock or equity or debt securities convertible into preferred stock with a distribution preference over common stock or preferred stock, payment of any distribution preferences of new outstanding preferred stock would reduce the amount of funds available for the payment of distributions on the common stock and junior preferred stock. Further, holders of preferred stock are normally entitled to receive a preference payment if we liquidate, dissolve, or wind up before any payment is made to the common stockholders, likely reducing the amount common stockholders would otherwise receive upon such an occurrence. In addition, under certain circumstances, the issuance of additional preferred stock may delay, prevent, render more difficult or tend to discourage a merger, tender offer, or proxy contest, the assumption of control by a holder of a large block of our securities, or the removal of incumbent management.

Furthermore, we have filed a registration statement with the SEC, allowing us, from time to time, to offer and sell common stock, preferred stock, warrants and other securities to the extent necessary or advisable to meet our liquidity needs.

Additionally, from time to time we also may issue shares of our common stock or operating partnership units of our Operating Partnership in connection with property acquisitions. We may grant additional demand or piggyback registration rights in connection with these issuances. Sales of substantial amounts of our common stock or operating partnership units of our Operating Partnership, or the perception that these sales could occur, may adversely affect the prevailing market price of our common stock or may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities.

As of December 31, 2025, 28,022,975 shares of our common stock were issued and outstanding, and we had reserved an additional 336,921 shares of common stock for future issuance under our 2016 Omnibus Incentive Plan (the "2016 Plan"). In addition, as of December 31, 2025, we had $464.9 million in shares of common stock and/or Series A Preferred Stock available for future issuance under the ATM Program. The existence of operating partnership units, shares of Series A Preferred Stock, shares of our common stock reserved for issuance under our 2016 Plan and shares available for future issuance under the ATM Program may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities.

***We cannot assure you of our ability to make distributions in the future. We may be unable to pay or maintain cash dividends, and may borrow money, sell assets or use offering proceeds to make distributions to our stockholders, if we are unable to make distributions from cash flows from operations.***

U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gain (which does not equal net income as calculated in accordance with U.S. generally accepted accounting principles ("GAAP")), and that it pay U.S. federal income tax at regular corporate rates to the extent that it annually distributes less than 100% of its taxable income. We may not continue our current level of distributions to stockholders. Our board of directors will determine future distributions based on a number of factors, including cash available for distribution, economic conditions, operating results, our financial condition, especially in relation to our anticipated future capital needs, then current expansion plans, the distribution requirements for REITs, and other factors our board deems relevant. In addition, we may borrow money, sell assets or use offering proceeds to make distributions to our stockholders, if we are unable to make distributions from cash flows from operations.

***Our charter permits us to pay distributions from any source and, as a result, the amount of distributions paid at any time may not reflect the performance of our properties or as cash flow from operations.***

Our organizational documents permit us to make distributions from any source. To the extent that our cash available for distribution is insufficient to cover our distributions, we expect to use our cash on hand, the proceeds from the issuance of securities in the future, the proceeds from borrowings or other sources to pay distributions. It is possible that any

distributions declared will be paid from our cash on hand or future issuances of shares of our common stock or preferred stock, which would constitute a return of capital to our stockholders. If we fund distributions from borrowings, sales of properties, future issuances of securities or cash on hand, we will have fewer funds available for the acquisition of additional properties resulting in potentially fewer investments, less diversification of our portfolio and a reduced overall return to our stockholders. In addition, the value of our shares of common stock and preferred stock may be diluted because funds that would otherwise be available to make investments would be diverted to fund distributions.

***The market price of our common stock and Series A Preferred Stock could be materially and adversely affected by our level of cash distributions.***

The market value of our common stock and Series A Preferred Stock is based primarily upon the market's perception of our growth potential and our current and potential future cash distributions, whether from operations, sales or re-financings, and is secondarily based upon the real estate market value of our underlying assets. For that reason, our stock may trade at prices that are higher or lower than our net asset value per share. To the extent we retain operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of our stock. Our failure to meet the market's expectations with regard to future earnings and cash distributions likely would materially and adversely affect the market price of our common stock and Series A Preferred Stock.

***We may enter into forward sale transactions that subject us to certain risks.***

We may enter into forward sale agreements, including under our ATM Program, that subject us to certain risks. The future issuance of any shares of common stock upon settlement of any forward sale agreement will result in dilution to our earnings per share, return on equity, and dividends per share. The purchase of common stock in connection with the unwinding of the forward purchaser's hedge position could cause our stock price to increase (or prevent a decrease) over such time, thereby increasing the amount of cash we would owe (or decreasing the amount of cash owed to us) upon a cash settlement. In addition, pursuant to each forward sale agreement, the relevant forward purchaser will have the right to accelerate the settlement of the forward sale agreement in connection with certain specified events. In such cases, we could be required to settle that particular forward sale agreement and issue common stock irrespective of our capital needs.

Under Section 1032 of the Code, generally, no gains and losses are recognized by a corporation in dealing in its own shares, including pursuant to a "securities futures contract" as defined in the Code. However, because it is not clear whether a forward sale agreement qualifies as a "securities futures contract," the U.S. federal income tax treatment of any cash settlement payment is uncertain. In the event that we recognize a significant gain from a forward sale agreement, we may not be able to satisfy the gross income requirements applicable to REITs under the Code, may not be able to rely upon certain relief provisions and could lose our REIT status under the Code. Even if relief provisions apply, we would be subject to a tax based on the amount of non-qualifying income.

**Risks Related to Our Taxation as a REIT**

***Our failure to qualify or remain qualified as a REIT would subject us to U.S. federal income tax and applicable state and local taxes, which would reduce the amount of cash available for distribution to our stockholders and have significant adverse consequences on the market price of our common stock and existing preferred stock.***

We have made an election to be taxed as a REIT under Sections 856 through 860 of the Code commencing with our taxable year ended December 31, 2017. We believe that we have been organized and operated in such a manner as to qualify for taxation as a REIT under the Code for such taxable year and all subsequent taxable years to date, and intend to continue to operate in such a manner in the future. We have not requested and do not intend to request a ruling from the Internal Revenue Service (the "Service") that we qualify as a REIT, and the statements in this report are not binding on the Service or any court. Qualification as a REIT involves the application of highly technical and complex Code provisions and regulations promulgated by the U.S. Treasury Department thereunder ("Treasury Regulations") for which there are limited judicial and administrative interpretations. Accordingly, we cannot provide assurance that we will qualify or remain qualified as a REIT.

To qualify as a REIT, we must meet, on an ongoing basis, various tests regarding the nature and diversification of our assets and our income, the ownership of our outstanding stock, and the amount of our distributions to stockholders. Our ability to satisfy these asset tests depends upon the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals. Our compliance with

the REIT income and quarterly asset requirements also depends upon our ability to manage successfully the composition of our income and assets on an ongoing basis. Moreover, new legislation, court decisions or administrative guidance, in each case possibly with retroactive effect, may make it more difficult or impossible for us to qualify as a REIT. Thus, while we intend to operate in a manner to qualify as a REIT, in view of the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, we cannot provide assurance that we will so qualify for any particular year. These considerations also might restrict the types of income we can realize, or assets that we can acquire in the future.

If we fail to qualify as a REIT in any taxable year, and we do not qualify for certain statutory relief provisions, we would be required to pay U.S. federal income tax, including any applicable alternative minimum tax (for taxable years beginning before December 31, 2017), on our taxable income at regular corporate rates and possibly increased state and local taxes. We will not be able to deduct distributions to our stockholders in any year in which we fail to qualify, nor will we be required to make distributions to our stockholders. In such a case, we might need to borrow money, sell assets, or reduce or even cease making distributions in order to pay our taxes. Our payment of income tax would reduce significantly the amount of cash available for distribution to our stockholders. If we fail to qualify as a REIT, all distributions to stockholders, to the extent of current and accumulated earnings and profits, will be taxable to the stockholders as dividend income (which may be subject to tax at preferential rates) and corporate distributions may be eligible for the dividends received deduction if they satisfy the relevant provisions of the Code. Furthermore, if we fail to qualify as a REIT, we no longer would be required to distribute substantially all of our net taxable income to our stockholders. In addition, unless we were eligible for certain statutory relief provisions, we could not re-elect to qualify as a REIT until the fifth calendar year following the year in which we failed to qualify. We might not be entitled to the statutory relief described in this paragraph in all circumstances.

***The REIT distribution requirements could adversely affect our ability to execute our business plan, require us to borrow funds during unfavorable market conditions or subject us to tax, which would reduce the cash available for distribution to our stockholders.***

To qualify as a REIT, we must distribute to our stockholders, on an annual basis, at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gain. In addition, we will be subject to U.S. federal income tax at regular corporate rates to the extent that we distribute less than 100% of our net taxable income (including net capital gain) and will be subject to a 4% nondeductible excise tax on the amount by which our distributions in any calendar year are less than a minimum amount specified under U.S. federal income tax laws. We intend to distribute our net income to our stockholders in a manner intended to satisfy the REIT 90% distribution requirement and to avoid U.S. federal income tax and the 4% nondeductible excise tax. However, we can provide no assurances that we will have sufficient cash or other liquid assets to meet these requirements. Difficulties in meeting the distribution requirements might arise due to competing demands for available funds or timing differences between tax reporting and cash receipts. In addition, if the Service were to disallow certain of our deductions, such as employee salaries, depreciation or interest expense, by alleging that we, through our rental agreements with our state-licensed medical cannabis tenants, are primarily or vicariously liable for "trafficking" a Schedule I substance (cannabis) under Section 280E of the Code or otherwise, we would be unable to meet the distribution requirements and would fail to qualify as a REIT. Likewise, if any governmental entity were to impose fines on us for our business involvement in state-licensed cannabis, such fines would not be deductible and the inability to deduct such fines could also cause us to be unable to satisfy the distribution requirement.

We may also generate less cash flow than taxable income in a particular year. In such event, we may be required to use cash reserves, incur debt or liquidate assets at rates or times that we regard as unfavorable or, to the extent possible, make a taxable distribution of our stock in order to satisfy the REIT 90% distribution requirement and to avoid U.S. federal income tax and the 4% nondeductible excise tax in that year. Under certain circumstances, we may be able to rectify a failure to meet the distribution requirement for a year by paying "deficiency dividends" to stockholders in a later year, which may be included in our deduction for dividends paid for the earlier year. Thus, we may be able to avoid being taxed on amounts distributed as deficiency dividends; however, we will be required to pay penalties and interest based upon the amount of any deduction taken for deficiency dividends. If we do not have sufficient cash to distribute, we may incur U.S. federal income tax, U.S. federal excise tax and/or our REIT status may be jeopardized.

***If we are deemed to be subject to Section 280E of the Code because of the business activities of our tenants, the resulting disallowance of tax deductions while cannabis remains a Schedule I drug could cause us to incur U.S. federal income tax and jeopardize our REIT status.***

Section 280E of the Code provides that, with respect to any taxpayer, no deduction or credit is allowed for expenses incurred during a taxable year "in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of Schedule I and II of the CSA) which is prohibited by federal law or the law of any State in which such trade or business is conducted." Because cannabis is presently a Schedule I controlled substance under the CSA, Section 280E by its terms applies to the purchase and sale of cannabis products. Although we will not be engaged in the purchase, sale, growth, cultivation, harvesting, or processing of cannabis products, we will lease our properties to tenants who will engage in such activities, and therefore our tenants will likely be subject to Section 280E. If the Service were to take the position that, through our rental agreements with our state-licensed cannabis tenants, we are primarily or vicariously liable under federal law for "trafficking" a Schedule I substance (cannabis) under section 280E of the Code or for any other violations of the CSA, the Service may seek to apply the provisions of Section 280E to our company and disallow certain tax deductions, including for employee salaries, depreciation or interest expense. If such tax deductions are disallowed, we would be unable to meet the distribution requirements applicable to REITs under the Code, which could cause us to incur U.S. federal income tax and fail to qualify as a REIT. Because we are not engaged in the purchase and/or sale of a controlled substance, we do not believe that we will be subject to the disallowance provisions of Section 280E, and neither we nor our tax advisors are aware of any tax court cases or guidance from the Service in which a taxpayer not engaged in the purchase or sale of a controlled substance was disallowed deductions under Section 280E. However, there is no assurance that the Service will not take such a position either currently or in the future. If any of the efforts to reclassify cannabis to a Schedule III drug are successful, this will not eliminate these risks for periods prior to the effective date of any reclassification.

***Complying with REIT requirements may cause us to forego otherwise attractive business opportunities or liquidate otherwise attractive investments.***

To qualify as a REIT, we must ensure that we meet the REIT gross income tests annually. In addition, we must ensure that, at the end of each calendar quarter, at least 75% of the value of our total assets consists of cash, cash items, government securities and qualified REIT real estate assets, including certain mortgage loans, certain kinds of mortgage-backed securities and certain securities issued by other REITs. The remainder of our investment in securities (other than government securities, securities of corporations that are treated as taxable REIT subsidiaries ("TRSs"), and qualified REIT real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer.

In addition, in general, no more than 5% of the value of our assets (other than government securities and qualified real estate assets) can consist of the securities of any one issuer, no more than 20% (25%, effective for taxable years beginning after December 31, 2025, due to changes made in the One Big Beautiful Bill Act (OBBBA)) of the value of our total securities can be represented by securities of one or more TRSs, and the aggregate value of debt instruments issued by public REITs held by us that are not otherwise secured by real property may not exceed 25% of the value of our total assets. If we fail to comply with these asset requirements at the end of any calendar quarter, we generally must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences.

To meet these tests, we may be required to take or forgo taking actions that we would otherwise consider advantageous. For instance, in order to satisfy the gross income or asset tests applicable to REITs under the Code, we may be required to forego investments that we otherwise would make. Furthermore, we may be required to liquidate from our portfolio otherwise attractive investments. In addition, we may be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution. These actions could have the effect of reducing our income and amounts available for distribution to our stockholders. Thus, compliance with the REIT requirements may hinder our investment performance.

***The tax on prohibited transactions could limit our ability to engage in certain transactions or subject us to a 100% penalty tax.***

We are subject to a 100% tax on any income from a prohibited transaction. "Prohibited transactions" generally include sales or other dispositions of property (other than property treated as foreclosure property under the Code) that is held as inventory or primarily for sale to customers in the ordinary course of a trade or business by a REIT, either directly or

indirectly through certain pass-through subsidiaries. Although we do not intend to hold a significant amount of assets as inventory or primarily for sale to customers in the ordinary course of our business, the characterization of an asset sale as a prohibited transaction depends on the particular facts and circumstances. The Code provides a safe harbor that, if met, allows a REIT to avoid being treated as engaged in a prohibited transaction. It is likely that we may sell certain properties that have not met all of the requirements of such safe harbor if we believe the transaction would not be a prohibited transaction based on a facts and circumstances analysis. If the Service were to successfully argue that such a sale was in fact a prohibited transaction, we would be subject to a 100% penalty tax with respect to such sale.

***The ability of our board of directors to revoke our REIT election without stockholder approval may cause adverse consequences to our stockholders.***

Our charter provides that the board of directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if the board of directors determines that it is no longer in our best interest to attempt to, or continue to, qualify as a REIT. If we cease to qualify as a REIT, we would become subject to U.S. federal income tax on our net taxable income and we generally would no longer be required to distribute any of our net taxable income to our stockholders, which may have adverse consequences on our total return to our stockholders.

***Dividends payable by REITs do not qualify for the reduced tax rates on dividend income from regular corporations, which could adversely affect the value of our common stock.***

The maximum U.S. federal income tax rate for certain qualified dividends payable to U.S. stockholders that are individuals, trusts and estates is 20%. Dividends (other than capital gain dividends) payable by REITs, however, generally are not eligible for the reduced rates. Although the reduced U.S. federal income tax rate applicable to dividend income from regular corporate dividends does not adversely affect the taxation of REITs or dividends paid by REITs, the more favorable rates applicable to regular corporate dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of our common stock.

Non-corporate stockholders, including individuals, generally may deduct 20% of dividends from a REIT, other than capital gain dividends and dividends treated as qualified dividend income, for taxable years beginning after December 31, 2017. If we fail to qualify as a REIT, such stockholders may not claim this deduction with respect to dividends paid by us.

***Complying with REIT requirements may limit our ability to hedge our liabilities effectively and may cause us to incur tax liabilities.***

The REIT provisions of the Code may limit our ability to hedge our liabilities. Any income from a hedging transaction we enter into to manage risk of interest rate changes, price changes or currency fluctuations with respect to borrowings made or to be made to acquire or carry real estate assets, if properly identified under applicable Treasury Regulations, does not constitute "gross income" for purposes of the 75% or 95% gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions will likely be treated as non-qualifying income for purposes of both of the gross income tests. As a result of these rules, we may need to limit our use of advantageous hedging techniques or implement those hedges through a TRS. This could increase the cost of our hedging activities because our TRSs would be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in a TRS generally will not provide any tax benefit, except for being carried forward against future taxable income of such TRS, provided, however, losses in a TRS arising in taxable years beginning after December 31, 2017 may only be deducted against 80% of future taxable income in the TRS.

***Re-characterization of sale-leaseback transactions may cause us to lose our REIT status.***

We purchase many properties and lease them back to the sellers of such properties. While we will use our best efforts to structure any such sale-leaseback transaction so that the lease will be characterized as a "true lease," thereby allowing us to be treated as the owner of the property for federal income tax purposes, the Service could challenge such characterization. In the event that any sale-leaseback transaction is challenged and re-characterized as a financing transaction or loan for federal income tax purposes, deductions for depreciation and cost recovery relating to such property would be disallowed. If a sale-leaseback transaction were so re-characterized, we might fail to satisfy the REIT qualification "asset tests" or the "income tests" and, consequently, lose our REIT status effective with the year of re-characterization. Alternatively, the amount of our REIT taxable income could be recalculated which might also cause us to fail to meet the distribution requirement for a taxable year.

***Non-U.S. stockholders will generally be subject to withholding tax with respect to our ordinary dividends.***

Non-U.S. stockholders generally will be subject to U.S. federal withholding tax on ordinary dividends received from us at a 30% rate, subject to reduction under an applicable treaty or a statutory exemption under the Code.

***Legislative, regulatory or administrative changes could adversely affect us or our stockholders.***

At any time, the U.S. federal income tax laws or Treasury Regulations governing REITs or the administrative interpretations of those laws or regulations may be changed, possibly with retroactive effect, and may adversely affect us and our stockholders. We cannot predict if or when any new U.S. federal income tax law, regulation or administrative interpretation, or any amendment to any existing U.S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective or whether any such law, regulation or interpretation may take effect retroactively.

It remains unclear what impact the rescission of the Cole Memo may have on our ability to qualify as a REIT. If rescission of the Cole Memo is followed by strict enforcement of federal prohibitions regarding cannabis, the Service could seek to apply the provisions of Section 280E of the Code to our company. Section 280E of the Code provides that, with respect to any taxpayer, no deduction or credit is allowed for expenses incurred during a taxable year "in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of Schedule I and II of the CSA) which is prohibited by federal law or the law of any State in which such trade or business is conducted." Because cannabis is a Schedule I controlled substance under the CSA, Section 280E of the Code by its terms applies to the purchase and sale of cannabis products. If the Service were to take the position that, through our rental agreements with our state-licensed cannabis tenants, we are primarily or vicariously liable under federal law for "trafficking" a Schedule I substance (cannabis) under Section 280E of the Code or for any other violations of the CSA, the Service may apply the provisions of Section 280E of the Code to our company and disallow certain tax deductions, including for employee salaries, depreciation or interest expense. If such tax deductions are disallowed, we would be unable to meet the distribution requirements applicable to REITs under the Code, which could cause us to incur U.S. federal income tax and fail to qualify as a REIT.

In addition, tax legislation originally introduced as the Tax Cuts and Jobs Act and signed into law in December 2017 (the "TCJA") makes numerous changes to the tax rules that do not affect the REIT qualification rules directly, but may otherwise affect us or our stockholders. Among the changes made by the TCJA are permanently reducing the generally applicable corporate tax rate, generally reducing the tax rate applicable to individuals and other non-corporate taxpayers for tax years beginning after December 31, 2017 and before January 1, 2026, eliminating or modifying certain previously allowed deductions (including substantially limiting interest deductibility and, for individuals, the deduction for non-business state and local taxes), and, for taxable years beginning after December 31, 2017 and before January 1, 2026, providing for preferential rates of taxation through a deduction of up to 20% (subject to certain limitations) on most ordinary REIT dividends and certain trade or business income of non-corporate taxpayers. The TCJA also imposes new limitations on the deduction of net operating losses, which may result in us having to make additional taxable distributions to our stockholders in order to comply with REIT distribution requirements or avoid taxes on retained income and gains. The effect of the significant changes made by the TCJA is highly uncertain, and administrative guidance will be required in order to fully evaluate the effect of many provisions. Many of the TCJA's changes that were set to expire on December 31, 2025, were continued and made permanent by legislation commonly known as the "One Big Beautiful Bill Act" ("OBBBA"), which was signed into law on July 4, 2025. The effect of any technical corrections with respect to the TCJA and OBBBA could have an adverse effect on us or our stockholders.

***Any repurchase of our Notes due 2026 at a discount may result in cancellation of debt income.***

Any repurchase of our outstanding Notes due 2026 at a discount may result in us recognizing cancellation of debt ("COD") income for U.S. federal income tax purposes generally in an amount equal to the discount. COD income must generally be included in our REIT taxable income. While a REIT's COD income is not taken into account in determining whether a REIT satisfies the tax requirements mandating that certain percentages of a REIT's gross income be from specified sources and the tax rules also provide an exception from the distribution requirement for a REIT's "excess noncash income" (including COD income), the amount of excess noncash income is determined by a formula and may be significantly less than the amount of the REIT's actual noncash income (including COD income). Moreover, even when a REIT's distribution requirement is reduced by the exclusion of excess noncash income, the REIT is taxable at regular corporate income tax rates on its undistributed REIT taxable income and there may be other tax implications that could adversely affect our operations or financial condition.

**General Risk Factors**

***We are dependent on our key personnel for our success.***

We depend upon the efforts, experience, diligence, skill and network of business contacts of our senior management team, and our success will depend on their continued service. The departure of any of our executive officers or key personnel could have a material adverse effect on our business. If any of our key personnel were to cease their employment, our operating results could suffer. Further, we do not intend to maintain key person life insurance that would provide us with proceeds in the event of death or disability of any of our key personnel.

We believe our future success depends upon our senior management team's ability to hire and retain highly skilled managerial, operational and marketing personnel. Competition for such personnel is intense, and we cannot assure you that we will be successful in attracting and retaining such skilled personnel. If we lose or are unable to obtain the services of key personnel, our ability to implement our investment strategies could be delayed or hindered, and the value of our common stock may decline.

Furthermore, we may retain independent contractors to provide various services for us, including administrative services, transfer agent services and professional services. Such contractors have no fiduciary duty to us and may not perform as expected or desired.

***The occurrence of cyber incidents or cyberattacks could disrupt our operations, result in the loss of confidential information and/or damage our business relationships and reputation.***

We rely on technology to run our business, and as such we are subject to risk from cyber incidents, including cyberattacks attempting to gain unauthorized access to our systems to disrupt operations, corrupt data or steal confidential information, and other electronic security breaches. While we have implemented measures to help mitigate these threats, such measures cannot guarantee that we will be successful in preventing a cyber incident. The occurrence of a cyber incident or cyberattack could disrupt our operations, compromise the confidential information of our employees or tenants, and/or damage our business relationships and reputation.

***Contingent or unknown liabilities could materially and adversely affect our business, financial condition, liquidity and results of operations.***

We acquired our properties and may in the future acquire properties, subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown liabilities. As a result, if a claim were asserted against us based on ownership of any of these properties, we may have to pay substantial amounts to defend or settle the claim. If the magnitude of such unknown liabilities is high, individually or in the aggregate, our business, financial condition, liquidity and results of operations would be materially and adversely affected.

**ITEM 1B.** ***UNRESOLVED STAFF COMMENTS***

Not applicable.

**ITEM 1C.** ***CYBERSECURITY***

***Risk Management and Strategy***

Our corporate information technology, communication networks, enterprise applications, accounting and financial reporting platforms, and related systems are necessary for the operation of our business. We use these systems, among others, to manage our tenant and vendor relationships, for internal communications, for accounting and record-keeping functions, and for many other key aspects of our business. Our business operations rely on the secure collection, storage, transmission, and other processing of proprietary, confidential, and sensitive data.

We have implemented and maintain various information security processes designed to identify, assess and manage material risks from cybersecurity threats to our critical computer networks, third-party hosted services, communications systems, hardware and software, and our critical data, including confidential information that is proprietary, strategic or competitive in nature, and tenant data ("Information Systems and Data").

We rely on a multidisciplinary team, as described further below, to identify, assess, and manage cybersecurity threats and risks. We identify and assess risks from cybersecurity threats by monitoring and evaluating our threat environment and our risk profile using various methods including, for example, using manual and automated tools, analyzing reports of threats and threat actors, conducting scans of the threat environment, evaluating our industry's risk profile, and conducting threat and vulnerability assessments.

Depending on the environment, we implement and maintain various technical, physical, and organizational measures, processes, standards, and/or policies designed to manage and mitigate material risks from cybersecurity threats to our Information Systems and Data, including risk assessments, incident detection and response, vulnerability management, disaster recovery and business continuity plans, internal controls within our accounting and financial reporting functions, encryption of data, network security controls, access controls, physical security, systems monitoring, employee training, and penetration testing.

To operate our business, we utilize certain third-party service providers to perform a variety of functions. We seek to engage reliable, reputable service providers that maintain cybersecurity programs. Depending on the nature of the services provided, the sensitivity and quantity of information processed, and the identity of the service provider, our vendor management process may include reviewing the cybersecurity practices of such provider, conducting security assessments, and conducting periodic reassessments during their engagement.

We are not aware of any risks from cybersecurity threats, including as a result of any cybersecurity incidents, which have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition. Refer to "Item 1A. Risk factors" in this annual report on Form 10-K, including "The occurrence of cyber incidents or cyberattacks could disrupt our operations, result in the loss of confidential information and/or damage our business relationships and reputation," for additional discussion about cybersecurity-related risks.

***Governance***

Our board of directors holds oversight responsibility over our strategy and risk management, including material risks related to cybersecurity threats. This oversight is executed directly by the Board of Directors and through its committees. The audit committee of the board of directors oversees the management of systemic risks, including cybersecurity, in accordance with its charter. The audit committee engages in regular discussions with management regarding our significant financial risk exposures and the measures implemented to monitor and control these risks, including those that may result from material cybersecurity threats.

Our management, represented by our Chief Operating Officer, Catherine Hastings, leads our cybersecurity risk assessment and management processes and oversees their implementation and maintenance. Ms. Hastings is an experienced risk management professional, having previously served as our Chief Financial Officer and Treasurer from 2017 until March 2023, and as Vice President, internal audit of BioMed Realty Trust, Inc. (formerly NYSE: BMR) until December 2016, having joined BioMed Realty in 2009. Ms. Hastings currently oversees key functions for our development, asset management, human resources and information technology functions, including cybersecurity risk oversight and the development and enhancement of internal controls designed to prevent, detect, address, and mitigate the risk of cyber incidents. Since 2016, we have retained a third-party information technology specialist to develop and maintain our information technology infrastructure and network, who has extensive experience in the development of business processes, system infrastructure design and cybersecurity for large-scale, institutional real estate companies.

Management is responsible for helping to integrate cybersecurity risk considerations into our overall risk management strategy, and communicating key priorities to relevant personnel. Management is responsible for approving cybersecurity processes, reviewing cybersecurity assessments and other cybersecurity-related matters, and responding to cybersecurity incidents, including reporting to the audit committee for certain cybersecurity incidents. Our management team also evaluates the potential impact of cybersecurity incidents to determine materiality. This evaluation considers factors such as the nature and scope of the incident, and its effects on operations, assets, or reputation. The audit committee holds quarterly meetings and receives periodic reports from management, including our Chief Operating Officer and third-party information technology expert, concerning our significant cybersecurity threats and risks and the processes we have implemented to address them.

**ITEM 2. *PROPERTIES***

Information pertaining to our properties can be found under Item 1 and Schedule III.

**ITEM 3.** ***LEGAL PROCEEDINGS***

For a description of our legal proceedings, see Note 12 "Commitments and Contingencies — Litigation" to our consolidated financial statements, which is hereby incorporated by reference.

**ITEM 4.** ***MINE SAFETY DISCLOSURES***

Not applicable.

## PART II

### ITEM 5. *MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES*

Our common stock is traded on the NYSE under the symbol "IIPR." As of February 19, 2026, there were 36 holders of record of our common shares. This number excludes our common shares owned by stockholders holding under nominee security position listings.

We have elected to be treated as a REIT for U.S. federal income tax purposes. U.S. federal income tax law generally requires that a REIT distribute annually at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gain (which does not equal net income as calculated in accordance with GAAP), and that it pay U.S. federal income tax at regular corporate rates to the extent that it annually distributes less than 100% of its taxable income.

To satisfy the requirements to qualify as a REIT and generally not be subject to U.S. federal income tax, we intend to make quarterly distributions of all or substantially all of our taxable income to holders of our common stock out of assets legally available therefor. However, we cannot assure you that distributions will be made or sustained. Any distributions we make will be at the direction of our board of directors and will depend upon a number of factors, including our actual results of operations, economic conditions, maintenance of REIT qualification and the applicable provisions of the MGCL and such other factors as our board may determine in its sole discretion.

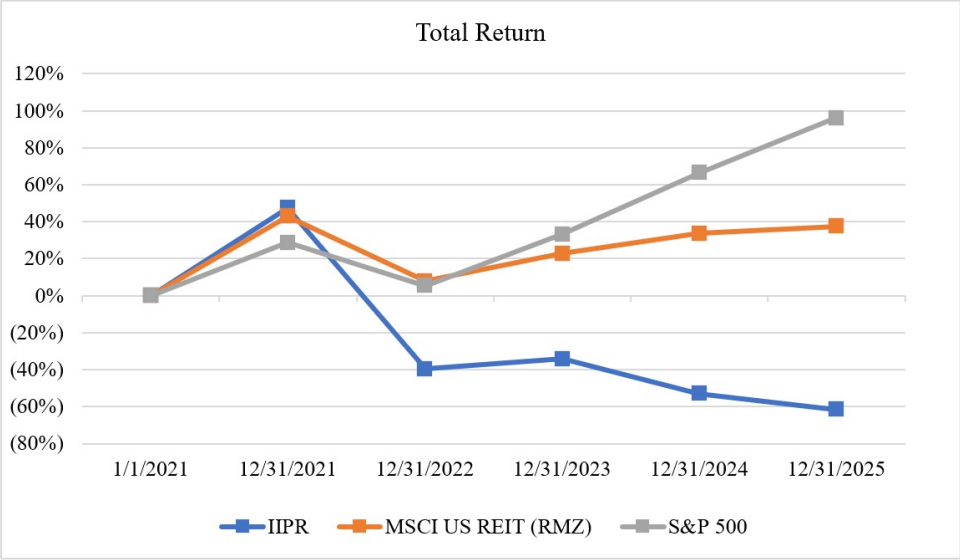
Our organizational documents permit us to make distributions from any source. If our cash available for distribution is insufficient to cover our distributions, we expect to use the proceeds from the issuance of securities, the proceeds from borrowings or other sources to pay distributions. During our initial years of operation, we expect that a portion of our distributions declared may be paid from offering proceeds, which would constitute a return of capital to our stockholders.

We anticipate that our distributions generally will be taxable as ordinary income to our stockholders, although a portion of the distributions may be designated by us as qualified dividend income or capital gain or may constitute a return of capital. We will furnish annually to each of our stockholders a statement setting forth distributions paid during the preceding year and their characterization as ordinary income, return of capital, qualified dividend income or capital gain.

Information about our equity compensation plans and other related stockholder matters is incorporated by reference in Item 12 of Part III of this Annual Report on Form 10-K.

#### *Stock Performance Graph*

The following graph shows a comparison from January 1, 2021 to December 31, 2025 of cumulative total stockholder return, calculated on a dividends reinvested basis, for Innovative Industrial Properties, Inc., the S&P 500 Stock Index, or the S&P 500, and the MSCI US REIT Index, which includes all tax-qualified equity REITs listed in the United States. Note that historic stock price performance is not necessarily indicative of future stock price performance. The stock performance graph should not be deemed filed or incorporated by reference into any other filing made by us under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate the stock performance graph by reference in another filing.




Source: SNL Financial

**Unregistered Sales of Equity Securities**

During the year ended December 31, 2025, we did not sell any equity securities that were not registered under the Securities Act of 1933.

**Issuer Purchases of Equity Securities**

In March 2025, our Board of Directors authorized a share repurchase program of up to $100.0 million of the Company's common stock. The repurchase program expires on March 17, 2026, and may be extended, suspended, modified or discontinued at any time at the Company's discretion. During the year ended December 31, 2025, we repurchased and retired 371,538 shares of common stock for $20.1 million. No shares of common stock were repurchased and retired during the years ended December 31, 2024 and 2023. As of December 31, 2025, $79.9 million remained available for purchase under the share purchase plan.

**ITEM 6. *[RESERVED]***

Not applicable.

## ITEM 7. *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

*The following discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this report. We make statements in this section that are forward-looking statements within the meaning of the federal securities laws. For a complete discussion of forward-looking statements, see the section above entitled "Cautionary Statement Regarding Forward-Looking Statements." Certain risk factors may cause our actual results, performance or achievements to differ materially from those expressed or implied by the following discussion. For a discussion of such risk factors, see Item 1A, "Risk Factors."*

### Overview

We are an internally-managed REIT focused on the acquisition, ownership and management of specialized industrial and commercial properties in the United States. Our properties are primarily leased to experienced, state-licensed operators for their regulated cannabis facilities. We have acquired and expect to continue to acquire our cannabis properties through sale-leaseback transactions and third-party purchases. These properties are generally leased, and we expect to continue leasing them, on a triple-net lease basis, pursuant to which the tenant is responsible for all aspects of and costs related to the property and its operation during the lease term, including structural repairs, maintenance, real estate taxes and insurance. Outside of the cannabis sector, our leases may include different lease structures that do not require tenants to assume all property-related expenses. In addition to our cannabis-related real estate portfolio, we also have financial investments in the life science industry and intend to actively pursue acquisitions of properties within that sector as a key component of our growth strategy. We may continue expanding our investment activities to include joint ventures, debt or mezzanine financing, preferred or joint venture equity interests, and interests in other real estate funds or REITs.

We were incorporated in Maryland on June 15, 2016. We conduct our business through a traditional umbrella partnership real estate investment trust, or UPREIT structure, in which our properties are owned by our Operating Partnership, directly or through subsidiaries. We are the sole general partner of our Operating Partnership and own, directly or through subsidiaries, 100% of the limited partnership interests in our Operating Partnership. As of December 31, 2025, we had 23 full-time employees.

As of December 31, 2025, we owned 111 properties comprising 8.9 million square feet (including 303,000 rentable square feet under development/redevelopment) in 19 states. As of December 31, 2025, we had invested $2.5 billion in the aggregate (consisting of purchase price and funding of draws for improvements submitted by tenants, if any, but excluding transaction costs) and had committed an additional $6.5 million to fund draws to certain tenants and vendors for improvements at our properties. Of the $6.5 million committed to fund draws to certain tenants and vendors for improvements at our properties, $3.0 million was incurred but not funded as of December 31, 2025.

Of these properties, we include 109 properties in our operating portfolio, which were 96.7% leased as of December 31, 2025, with a weighted-average remaining lease term of 12.8 years. We define our "operating portfolio" as the portion of our property portfolio consisting of properties that are leased or are not leased but ready for their intended use. The operating portfolio excludes properties under development or redevelopment that are not yet available for tenant occupancy. Properties are added to the operating portfolio upon substantial completion and availability for occupancy and may be removed if they become vacant and we elect to redevelop them, pursue alternative uses, or market them for sale rather than re-lease them.

We do not include in our operating portfolio the following two properties (all of which were under development/redevelopment as of December 31, 2025, and together are expected to comprise 255,000 rentable square feet upon completion of development/redevelopment):

- Inland Center Drive in San Bernardino, California; and
- Leah Avenue in San Marcos, Texas.

### Factors Impacting Our Operating Results

Our results of operations are affected by a number of factors and depend on the rental revenue we receive from the properties that we acquire, the timing of lease expirations, general market conditions, the regulatory environment in the cannabis industry, the regulatory and market conditions applicable to the life science industry, and the competitive environment for real estate assets supporting regulated cannabis operators and life science tenants.

***Rental Revenues***

We receive income primarily from rental revenue generated by the properties that we acquire. The amount of rental revenue depends upon a number of factors, including:

- our ability to enter into leases with increasing or market value rents for the properties that we acquire; and
- rent collection, which primarily relates to each of our current and future tenant's financial condition and ability to make rent payments to us on time.

The properties that we acquire consist of primarily real estate assets that support the regulated cannabis industry. Most states where we own properties issue licenses for cannabis operations for a limited period. If one or more of our tenants are unable to renew or otherwise maintain their licenses or other state and local authorizations necessary to continue its cannabis operations, such tenants may default on their lease payments to us. Current unfavorable market dynamics in the regulated cannabis industry have adversely affected our ability to re-lease properties upon tenant defaults at the rental rates we currently receive and, in some cases, for prolonged periods. See the section entitled "Business – Tenant Concentration" for a discussion of our recent tenant defaults. Furthermore, changes in federal law and current favorable state or local laws in the cannabis industry may impair our ability to renew or re-lease properties and the ability of our tenants to fulfill their lease obligations and could materially and adversely affect our ability to maintain or increase rental rates for our properties.

***Conditions in Our Markets***

Conditions in the markets in which we operate, including regulatory, economic and industry-specific developments, influence tenant performance and the performance of our life science investments and, in turn, our financial condition, results of operations and cash flows.

Our tenants primarily operate in the regulated cannabis industry and continue to be affected by a combination of macroeconomic, industry-specific and regulatory factors. These include federal, state and local taxation burdens; competitive pressure from illicit, unlicensed cannabis operations; declines in unit pricing for regulated cannabis products; constrained access to capital; inflationary pressures; elevated interest rates; significant debt maturities; labor market constraints; supply chain disruptions; evolving trade policies; and broader U.S. consumer financial conditions. Market dynamics and regulatory frameworks vary by state and may influence tenant profitability and demand for regulated cannabis cultivation and production facilities. These conditions have already adversely affected the ability of certain tenants to meet their lease obligations and have had a material adverse effect on the Company's financial condition, results of operations, and cash flows. If these challenges persist or worsen, additional tenants may default under their leases and we may be unable to re-lease affected properties on favorable terms, or at all. The extent and duration of these impacts depend on developments in the regulated cannabis markets in which we operate and remain subject to significant uncertainty.

In addition to the regulated cannabis industry, we have investments and strategic objectives related to the life science industry. Conditions in the life science sector, including capital availability, interest rate trends, new supply, valuation levels and sector consolidation may affect the performance of our life science investments and any life science properties that we may acquire.

See "Item 1A. Risk factors" in this annual report on Form 10-K for a discussion of additional risks we face.

*Market Dynamics in Regulated Cannabis State Programs*

Regulated cannabis markets differ significantly by state, reflecting variations in regulatory structures, taxation and licensing regimes, and enforcement practices related to illicit cannabis activity. In certain states, including California, the illicit market continues to represent a substantial portion of overall cannabis sales, and high state and local taxes on regulated cannabis products have impacted operator profitability. In markets where enforcement against illicit sales is limited or inconsistent, regulated operators may face additional competitive pressure, which can affect demand for regulated cannabis facilities.

In addition, many states have experienced sustained declines in unit pricing for regulated cannabis products, with pricing pressure more pronounced in certain markets. These trends have compressed margins for operators and, in some cases, led to consolidation of operations or the closure of certain facilities. These developments have influenced tenant demand for space and capital investment decisions and may continue to affect leasing activity.

*Reduced Capital Availability and Significant Debt Maturities for Cannabis Operators*

Capital availability for regulated cannabis operators remains constrained due to a combination of higher interest rates, increased market volatility, regulatory uncertainty, and the continued federal illegality of cannabis in the United States, which limits access to traditional bank financing and public capital markets. As a result, many operators rely on alternative sources of capital that are generally more expensive and restrictive. Since 2021, capital availability for the regulated cannabis industry has declined, in part due to broader macroeconomic conditions. According to Viridian Capital Advisors ("Viridian"), worldwide cannabis capital raises in 2025 decreased modestly to $2.1 billion, compared to $2.3 billion in 2024, but remained well below levels observed in prior years, including over $4.3 billion in 2022. In contrast, Viridian reports that mergers and acquisitions activity in the North American regulated cannabis industry increased to approximately $2.1 billion in 2025, up from $1.2 billion in 2024.

At the same time, a number of operators have reached or are approaching the maturity of debt incurred in prior periods. Limited refinancing options, often at higher interest rates and with restrictive covenants, have increased financial pressure on some tenants and may lead to balance sheet restructurings, asset sales or reductions in operations. These factors may affect tenant credit profiles and leasing decisions and could influence future rental income and property utilization.

*Inflation, Tariffs and Supply Chain Disruption*

Inflationary pressures, changes in trade policy and ongoing supply chain challenges have contributed to higher operating and capital costs for cannabis operators and, in certain cases, for the development or redevelopment of our properties. Changes in tariff policies may increase the cost of equipment, construction materials and other inputs used in cultivation and production facilities. These higher costs may further affect tenant capital expenditure plans and operating margins.

In addition, supply chain disruptions and geopolitical developments have resulted in longer lead times and increased costs for certain capital projects, which may delay development or redevelopment activities and the commencement or expansion of tenant operations. The extent of these impacts will continue to depend on broader economic conditions, regulatory developments and future changes in trade and tariff policies.

*Unit Pricing for Regulated Cannabis Products*

Many states have experienced declines in unit pricing for regulated cannabis products, with that decline more pronounced in certain states than in others, which compresses operating margins for operators. As a result, certain regulated cannabis operators have consolidated operations or shuttered certain operations to reduce costs, which could have a negative impact on operators' demand for regulated cannabis facilities, including our existing tenants.

***Significant Tenants and Concentrations of Risk***

As of December 31, 2025, we owned 111 properties located in 19 states. Many of our tenants are tenants at multiple properties. We seek to manage our portfolio-level risk through geographic diversification and by minimizing dependence on any single property or tenant. At December 31, 2025, our largest property was located in New York and accounted for 5.5% of our net real estate held for investment. No other properties accounted for more than 5% of our net real estate held for investment at December 31, 2025. See Note 2 "Summary of Significant Accounting Policies and Procedures and Recent Accounting Pronouncements" in the notes to the consolidated financial statements for further information regarding the tenants in our portfolio that represented the largest percentage of our total rental revenues for the year ended December 31, 2025.

***Competitive Environment***

We face competition from a diverse mix of market participants, including but not limited to, other companies with similar business models, independent investors, hedge funds, lenders and other real estate investors, as well as potential tenants (cannabis operators themselves), all of whom may compete with us in our efforts to acquire real estate zoned for regulated cannabis operations. Competition from others may diminish our opportunities to acquire a desired property on favorable terms or at all. In addition, this competition may put pressure on us to reduce the rental rates below those that we expect to charge for the properties that we acquire, which would adversely affect our financial results.

***Operating Expenses***

Our operating expenses include general and administrative expenses, including personnel costs, stock-based compensation, and legal, accounting and other expenses related to corporate governance, public reporting and compliance with the various provisions of U.S. securities laws. Our operating expenses also include costs that we incur for properties, including taxes, insurance, maintenance, security, utilities and other property-specific costs. We generally expect to structure our leases so that the tenant is responsible for real estate taxes, maintenance, insurance, and structural repairs with respect to the premises throughout the lease term. Increases or decreases in such operating expenses will impact our overall financial performance.

***Our Qualification as a REIT***

We have been organized and operate our business so as to qualify, to be taxed as a REIT for U.S. federal income tax purposes. Shares of our common stock and Series A Preferred Stock are subject to restrictions on ownership and transfer that are intended, among other purposes, to assist us in qualifying and maintaining our qualification as a REIT. In order for us to qualify as a REIT under the Code, the relevant sections of our charter provide that, subject to certain exceptions, no person or entity may own, or be deemed to own, by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% (in value or number of shares, whichever is more restrictive) of the aggregate of our outstanding shares of stock or Series A Preferred Stock or more than 9.8% (in value or number of shares, whichever is more restrictive) of our outstanding common stock or any class or series of our outstanding preferred stock.

**Results of Operations**

***Investments in Real Estate***

See Note 6 “Investments in Real Estate” in the notes to the consolidated financial statements for information regarding our investments in real estate and property portfolio activity during the year ended December 31, 2025. Additionally, the Company declared a default under a secured promissory note in the aggregate principal amount of $16.1 million (the “MIH Note”). The MIH Note was issued to the Company by the purchaser of four properties in California and was secured by such four properties. In September 2025, due to borrower's continued default and voluntary surrender, the Company took back possession and ownership of the four properties through a deed in lieu of foreclosure.

***Investment in Life Science***

See Note 7 "Life Science Investments" in the notes to the consolidated financial statements for information regarding our life science investment activity for the year ended December 31, 2025.

***Comparison of the Years Ended December 31, 2024 and 2023***

See Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2024, which was filed with the SEC on February 21, 2025, for a comparison of the years ended December 31, 2024 and 2023.

***Comparison of the Years Ended December 31, 2025 and 2024*** *(in thousands)*

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | Change |
| **Cannabis Portfolio Segment:** | | | |
| Rental revenues (including tenant reimbursements) | $ 265,486 | $ 306,936 | $ (41,450) |
| Other revenues | 469 | 1,581 | (1,112) |
| Property expenses | (30,177) | (28,472) | (1,705) |
| Depreciation and amortization expense | (74,068) | (70,807) | (3,261) |
| Impairment loss on real estate | (3,527) | — | (3,527) |
| Gain (loss) on sale of real estate | (326) | (3,449) | 3,123 |
| Interest and other income | 6,413 | 4,388 | 2,025 |
| Cannabis Portfolio Segment net income | 164,270 | 210,177 | (45,907) |
| **Life Science Portfolio Segment:** | | | |
| Interest and other income | 5,047 | — | 5,047 |
| Life Science Portfolio Segment net income | 5,047 | — | 5,047 |
| **Unallocated:** | | | |
| General and administrative expense | (33,735) | (37,444) | 3,709 |
| Interest and other income | 2,860 | 6,600 | (3,740) |
| Interest expense | (20,195) | (17,672) | (2,523) |
| Net income | 118,247 | 161,661 | (43,414) |
| Preferred stock dividends | (3,812) | (1,804) | (2,008) |
| Net income attributable to common stockholders | $ 114,435 | $ 159,857 | $ (45,422) |

***Cannabis Portfolio Segment***

*Rental Revenues.* Rental revenues for the year ended December 31, 2025 were $265.5 million, compared to $306.9 million for the year ended December 31, 2024, reflecting a decrease of $41.5 million, or 14%, year over year. The decrease was primarily driven by tenant defaults, resulting in a decrease of $46.9 million related to properties leased to PharmaCann, Gold Flora, TILT, and 4Front. In addition, there was a decrease of $3.1 million related to properties that have been taken back or sold, a $3.9 million decrease from a one-time disposition-contingent lease termination fee that was collected during the year ended December 31, 2024 in connection with the sale of property in Los Angeles, California, and a $3.1 million decrease in tenant reimbursement revenue primarily due to tenant defaults. These decreases were partially offset by a $5.4 million increase from two properties acquired in 2024 and one property acquired in 2025, a $5.1 million increase from new leases executed on existing properties, and a $6.0 million increase from annual contractual rent escalations.

For the year ended December 31, 2025, we applied $6.6 million of security deposits for payment of contractual rent on properties leased to seven tenants. For the year ended December 31, 2024, we applied $7.7 million of security deposits for payment of contractual rent on properties leased to six tenants.

*Other Revenues.* Other revenues for the years ended December 31, 2025 and 2024 primarily consist of interest revenue related to leases for property acquisitions that did not satisfy the requirements for sale-leaseback accounting. The $1.1 million decrease in other revenue for the year ended December 31, 2025 was primarily due to non-collection of rent related to one property leased to 4Front.

*Property Expenses.* Property expenses for the year ended December 31, 2025 increased by $1.7 million, or 6%, to $30.2 million, compared to $28.5 million for the year ended December 31, 2024. The increase was primarily driven by additional investment in existing properties, resulting in a $2.1 million increase in property tax expense, as well as a $0.8 million increase in expenses associated with properties that we took back possession of from defaulted tenants but not yet re-leased. These increases were partially offset by a $1.2 million decrease in insurance expense due to lower premiums on

the master property insurance policy renewed in August 2024 and 2025. Property expenses related to leased properties are generally reimbursable to us by the tenants under the terms of the leases.

*Depreciation and Amortization Expense.* Depreciation and amortization expense for the year ended December 31, 2025 increased by $3.3 million, or 5%, to $74.1 million, compared to $70.8 million for the year ended December 31, 2024. The increase in depreciation and amortization expense was primarily related to depreciation on the two properties we acquired in 2024, one property acquired in 2025 and the placement into service of construction and improvements at certain of our properties.

*Impairment loss on real estate*. Impairment loss on real estate of $3.5 million for the year ended December 31, 2025 is related to one of our properties located in Palm Springs, California which was sold in June 2025.

*Loss on Sale of Real Estate.* Loss on sale of real estate for the year ended December 31, 2025 related to the sale of a property located in Mancos, Colorado, which was sold in December 2025. Loss on sale of real estate for the year ended December 31, 2024 related to the sale of a property located in Los Angeles, California, which was sold in May 2024. See Note 6 "Investments in Real Estate" to our consolidated financial statements included in this report for more information.

*Interest and Other Income.* Interest and other income for the year ended December 31, 2025 increased by $2.0 million, or 46%, to $6.4 million, compared to $4.4 million for year ended December 31, 2024. The increase was primarily due to interest payments on the MIH Note, which were previously recognized as a deposit liability on our consolidated balance sheets but was recognized as interest and other income in September 2025 in connection with the termination of the note.

***Life Science Portfolio Segment***

*Interest and Other Income*. Interest and other income was $5.0 million for the year ended December 31, 2025 and represented interest and dividend income earned on our investments in the IQHQ Credit Facility and IQHQ Preferred Stock.

***Unallocated Items***

*General and Administrative Expense.* General and administrative expense for the year ended December 31, 2025 decreased by $3.7 million, or 10%, to $33.7 million, compared to $37.4 million for the year ended December 31, 2024. The decrease was primarily attributable to lower non-cash stock-based compensation expense, which decreased by $7.2 million from $17.3 million for the year ended December 31, 2024 to $10.1 million for the year ended December 31, 2025, driven by the expiration of the performance share units ("PSUs") granted in 2022 on December 31, 2024. The decrease was partially offset by higher legal, consultant and payroll expenses during the year ended December 31, 2025.

*Interest and Other Income*. Interest and other income decreased by $3.7 million, or 57%, to $2.9 million for the year ended December 31, 2025, compared to $6.6 million for the year ended December 31, 2024. The decrease was due to lower interest-bearing investments and lower rates earned on those investments.

*Interest Expense.* Interest expense primarily consists of interest on our Notes due 2026 and interest on our Credit Facilities. Interest expense for the year ended December 31, 2025 increased by $2.5 million, or 14%, to $20.2 million, compared to $17.7 million for the year ended December 31, 2024. The increase was primarily driven by interest incurred on borrowings under our Credit Facilities beginning in September 2025.

*Preferred Stock Dividends.* Preferred stock dividends increased by $2.0 million, or 111%, to $3.8 million for the year ended December 31, 2025, compared to $1.8 million for the year ended December 31, 2024 due to issuance of 1,016,852 shares of preferred stock during the year ended December 31, 2025.

**Cash Flows**

The following summary discussion of our cash flows is based on the consolidated statements of cash flows in Item 8, "Financial Statements and Supplementary Data" and is not meant to be an all-inclusive discussion of the changes in our cash flows for the periods presented below (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | Change |
| Net cash provided by (used in) operating activities | $ 198,189 | $ 258,446 | $ (60,257) |
| Net cash provided by (used in) investing activities | (174,301) | (55,996) | (118,305) |
| Net cash provided by (used in) financing activities | (122,536) | (197,904) | 75,368 |
| Ending cash and cash equivalents | 47,597 | 146,245 | (98,648) |

*Operating Activities*

Cash flows provided by operating activities for the years ended December 31, 2025 and 2024 were $198.2 million and $258.4 million, respectively. Cash flows provided by operating activities were primarily from contractual rent and tenant reimbursements from our properties, partially offset by our general and administrative expense, interest expense, property expenses in excess of tenant reimbursements and property expenses at properties that were not leased. The decrease in cash flows provided by operating activities for the year ended December 31, 2025 compared to the year ended December 31, 2024 was primarily due to lower net income and the application of $6.6 million of security deposits for contractual rent due to tenant defaults. Cash flows provided by operating activities for the year ended December 31, 2024 also included a one-time $3.9 million disposition-contingent lease termination fee that was received concurrently with the sale of our property in Los Angeles, California.

*Investing Activities*

Cash flows used in investing activities for the year ended December 31, 2025 were $174.3 million, of which $150.3 million was related to investments in life science financial instruments, $31.2 million was related to investments in real estate and funding of draws for improvements and construction funding at our properties, partially offset by $2.2 million in net proceeds related to the sale of two real estate properties and $5.0 million in proceeds related to the net purchases and maturities of short-term investments.

Cash flows used in investing activities for the year ended December 31, 2024 were $56.0 million, of which $82.6 million was related to the purchases of investments in real estate, funding of draws for improvements and construction, and funding of construction loan and other investments in the aggregate, partially offset by $9.1 million in net proceeds related to the sale of our Los Angeles, California property and $17.5 million of net maturities of short-term investments.

The year-over-year decrease in purchases of investments in real estate, funding of draws for improvements and construction, and funding of construction loan and other investments was due to smaller acquisitions and lower development activities as certain projects were completed during 2025.

*Financing Activities*

Cash flows used in financing activities for the year ended December 31, 2025 were $122.5 million, primarily related to dividend payments of $219.5 million to common and preferred stockholders, $20.1 million related to repurchase of common stock and partial principal payments on the Notes due 2026 of $8.7 million, partially offset by net total draws on our two revolving credit facilities of $102.5 million and $24.1 million in net proceeds from the issuance of our Series A Preferred Stock pursuant to our ATM program.

Cash flows used in financing activities for the year ended December 31, 2024 were $197.9 million, primarily related to dividend payments of $213.5 million to common and preferred stockholders and principal payment on the Exchangeable Senior Notes of $4.4 million, partially offset by $11.8 million in net proceeds from the issuance of our common stock and $9.6 million in net proceeds from the issuance of our Series A Preferred Stock pursuant to our ATM program.

**Liquidity and Capital Resources**

***Sources and Uses of Cash***

Liquidity is a measure of our ability to meet potential cash requirements. We expect to use significant cash to acquire additional properties and other investments (including the completion of our investment in IQHQ Preferred Stock), associated acquisition and improvement costs, non-reimbursed expenses associated with unleased properties, operating and administrative expenses, scheduled debt service and repayments, and the payment of dividends to holders of our Common Stock and Preferred Stock, as well as any future series of preferred stock we may issue. As of December 31, 2025, we had cash and cash equivalents of $47.6 million.

We derive substantially all of our revenues from leasing our properties and collecting rental income, which includes operating expense reimbursements, based on contractual arrangements with our tenants. This source of revenue represents our primary source of liquidity to fund the acquisition of additional properties, the development and redevelopment of existing properties, the funding of our remaining investment in IQHQ Preferred Stock, dividends to our stockholders, scheduled debt service under our Notes due 2026, repayment of borrowings and interest payments under our Credit Facilities, general and administrative expenses, property development and redevelopment activities, property operating expenses and other expenses incurred related to managing our existing portfolio and investing in additional properties. Because substantially all of our leases are triple net, our tenants are generally responsible for the maintenance, insurance and property taxes associated with the properties they lease from us. If a tenant defaults on one of our leases or the lease term expires with no tenant renewal, we would incur property costs not paid by the tenant during the time it takes to re-lease or sell the property.

We expect to meet our liquidity needs through a combination of rental income from our properties, cash and investments on hand, borrowings under our Credit Facilities, and access to capital markets, including potential note issuances, equity offerings (of both common stock and preferred stock), including under our ATM Program, or other financing arrangements.

At December 31, 2025, the outstanding principal balance on the Notes due 2026 was $291.2 million, which matures in May 2026. The maturity of the Notes due 2026 within one year from the date of issuance of the Company's financial statements, together with the Company's current liquidity position, raises substantial doubt about the Company's ability to continue as a going concern within one year after the date the financial statements are issued.

Management is actively evaluating alternatives to address the maturity of the Notes due 2026, which may include refinancing the existing indebtedness or raising additional capital combined with existing cash resources to retire the obligation. Although management believes that it is more likely than not that the Company will be able to address the maturity of the Notes due 2026, guidance issued under Accounting Standard Codification ("ASC") 205-40, *Presentation of Financial Statements - Going Concern*, requires that management not conclude that such an outcome is "probable" if, among other factors, the outcome is not within control of the Company. Because no such refinancing or capital transactions have closed, such outcomes are not solely within the control of the Company and therefore, management is unable to conclude that such an outcome is probable. Accordingly, management has concluded that there is substantial doubt about the Company's ability to continue as a going concern within one year following the date of issuance of these consolidated financial statements. The failure to retire or refinance the Notes due 2026 could lead to an event of default, which would have a material adverse effect on the Company's financial condition.

In recent years, financial markets have been volatile in general. If sustained, this could also have a material adverse effect on our business, financial condition and results of operations, including our ability to refinance our existing indebtedness, fund our obligations to purchase IQHQ Preferred Stock, and continue to make acquisitions of new properties and fund investments for improvements at existing properties. Our investment guidelines also provide that our aggregate borrowings (secured and unsecured) will not exceed 50% of the cost of our tangible assets at the time of any new borrowing, subject to our board of directors' discretion.

*IQHQ Investments*

We have made a long-term capital commitment to fund investments in IQHQ REIT through both purchases of preferred equity and secured credit instruments. These investments represent a strategic expansion of our portfolio and are expected to be funded over an extended period through a combination of available cash on hand, operating cash flows, our Credit Facilities, and potential future financing activities.

On September 30, 2025, IIP Life Science completed the initial closing of the Company's investment in preferred equity of IQHQ REIT pursuant to the Securities Purchase Agreement, acquiring 5,000 shares of IQHQ Preferred Stock for an aggregate purchase price of $5.0 million. On October 31, 2025, the Company purchased an additional 45,000 shares of IQHQ Preferred Stock for $45.0 million, resulting in a total investment of 50,000 shares with an aggregate purchase price of $50.0 million. Under the terms of the Securities Purchase Agreement, IIP Life Science holds the right and obligation to purchase up to an aggregate of $170.0 million of IQHQ Preferred Stock, subject to the exercise of preemptive rights by existing IQHQ investors and certain other conditions. Our remaining investment in IQHQ Preferred Stock pursuant to the Securities Purchase Agreement is expected to be funded in multiple tranches commencing the second quarter of 2026 and continuing through the second quarter of 2027. IQHQ REIT may elect to delay or cancel scheduled funding dates under the terms of the Securities Purchase Agreement, which could affect the timing or total amount of our investment. We expect to fund the additional investments in IQHQ Preferred Stock with cash on hand, draws on our IIP Life Science Credit Facility and potential proceeds from future financing activities.

In connection with the initial closing of our investment in IQHQ Preferred Stock, we also became a lender under the IQHQ Revolving Credit Facility and funded our $100.0 million loan commitment using available cash on hand and borrowings under our Revolving Credit Facility. See the section above entitled "Business - 2025 Business Update - Life Science Investments" for a discussion of the terms of the IQHQ Credit Facility.

*Notes Due 2026*

In May 2021, we received an investment grade rating from a ratings agency. We sought to obtain an investment grade rating to facilitate access to the investment grade unsecured debt market as part of our overall strategy to maximize our financial flexibility and manage our overall cost of capital. In May 2021, our Operating Partnership issued $300.0 million aggregate principal amount of Notes due 2026. The Notes due 2026 are the Operating Partnership's general unsecured and unsubordinated obligations, and rank equally in right of payment with all of the Operating Partnership's future senior unsecured indebtedness. The terms of the Notes due 2026 are governed by an indenture, which requires compliance with various financial covenants including limits on the amount of total leverage and secured debt maintained by the Operating Partnership and which require the Operating Partnership to maintain minimum levels of debt service coverage. Management believes that it was in compliance with those covenants as of December 31, 2025. In addition, the terms of the indenture provide that if the debt rating on the Notes due 2026 is downgraded or withdrawn entirely, interest on the Notes due 2026 will increase to a range of 6.0% to 6.5% based on such debt rating. As of December 31, 2025, the outstanding principal balance on our Notes due 2026 was $291.2 million and we plan to refinance these notes prior to maturity in May 2026.

*ATM Program*

We have an "at the market" equity offering program ("ATM Program"), pursuant to which we may offer and sell from time to time, including on a forward basis, shares of our common stock and 9.00% Series A Cumulative Redeemable Preferred Stock, $0.001 par value per share (the "Series A Preferred Stock"), up to an aggregate offering price of $500.0 million. During the year ended December 31, 2025, we sold 1,016,852 shares of our Series A Preferred Stock for net proceeds of $24.1 million. As of December 31, 2025, shares of the Company's common stock and Series A Preferred Stock having an aggregate offering price of up to $464.9 million remain available for offer and sale pursuant to the ATM Program.

*Credit Facilities*

In October 2023, our Operating Partnership entered into a loan and security agreement (the "Loan Agreement") with a federally regulated commercial bank, as lender and as agent for lenders that become party thereto from time to time. The Loan Agreement matures on October 23, 2026, and was most recently amended in November 2024 to increase aggregate commitments for secured revolving loans to $87.5 million (the "Revolving Credit Facility"). The Loan Agreement also allows the Operating Partnership, subject to the satisfaction of certain conditions, to request additional revolving incremental loan commitments up to a specified amount. Borrowings under the Revolving Credit Facility bear interest at a variable rate based on the greater of (i) the prime rate plus an applicable margin based on deposits with the participating bank(s) ranging from 0.5% to 2.05% and (ii) 9.0%. At December 31, 2025, the interest rate was 9.0%. The Loan Agreement is subject to certain liquidity and operating covenants, including a debt service coverage ratio covenant, defined as the ratio of (i) consolidated EBITDA to (ii) debt service costs and required to be not less than 2.0 to 1.0, measured as of the end of each fiscal quarter. The Loan Agreement also includes customary representations and warranties, affirmative and negative covenants and events of default. Management believes it was in compliance with these covenants as of

December 31, 2025. As of December 31, 2025, there were $27.5 million of borrowings outstanding under the Revolving Credit Facility.

On October 3, 2025, our Operating Partnership and IIP Life Science entered into a loan agreement with a federally regulated commercial bank, as agent for the lenders that become party thereto from time to time (the "IIP Life Science Credit Facility" and together with the Revolving Credit Facility, the "Credit Facilities"). Under the IIP Life Science Credit Facility, our Operating Partnership has a revolving line of credit available up to $100.0 million until the maturity date on October 3, 2028. The IIP Life Science Credit Facility includes an accordion feature under which the revolving line of credit may be increased up to an aggregate of $135.0 million, under certain conditions, including obtaining additional lender commitments. The availability of credit at any given time under the IIP Life Science Credit Facility is subject to, among other things, the amount of collateral available and a borrowing base formula based upon the value of eligible investments in certain securities and an eligible loan receivable. All obligations under the IIP Life Science Credit Facility are secured by substantial assets of the loan parties, including the Company's investment through IIP Life Science in IQHQ Preferred Stock, the IQHQ Warrant, and the IQHQ Credit Facility. Borrowings under the IIP Life Science Credit Facility will bear interest on the outstanding daily balance at a rate of interest per annum equal to the greater of (i) the one-month Secured Overnight Financing Rate ("SOFR"), as administered by CME Group Benchmark Administration, plus 2.0% and (ii) 6.10%. At December 31, 2025, the interest rate was 6.1%. The IIP Life Science Credit Facility contains a liquidity covenant and a debt service coverage ratio covenant, which requires that the ratio of the Company's consolidated EBITDA to debt service costs not be less than 2.0 to 1.0, measured as of the end of each fiscal quarter. Management believes it was in compliance with these covenants as of December 31, 2025. As of December 31, 2025, outstanding borrowings under our IIP Life Science Credit Facility were $75.0 million.

*Share Repurchase Program*

We may voluntarily repurchase our outstanding debt or equity securities (depending on prevailing market conditions, our liquidity, contractual restrictions and other factors) through cash purchases, open-market purchases, privately negotiated transactions, tender offers or otherwise. In March of 2025, our Board of Directors authorized the purchase of up to $100.0 million in shares of our common stock. The timing, volume and nature of the repurchases will be at the discretion of management based on its evaluation of the capital needs of the Company, market conditions, applicable legal requirements and other factors. There is no guarantee as to the number of shares that will be repurchased. Repurchases under the share repurchase plan are expected to be funded from existing cash balances and proceeds from the sale of the Company's Series A Preferred Stock under its ATM Program. During the year ended December 31, 2025, 371,538 shares of common stock were repurchased and retired for $20.1 million under the share repurchase plan. The repurchase plan expires on March 17, 2026, and may be extended, suspended, modified or discontinued at any time at the Company's discretion.

We have filed a registration statement with the SEC allowing us, from time to time, to offer and sell common stock, preferred stock, warrants, debt securities of our Operating Partnership and other securities to the extent necessary or advisable to meet our liquidity needs.

***Dividends***

The Company is required to pay dividends to its stockholders at least equal to 90% of its taxable income in order to qualify and maintain its qualification as a REIT. As a result of this distribution requirement, our Operating Partnership cannot rely on retained earnings to fund its ongoing operations to the same extent that other companies whose parent companies are not REITs can. During 2025, we declared cash dividends on our common stock totaling $7.60 per share, and cash dividends on our Series A Preferred Stock totaling $2.25 per share. Our ability to continue to pay dividends is dependent upon our ability to continue to generate cash flows, service any debt obligations we have, including our Notes due 2026, and make accretive new investments.

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Ordinary income distributions | $ 6.143200 | $ 7.440000 | $ 7.700000 |
| Return of capital | 0.626800 | — | — |
| Total | $ 6.770000 | $ 7.440000 | $ 7.700000 |

The common stock distribution with a record date of December 31, 2024 was a split-year distribution, with $0.83 allocable to 2024 for federal income tax purposes and $1.07 allocable to 2025 for federal income tax purposes. The common stock distribution with a record date of December 29, 2023 was a split-year distribution, with $0.83 allocable to 2023 for federal income tax purposes and $0.99 allocable to 2024 for federal income tax purposes.

***Contractual Obligations***

The following table summarizes our contractual obligations as of December 31, 2025 (in thousands):

| Payments Due by Year | Notes due 2026 | Credit Facilities | Interest | Office Rent | Total |
|---|---|---|---|---|---|
| 2026 | $ 291,215 | $ 27,500 | $ 13,132 | $ 543 | $ 332,390 |
| 2027 | — | — | 4,639 | 45 | 4,684 |
| 2028 | — | 75,000 | 3,517 | — | 78,517 |
| 2029 | — | — | — | — | — |
| 2030 | — | — | — | — | — |
| Thereafter | — | — | — | — | — |
| **Total** | $ 291,215 | $ 102,500 | $ 21,288 | $ 588 | $ 415,591 |

As of December 31, 2025, we had (1) $120 million remaining on our commitment to purchase up to $170 million of IQHQ Preferred Stock which is scheduled to be funded in various installments by June 30, 2027, subject to extension options exercisable by IQHQ; (2) $6.5 million outstanding in commitments related to improvement allowances, which generally may be requested by the tenants at any time up until a date that is near the expiration of the initial term of the applicable lease; and (3) $0.2 million outstanding in commitments to fund the Construction Loan. The commitments discussed in this paragraph are excluded from the table of contractual obligations above as there is no explicit time frame for incurring the obligations, which generally may be requested from time to time, subject to satisfaction of certain conditions.

**Non-GAAP Financial Information and Other Metrics**

In addition to the required GAAP presentations, we use certain non-GAAP performance measures as we believe these measures improve the understanding of our operational results. We continually evaluate the usefulness, relevance, limitations, and calculation of our reported non-GAAP performance measures to determine how best to provide relevant information to the public and thus such reported measures could change.

***Funds from Operations, Normalized Funds from Operations and Adjusted Funds from Operations***

Funds from operations ("FFO") and FFO per share are operating performance measures adopted by NAREIT. NAREIT defines FFO as the most commonly accepted and reported non-GAAP measure of a REIT's operating performance equal to net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property, depreciation and amortization and impairment related to real estate properties, and after adjustments for unconsolidated partnerships and joint ventures. The Company also excludes the disposition-contingent lease termination fee relating to the sale of our property in Los Angeles, California.

Management believes that net income, as defined by GAAP, is the most appropriate earnings measurement. However, management believes FFO and FFO per share to be supplemental measures of a REIT's performance because they provide an understanding of the operating performance of our properties without giving effect to certain significant non-cash items, primarily depreciation expense. Historical cost accounting for real estate assets in accordance with GAAP assumes that the value of real estate assets diminishes predictably over time. However, real estate values instead have historically risen or fallen with market conditions. We believe that by excluding the effect of depreciation, FFO and FFO per share can facilitate comparisons of operating performance between periods. We report FFO and FFO per share because these measures are observed by management to also be the predominant measures used by the REIT industry and by industry analysts to evaluate REITs and because FFO per share is consistently reported, discussed, and compared by research analysts in their notes and publications about REITs. For these reasons, management has deemed it appropriate to disclose and discuss FFO and FFO per share.

We compute normalized funds from operations ("Normalized FFO") by adjusting FFO, as defined by NAREIT, to exclude certain GAAP income and expense amounts that we believe are infrequent and unusual in nature and/or not related to our core real estate operations. Exclusion of these items from similar FFO-type metrics is common within the equity REIT industry, and management believes that presentation of Normalized FFO and Normalized FFO per share provides investors with a metric to assist in their evaluation of our operating performance across multiple periods and in comparison to the operating performance of other companies, because it removes the effect of unusual items that are not expected to impact our operating performance on an ongoing basis. Normalized FFO is used by management in evaluating the performance of our core business operations. Items included in calculating FFO that may be excluded in calculating Normalized FFO include certain transaction-related gains, losses, income or expense or other non-core amounts as they occur.

During the year ended December 31, 2025, the Company revised its presentation of Normalized FFO to include two adjustments related to income on seller-financed notes and deferred lease payments received on sales-type leases that were previously reflected in adjusted funds from operations ("AFFO"), which has been reflected for all periods presented. Management believes this change better aligns the Company's presentation with its assessment of core operating performance and improves comparability with industry peers. Items included in calculating FFO that may be excluded in calculating Normalized FFO include certain transaction-related gains, losses, income or expense or other non-core amounts as they occur.

Management believes that adjusted funds from operations ("AFFO") and AFFO per share are also appropriate supplemental measures of a REIT's operating performance. We calculate AFFO by adjusting Normalized FFO for certain cash and non-cash items.

For the years ended December 31, 2024 and 2023, and for the three months ended March 31, 2024, FFO (diluted), Normalized FFO, AFFO and FFO, Normalized FFO and AFFO per diluted share include the dilutive impact of the assumed full exchange of the Exchangeable Senior Notes for shares of common stock.

For the three months ended September 30, 2024 and June 30, 2024, 25,352 shares and 20,713 shares, respectively, issuable upon vesting of the PSUs were dilutive, as the performance thresholds for vesting of these PSUs were met as measured as of the respective periods. No shares were issuable upon vesting of the PSUs for all other periods presented, as the performance thresholds for vesting of the PSUs were not met as measured as of the end of those respective periods.

Our computation of FFO, Normalized FFO and AFFO may differ from the methodology for calculating FFO, Normalized FFO and AFFO utilized by other equity REITs and, accordingly, may not be comparable to such REITs. Further, FFO, Normalized FFO and AFFO do not represent cash flow available for management's discretionary use. FFO, Normalized FFO and AFFO should not be considered as an alternative to net income (computed in accordance with GAAP) as an indicator of our financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends or make distributions. FFO, Normalized FFO and AFFO should be considered only as supplements to net income computed in accordance with GAAP as measures of operations.

The table below is a reconciliation of net income attributable to common stockholders to FFO, Normalized FFO and AFFO for the years ended December 31, 2025, 2024 and 2023 (in thousands, except share and per share amounts):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Net income attributable to common stockholders | $ 114,435 | $ 159,857 | $ 164,236 |
| Real estate depreciation and amortization | 74,068 | 70,807 | 67,194 |
| Impairment loss on real estate | 3,527 | — | — |
| Loss on sale of real estate/(Disposition-contingent lease termination fee, net of loss on sale of real estate)[1] | 326 | (451) | — |
| FFO attributable to common stockholders (basic) | 192,356 | 230,213 | 231,430 |
| Cash and non-cash interest expense on Exchangeable Senior Notes | — | 28 | 219 |
| FFO attributable to common stockholders (diluted) | 192,356 | 230,241 | 231,649 |
| Litigation-related expense | 2,008 | 788 | 2,480 |
| Loss (gain) on exchange of Exchangeable Senior Notes | — | — | (22) |
| Loss (gain) on partial repayment of Notes due 2026 | (32) | — | — |
| Income on seller-financed notes[2] | (835) | 1,104 | 1,342 |
| Deferred lease payments received on sales-type leases[3] | 25 | 4,938 | — |
| Normalized FFO attributable to common stockholders (diluted) | 193,522 | 237,071 | 235,449 |
| Stock-based compensation | 10,132 | 17,317 | 19,581 |
| Non-cash interest expense | 1,999 | 1,664 | 1,375 |
| Non-cash accretion of life science investments | (333) | — | — |
| Above-market lease amortization | 92 | 92 | 92 |
| AFFO attributable to common stockholders (diluted) | $ 205,412 | $ 256,144 | $ 256,497 |
| FFO per common share – diluted | $ 6.78 | $ 8.07 | $ 8.20 |
| Normalized FFO per common share – diluted | $ 6.82 | $ 8.31 | $ 8.33 |
| AFFO per common share – diluted | $ 7.24 | $ 8.98 | $ 9.08 |
| Weighted average common shares outstanding – basic | 28,005,228 | 28,226,402 | 27,977,807 |
| Restricted stock and RSUs | 371,999 | 294,780 | 196,821 |
| Dilutive effect of Exchangeable Senior Notes | — | 9,468 | 81,169 |
| Weighted average common shares outstanding – diluted | 28,377,227 | 28,530,650 | 28,255,797 |

(1) For the year ended December 31, 2024, amount reflects the $3.9 million disposition-contingent lease termination fee received concurrently with the sale of our property in Los Angeles, California, net of the loss on sale of real estate of $3.4 million (see Note 6 "Investments in Real Estate" to our consolidated financial statements included in this report for more information).

(2) Positive amounts represent non-refundable cash payments received pursuant to two seller-financed notes issued by us in connection with our disposition of certain properties. As the transactions did not qualify for recognition as completed sales under GAAP, the payments were initially recorded as a deposit liability and included in other liabilities on our consolidated balance sheet. For the year ended December 31, 2025, the negative amount resulted from the recognition of $2.6 million of non-refundable cash payments received on the MIH Note as interest and other income in connection with the termination of the seller-financed note.

(3) Amount reflects the non-refundable lease payments received on two sales-type leases which are recognized as a deposit liability starting on January 1, 2024, and is included in other liabilities in our consolidated balance sheets as of December 31, 2025 and 2024, as the transaction did not qualify for recognition as a completed sale (see Note 2 "Lease Accounting" to our consolidated financial statements included in this report for more information). Prior to the lease modifications on January 1, 2024, which extended the initial lease terms, the leases were classified as operating leases and the lease payments received were recognized as rental revenue and therefore, included in net income attributable to common stockholders.

The tables below are reconciliations of quarterly net income attributable to common stockholders to FFO, Normalized FFO and AFFO for the years ended December 31, 2025 and 2024 (in thousands, except share and per share amounts):

| | Three Months Ended[1] | | | |
|---|---|---|---|---|
| | December 31, 2025 | September 30, 2025 | June 30, 2025 | March 31, 2025 |
| Net income attributable to common stockholders | $ 30,705 | $ 28,288 | $ 25,146 | $ 30,296 |
| Real estate depreciation and amortization | 18,538 | 18,639 | 18,500 | 18,391 |
| Impairment loss on real estate | — | — | — | 3,527 |
| Loss on sale of real estate | 326 | — | — | — |
| FFO attributable to common stockholders (basic and diluted) | 49,569 | 46,927 | 43,646 | 52,214 |
| Litigation-related expense | 585 | 604 | 413 | 406 |
| Loss (gain) on partial repayment of Notes due 2026 | — | — | — | (32) |
| Income on seller-financed notes[2] | 223 | (2,375) | 1,164 | 153 |
| Deferred lease payments received on sales-type leases[3] | — | — | 5 | 20 |
| Normalized FFO attributable to common stockholders (diluted) | 50,377 | 45,156 | 45,228 | 52,761 |
| Stock-based compensation | 2,698 | 2,684 | 2,672 | 2,078 |
| Non-cash interest expense | 568 | 485 | 476 | 470 |
| Non-cash accretion of life science investments | (333) | — | — | — |
| Above-market lease amortization | 23 | 23 | 23 | 23 |
| AFFO attributable to common stockholders (diluted) | $ 53,333 | $ 48,348 | $ 48,399 | $ 55,332 |
| FFO per common share – diluted | $ 1.75 | $ 1.66 | $ 1.54 | $ 1.83 |
| Normalized FFO per common share – diluted | $ 1.78 | $ 1.60 | $ 1.60 | $ 1.85 |
| AFFO per common share – diluted | $ 1.88 | $ 1.71 | $ 1.71 | $ 1.94 |
| Weighted average common shares outstanding – basic | 27,913,384 | 27,912,881 | 27,924,092 | 28,275,549 |
| Restricted stock and RSUs | 390,146 | 390,719 | 393,601 | 312,473 |
| Weighted average common shares outstanding – diluted | 28,303,530 | 28,303,600 | 28,317,693 | 28,588,022 |

| | Three Months Ended[1] | | | |
|---|---|---|---|---|
| | December 31, 2024 | September 30, 2024 | June 30, 2024 | March 31, 2024 |
| Net income attributable to common stockholders | $ 39,461 | $ 39,651 | $ 41,655 | $ 39,090 |
| Real estate depreciation and amortization | 18,240 | 17,944 | 17,473 | 17,150 |
| Disposition-contingent lease termination fee, net of loss on sale of real estate[4] | — | — | (451) | — |
| FFO attributable to common stockholders (basic) | 57,701 | 57,595 | 58,677 | 56,240 |
| Cash and non-cash interest expense on Exchangeable Senior Notes | — | — | — | 28 |
| FFO attributable to common stockholders (diluted) | 57,701 | 57,595 | 58,677 | 56,268 |
| Litigation-related expense | 268 | 210 | 164 | 146 |
| Income on seller-financed notes[2] | 30 | 268 | 403 | 403 |
| Deferred lease payments received on sales-type leases[3] | 568 | 1,452 | 1,462 | 1,456 |
| Normalized FFO attributable to common stockholders (diluted) | 58,567 | 59,525 | 60,706 | 58,273 |
| Stock-based compensation | 4,315 | 4,316 | 4,371 | 4,315 |
| Non-cash interest expense | 456 | 419 | 401 | 388 |
| Above-market lease amortization | 23 | 23 | 23 | 23 |
| AFFO attributable to common stockholders (diluted) | $ 63,361 | $ 64,283 | $ 65,501 | $ 62,999 |
| FFO per common share – diluted | $ 2.02 | $ 2.02 | $ 2.05 | $ 1.98 |
| Normalized FFO per common share – diluted | $ 2.05 | $ 2.08 | $ 2.12 | $ 2.05 |
| AFFO per common share – diluted | $ 2.22 | $ 2.25 | $ 2.29 | $ 2.21 |
| Weighted average common shares outstanding – basic | 28,254,565 | 28,254,565 | 28,250,843 | 28,145,017 |
| Restricted stock and RSUs | 299,770 | 299,770 | 300,582 | 278,890 |
| PSUs | — | 25,352 | 20,713 | — |
| Dilutive effect of Exchangeable Senior Notes | — | — | — | 38,079 |
| Weighted average common shares outstanding – diluted | 28,554,335 | 28,579,687 | 28,572,138 | 28,461,986 |

(1) The sum of quarterly financial data may vary from annual data due to rounding and differences in the dilutive effect of potentially issuable shares of each reporting period.
(2) Positive amounts represent non-refundable cash payments received pursuant to two seller-financed notes issued by us in connection with our disposition of certain properties. As the transactions did not qualify for recognition as completed sales under GAAP, the payments were initially recorded as a deposit liability and included in other liabilities on our consolidated balance sheet. For the three months ended September 30, 2025, the negative amounts resulted from the recognition of $2.6 million of non-refundable cash payments received on the MIH Note as interest and other income in connection with the termination of the seller-financed note.
(3) Amount reflects the non-refundable lease payments received on two sales-type leases which are recognized as a deposit liability starting on January 1, 2024, and is included in other liabilities in our consolidated balance sheets as of December 31, 2025 and 2024, as the transaction did not qualify for recognition as a completed sale (see Note 2 "Lease Accounting" to our consolidated financial statements included in this report for more information). Prior to the lease modifications on January 1, 2024, which extended the initial lease terms, the leases were classified as operating leases and the lease payments received were recognized as rental revenue and therefore, included in net income attributable to common stockholders.
(4) Amount reflects the $3.9 million disposition-contingent lease termination fee received concurrently with the sale of our property in Los Angeles, California, net of the loss on sale of real estate of $3.4 million (see Note 6 "Investments in Real Estate" to our consolidated financial statements included in this report for more information)

**Critical Accounting Estimates**

Our consolidated financial statements have been prepared in accordance with GAAP, which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ materially from those estimates and assumptions.

We continually evaluate the estimates and assumptions we use to prepare our consolidated financial statements. Our critical accounting estimates are defined as accounting estimates or assumptions made in accordance with GAAP, which involve a significant level of estimation uncertainty or subjectivity and have had or are reasonably likely to have a material

impact on our financial condition or results of operations. The following critical accounting estimates discussion reflects what we believe are the most significant estimates and assumptions used in the preparation of our consolidated financial statements. This discussion of our critical accounting estimates is intended to supplement the description of our accounting policies in the footnotes to our consolidated financial statements and to provide additional insight into the information used by management when evaluating significant estimates and assumptions. For further discussion of our significant accounting policies, see Note 2 "Summary of Significant Accounting Policies and Procedures and Recent Accounting Pronouncements" to our consolidated financial statements included in this report.

***Lease Accounting***

We account for our leases as lessor under ASC 842, Leases, which requires significant estimates and judgments by management in its application. Upon lease inception or lease modification, we assess the lease classification of both the land and building components of the property. The determination of lease classification requires the calculation of the rate implicit in the lease, which is driven by significant estimates relating to the unguaranteed residual value of the assets at the end of the non-cancelable lease term. A decrease of 5% in the estimated unguaranteed residual value of our properties would not change the lease classification of any new leases or leases that were modified during the year ended December 31, 2025.

***Acquisition of Rental Property, Depreciation and Impairment***

All of our acquisitions of rental properties to date were accounted for as asset acquisitions and not business combinations because substantially all of the fair value is concentrated in a single identifiable asset or group of similar identifiable assets (i.e., land, buildings, and related intangible assets). The accounting model for asset acquisitions requires that the acquisition consideration (including acquisition costs) be allocated to the individual assets acquired and liabilities assumed on a relative fair value basis.

We exercise judgment to determine key assumptions used in each valuation technique (cost, income, and sales approaches). For example, we are required to use judgment and make a number of assumptions, including those related to projected growth in rental rates and operating expenses, anticipated trends and market/economic conditions. The use of different assumptions can affect the amount of consideration allocated to the acquired depreciable/amortizable asset, which in turn can impact our net income due to the recognition of the related depreciation/amortization expense in our consolidated statements of operations.

We depreciate buildings and improvements where we are considered the owner for accounting purposes based on our evaluation of the estimated useful life of each specific asset, not to exceed 40 years. Determining whether expenditures meet the criteria for capitalization and the assignment of depreciable lives requires management to exercise judgment.

The determination of whether we are or the tenant is the owner of improvements for accounting purposes is subject to judgment. In making that determination, we consider numerous factors and perform a detailed evaluation of each individual lease. No one factor is determinative in reaching a conclusion. The factors we evaluate include but are not limited to the following:

- whether the lease agreement requires landlord approval of how the improvement allowance is spent prior to installation of the improvements;
- whether the lease agreement requires the tenant to provide evidence to the landlord supporting the cost and what the improvement allowance was spent on prior to payment by the landlord for such improvements;
- whether the improvements are unique to the tenant or reusable by other tenants;
- whether the tenant is permitted to alter or remove the improvements without the consent of the landlord or without compensating the landlord for any lost utility or diminution in fair value; and
- whether the ownership of the improvements remains with the landlord or remains with the tenant at the end of the lease term.

When we conclude that we are the owner of improvements for accounting purposes using the factors discussed above, we record the cost to construct the improvements as our capital asset.

We evaluate our real estate assets for potential impairment whenever events or changes in circumstances indicate that the carrying amount of a given asset may not be recoverable. We evaluate our real estate assets for impairment on a property-by-property basis. Indicators we use to determine whether an impairment evaluation is necessary include:

- deterioration in rental rates for a specific property;
- deterioration of a given rental submarket;
- significant change in strategy or use of a specific property or any other event that could result in a decreased holding period, including classifying a property as held for sale, or significant development delay;
- evidence of material physical damage to the property; and
- default by a significant tenant when any of the other indicators above are present.

When we evaluate for potential impairment our real estate assets to be held and used, we first evaluate whether there are any indicators of impairment. If any impairment indicators are present for a specific real estate asset, we then perform an undiscounted cash flow analysis and compare the net carrying amount of the real estate asset to the real estate asset's estimated undiscounted future cash flow over the anticipated holding period. If the estimated undiscounted future cash flow is less than the net carrying amount of the real estate asset, we perform an impairment loss calculation to determine if the fair value of the real estate asset is less than the net carrying value of the real estate asset. Our impairment loss calculation compares the net carrying amount of the real estate asset to the real estate asset's estimated fair value, which may be based on estimated discounted future cash flow calculations or third-party valuations or appraisals. We recognize an impairment loss if the amount of the asset's net carrying amount exceeds the asset's estimated fair value. If we recognize an impairment loss, the estimated fair value of the asset becomes its new cost basis. For a depreciable long-lived asset, the new cost basis would be depreciated (amortized) over the remaining useful life of that asset. If a real estate asset is designated as real estate held-for-sale, it is carried at the lower of the net carrying value or estimated fair value less costs to sell, and depreciation ceases.

Our undiscounted cash flow and fair value calculations contain uncertainties because they require management to make assumptions and to apply judgment to estimate future cash flow and property fair values, including determining our estimated holding period. We are also required to make a number of assumptions relating to future economic and market events and prospective operating trends.

For each property where such an indicator occurred, we completed an impairment evaluation. During the year ended December 31, 2025, we recognized an impairment loss on real estate of $3.5 million related to one of our properties in Palm Springs, California which was under contract for sale. We completed the sale of the property in June 2025. For all other operating properties that were evaluated, we determined that the undiscounted cash flows over the holding period were in excess of carrying value and, therefore, we did not record any impairment losses for these properties for the year ended December 31, 2025. Significant adverse changes in the critical accounting estimates used in the impairment evaluation are required for the undiscounted cash flows over the holding period to be less than the carrying value of these properties as of December 31, 2025. No impairment losses were recognized for the year ended December 31, 2024 and 2023.

**Impact of Real Estate and Credit Markets**

In the commercial real estate market, property prices generally continue to fluctuate. Likewise, during certain periods, the U.S. credit markets have experienced significant price volatility, dislocations, and liquidity disruptions, which may impact our access to and cost of capital. We continually monitor the commercial real estate and U.S. credit markets carefully and, if required, will make decisions to adjust our business strategy accordingly.

**Interest Rate Risk**

We are exposed to interest rate risk primarily through our variable-rate indebtedness, including amounts outstanding under our Revolving Credit Facility and our IIP Life Science Credit Facility. Borrowings under these facilities bear interest at variable rates based on the greater of prime rate or SOFR, as applicable, plus an applicable margin and stipulated rate. As a result, increases in market interest rates may increase our borrowing costs and adversely affect our results of operations and cash flows.

Our Notes due 2026 bear interest at a fixed rate of 5.50% per annum and therefore are not subject to variability in interest payments due to changes in market interest rates.

Our investments in IQHQ Preferred Stock and the IQHQ Credit Facility provide fixed cash and PIK returns and are not directly exposed to changes in prevailing market interest rates. However, to the extent these investments are funded with variable-rate indebtedness or other interest-sensitive capital sources, increases in interest rates may increase our cost of capital and reduce investment spreads.

We monitor our exposure to interest rate risk and may use a mix of fixed- and variable-rate debt to manage such exposure over time.

See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" for additional information regarding our interest rate sensitivity.

Our investments in short-term money market funds, certificates of deposit and short-term investments in obligations of the U.S. government with an original maturity at the time of purchase of greater than 90 days are less sensitive to market fluctuations than a portfolio of long-term securities. Accordingly, we believe that a significant change in interest rates would not have a material effect on the consolidated financial statements.

**Impact of Inflation**

The U.S. economy has experienced a sustained increase in inflation rates in recent years. We enter into leases that generally provide for fixed increases in rent. During times when inflation is greater than the fixed increases in rent, as provided for in the leases, rent increases may not keep up with the rate of inflation. See also the discussion under Item 1A, "Risk Factors," under the caption "Inflation may adversely affect our business and our tenants' financial condition and results of operations."

**Seasonality**

Our business has not been, and we do not expect our business in the future to be, subject to material seasonal fluctuations.

**ITEM 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

**Interest Rate Risk**

Our Notes due 2026 bear interest at a fixed rate of 5.50% per annum until maturity. Our Revolving Credit Facility bears interest at a variable rate based on the greater of the prime rate and an applicable margin and a stipulated interest rate; therefore, if interest rates increase, our required payments on any amounts outstanding on our Revolving Credit Facility may also increase. Our IIP Life Science Credit Facility bears interest at a variable rate based on the greater of SOFR and an applicable margin and a stipulated interest rate; therefore, if interest rates increase our required payments on any amounts outstanding under our IIP Life Science Credit Facility may also increase. At December 31, 2025, a 1% change in interest rates on our variable-rate debts would change our interest expense by $1.0 million.

Our investment in IQHQ Preferred Stock carries a fixed annual dividend rate of 15.0%, consisting of a 10.0% cash dividend and an initial 5.0% PIK dividend. As the dividend is fixed, the investment is not directly exposed to changes in prevailing market interest rates. However, to the extent the Company funds purchases of IQHQ Preferred Stock with variable-rate debt or other interest-sensitive instruments, rising interest rates may increase its cost of capital, potentially resulting in a negative interest rate spread on this investment.

Our investment in IQHQ Credit Facility pays a fixed interest rate of 13.5% per year, made up of 12.0% in cash and 1.5% PIK, with interest paid every quarter. As the rate is fixed, the interest income is not directly affected by changes in market interest rates. However, since the Company partially funded the IQHQ Credit Facility using variable-rate borrowings, rising interest rates may increase the Company's cost of capital and reduce the overall return on the investment.

Our investments in short-term money market funds, certificates of deposit and short-term investments in obligations of the U.S. government with an original maturity at the time of purchase of greater than 90 days are less sensitive to market fluctuations than a portfolio of long-term securities. Accordingly, we believe that a significant change in interest rates would not have a material effect on the consolidated financial statements.

**ITEM 8.** ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

The information required by this Item 8 is incorporated by reference to our Financial Statements beginning on page F-1 of this report.

**ITEM 9.** ***CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE***

Not applicable.

**ITEM 9A.** ***CONTROLS AND PROCEDURES***

***Evaluation of Disclosure Controls and Procedures***

We maintain disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act, designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rule 13a-15(b) and 15d-15(b) promulgated under the Exchange Act, our management has evaluated, under supervision of the audit committee of the board of directors and with the participation of our principal executive and principal financial officers, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of December 31, 2025. Based on that evaluation, our principal executive and financial officers concluded that our disclosure controls and procedures were effective as of December 31, 2025 (the end of the period covered by this Annual Report).

***Management's Report on Internal Control over Financial Reporting***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f), designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Under the supervision and with the participation of our management, including our principal executive and principal financial officers, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, our principal executive officer and principal financial officer concluded that our internal controls over financial reporting, as of December 31, 2025, were effective. BDO USA, P.C. has issued an attestation report on the effectiveness of the Company's internal control over financial reporting, which appears in this Annual Report on Form 10-K.

***Changes in Internal Control Over Financial Reporting***

There have been no changes in our system of internal control over financial reporting during the quarter ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

***Limitations on Controls***

Our system of internal control over financial reporting was designed to provide reasonable assurance regarding the preparation and fair presentation of published financial statements in accordance with accounting principles generally accepted in the United States. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Report of Independent Registered Public Accounting Firm**

Stockholders and Board of Directors
Innovative Industrial Properties, Inc.
Park City, Utah

**Opinion on Internal Control over Financial Reporting**

We have audited Innovative Industrial Properties, Inc.'s (the "Company's") internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 31, 2025 and 2024, the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2025, and the related notes and financial statement schedule, and our report dated February 24, 2026 expressed an unqualified opinion thereon.

**Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, "Management's Report on Internal Control over Financial Reporting." Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

**Definition and Limitations of Internal Control over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ BDO USA, P.C.
San Diego, California
February 24, 2026

**ITEM 9B.** ***OTHER INFORMATION***

***(b) Rule 10b5-1 Trading Plans***

During the three months ended December 31, 2025, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement," or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

**PART III**

**ITEM 10.** ***DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE***

The information concerning our directors, executive officers, corporate governance and our insider trading policy required by Item 10 will be included in the Proxy Statement to be filed relating to our 2026 Annual Meeting of Stockholders and is incorporated herein by reference. Pursuant to instruction G(3) to Form 10-K, information concerning audit committee financial expert disclosure set forth under the heading "Additional Information Regarding the Board and Corporate Governance — Audit Committee" will be included in the Proxy Statement to be filed relating to Innovative Industrial Properties, Inc.'s 2026 Annual Meeting of Stockholders and is incorporated herein by reference.

Pursuant to instruction G(3) to Form 10-K, information concerning compliance with Section 16(a) of the Exchange Act concerning our directors and executive officers set forth under the heading entitled "Delinquent Section 16(a) Report" will be included in the Proxy Statement to be filed relating to Innovative Industrial Properties, Inc.'s 2026 Annual Meeting of Stockholders and is incorporated herein by reference.

**Information About our Executive Officers and Directors**

Our executive officers as of February 24, 2026, along with their positions and offices held with the Company, are as follows:

| Name | Position |
|---|---|
| Alan Gold | Executive Chairman and Director |
| Paul Smithers | President, Chief Executive Officer and Director |
| David Smith | Chief Financial Officer and Treasurer |

In addition to Messrs. Gold and Smithers, our directors as of February 24, 2026, and their principal occupations or current employment are as follows:

| Name | Position |
|---|---|
| Gary Kreitzer | Retired Executive Vice President and General Counsel; Co-Founder of three publicly traded REITs |
| David Boyle | Vice President of Finance at AST SpaceMobile, Inc. |
| Scott Shoemaker | Practicing orthopedic surgeon for Kaiser Permanente |

**Code of Ethics and Code of Conduct**

We have adopted a written Code of Business Conduct and Ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Our Code of Business Conduct and Ethics is posted on the "Investors" section of our website (www.innovativeindustrialproperties.com), through the "Governance Documents" link under the "Governance" heading. We do not incorporate the information on our website into this Annual Report on Form 10-K and you should not consider any such information that can be accessed through our website as part of this Annual Report. We intend to disclose any amendments to certain provisions of our Code of Business Conduct and Ethics, or any waivers of those provisions, as

required by the listing rules of the New York Stock Exchange, the rules and regulations of the SEC and applicable law on our website promptly following the date of such amendment or waiver.

**ITEM 11.** ***EXECUTIVE COMPENSATION***

The information concerning our executive compensation required by Item 11 will be included in the Proxy Statement to be filed relating to our 2026 Annual Meeting of Stockholders and is incorporated herein by reference.

**ITEM 12.** ***SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS***

The information concerning the security ownership of certain beneficial owners and management, our equity compensation plans and related stockholder matters required by Item 12 will be included in the Proxy Statement to be filed relating to our 2026 Annual Meeting of Stockholders and is incorporated herein by reference.

**ITEM 13.** ***CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE***

The information concerning certain relationships and related transactions and director independence required by Item 13 will be included in the Proxy Statement to be filed relating to our 2026 Annual Meeting of Stockholders and is incorporated herein by reference.

**ITEM 14.** ***PRINCIPAL ACCOUNTANT FEES AND SERVICES***

The information concerning our principal accountant fees and services required by Item 14 will be included in the Proxy Statement to be filed relating to our 2026 Annual Meeting of Stockholders and is incorporated herein by reference.

## PART IV

**ITEM 15.** ***EXHIBITS AND FINANCIAL STATEMENT SCHEDULES***

**(a)(1) and (2) Financial Statements and Schedules:**

Please refer to the Index to Consolidated Financial Statements included under Part II, Item 8, Financial Statements and Supplementary Data.

**(3) Exhibits**

| Exhibit Number | Description of Exhibit |
|---|---|
| 3.1 | Second Articles of Amendment and Restatement of Innovative Industrial Properties, Inc. (including Articles Supplementary Classifying Innovative Industrial Properties, Inc.'s 9.00% Series A Cumulative Redeemable Preferred Stock).(1) |
| 3.2 | Articles Supplementary to the Second Articles of Amendment and Restatement of Innovative Industrial Properties, Inc. (including Articles Supplementary Classifying Innovative Industrial Properties, Inc.'s 9.00% Series A Cumulative Redeemable Preferred Stock).(2) |
| 3.3 | Third Amended and Restated Bylaws of Innovative Industrial Properties, Inc.(3) |
| 4.1 | Form of Certificate for Common Stock.(4) |
| 4.2 | Indenture, dated as of May 25, 2021, among Innovative Industrial Properties, Inc., IIP Operating Partnership, LP, the Subsidiary Guarantors set forth on the signature page thereto, Argent Institutional Trust Company, as trustee (as successor-in-interest to GLAS Trust Company LLC), and Securities Transfer Corporation, as registrar (as successor-in-interest to GLAS Trust Company LLC), including the form of 5.50% Senior Note due 2026.(5) |
| 4.3 | Innovative Industrial Properties, Inc. Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, as amended.(17) |
| 10.1 | Agreement of Limited Partnership of IIP Operating Partnership, LP.(4) |
| 10.2+ | 2016 Omnibus Incentive Plan.(4) |
| 10.3+ | Form of Restricted Stock Award Agreement for Officers.(6) |
| 10.4+ | Form of Restricted Stock Award Agreement for Directors.(6) |
| 10.5+ | Form of Restricted Stock Unit Award Agreement.(7) |
| 10.6+ | Form of 2021 Performance Share Unit Award Agreement.(8) |
| 10.6+ | Form of 2022 Performance Share Unit Award Agreement.(9) |
| 10.7+ | Form of Indemnification Agreement between Innovative Industrial Properties, Inc. and each of its Directors and Officers.(4) |
| 10.8+ | Severance and Change of Control Agreement dated as of January 18, 2017 among Innovative Industrial Properties, Inc., IIP Operating Partnership, LP and Alan Gold.(10) |
| 10.9+ | Severance and Change of Control Agreement dated as of January 18, 2017 among Innovative Industrial Properties, Inc., IIP Operating Partnership, LP and Paul Smithers.(10) |
| 10.10+ | Severance and Change of Control Agreement dated as of January 18, 2017 among Innovative Industrial Properties, Inc., IIP Operating Partnership, LP and Brian Wolfe.(10) |
| 10.11+ | Severance and Change of Control Agreement dated as of June 7, 2017 among Innovative Industrial Properties, Inc., IIP Operating Partnership, LP and Catherine Hastings.(11) |
| 10.12+ | Severance and Change of Control Agreement dated as of March 29, 2023 among Innovative Industrial Properties, Inc., IIP Operating Partnership, LP and David Smith.(12) |
| 10.13+ | Director Compensation Policy.(8) |
| 10.14+ | Innovative Industrial Properties, Inc. Nonqualified Deferred Compensation Plan.(13) |
| 10.15 | Registration Rights Agreement, dated as of May 25, 2021, among Innovative Industrial Properties, Inc., IIP Operating Partnership, LP, the Subsidiary Guarantors set forth on the signature page thereto and BTIG, LLC, as representative of the initial purchasers.(5) |

| | |
|---|---|
| 10.16** | Securities Purchase Agreement, dated August 6, 2025, by and among IIP Operating Partnership, IQHQ Holdings, LP, and IQHQ, Inc.(14) |
| 10.17 | Warrant, dated September 30, 2025, to purchase Class A-3 Units of IQHQ Holdings, LP.(15) |
| 10.18** | Amendment and Restatement Agreement, dated September 30, 2025, by and among IQHQ, LP, as borrower, IQHQ, Inc., as parent guarantor, Acquiom Agency Service, LLC, as administrative and collateral agent, IIP Life Science Investments, LLC, as lender, and the other lender parties thereto.(15) |
| 10.19 | Right of First Offer Letter, dated September 30, 2025, by and among, IIP Life Science, IQHQ, Inc. IQHQ Holdings, LP.(15) |
| 10.20** | Loan Agreement, dated October 23, 2023, as amended, between IIP Operating Partnership, LP and East West Bank, as agent, sole lead arranger, and sole bookrunner.(15) |
| 10.21** | Loan Agreement, dated October 3, 2025, by and among IIP Operating Partnership, LP, the guarantors party thereto, the lenders party thereto, and East West Bank, as agent, sole lead arranger, and sole bookrunner.(16) |
| 19.1 | Innovative Industrial Properties, Inc. Insider Trading Compliance Program.(17) |
| 21.1 | List of Subsidiaries of Innovative Industrial Properties, Inc. |
| 23.1 | Consent of Independent Registered Public Accounting Firm. |
| 31.1 | Certifications of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certifications of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 97.1 | Innovative Industrial Properties, Inc. Compensation Recovery Policy.(18) |
| 101.INS | XBRL Instance Document. |
| 101.SCH | XBRL Taxonomy Extension Schema Document. |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document. |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document. |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document. |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document. |
| 104 | Cover Page Interactive Date File (formatted as Inline XBRL and contained in Exhibit 101). |

---

** Certain schedules and exhibits omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon request.

+ Indicates management contract or compensatory plan.

(1) Incorporated herein by reference to Innovative Industrial Properties, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on August 6, 2020.
(2) Incorporated herein by reference to Innovative Industrial Properties, Inc.'s Current Report on Form 8-K filed with the SEC on May 24, 2024.
(3) Incorporated herein by reference to Innovative Industrial Properties, Inc.'s Current Report on Form 8-K filed with the SEC on December 8, 2022.
(4) Incorporated herein by reference to Innovative Industrial Properties, Inc.'s Registration Statement on Form S-11, as amended (File No. 333-214148), filed with the SEC on November 17, 2016.
(5) Incorporated herein by reference to Innovative Industrial Properties, Inc.'s Current Report on Form 8-K filed with the SEC on May 25, 2021.
(6) Incorporated herein by reference to Innovative Industrial Properties, Inc.'s Registration Statement on Form S-8 (File No. 333-214919), filed with the SEC on December 6, 2016.
(7) Incorporated herein by reference to Innovative Industrial Properties, Inc.'s Current Report on Form 8-K filed with the SEC on January 6, 2020.
(8) Incorporated herein by reference to Innovative Industrial Properties, Inc.'s Current Report on Form 8-K filed with the SEC on January 15, 2021.
(9) Incorporated herein by reference to Innovative Industrial Properties, Inc.'s Current Report on Form 8-K filed with the SEC on January 12, 2022.
(10) Incorporated herein by reference to Innovative Industrial Properties, Inc.'s Current Report on Form 8-K filed with the SEC on January 24, 2017.
(11) Incorporated herein by reference to Innovative Industrial Properties, Inc.'s Current Report on Form 8-K filed with the SEC on June 8, 2017.
(12) Incorporated herein by reference to Innovative Industrial Properties, Inc.'s Current Report on Form 8-K filed with the SEC on March 30, 2023.
(13) Incorporated herein by reference to Innovative Industrial Properties, Inc.'s Current Report on Form 8-K filed with the SEC on November 18, 2019.
(14) Incorporated herein by reference to Innovative Industrial Properties, Inc.'s Current Report on Form 8-K filed with the SEC on August 12, 2025.
(15) Incorporated herein by reference to Innovative Industrial Properties, Inc.'s Current Report on Form 8-K filed with the SEC on October 2, 2025.
(16) Incorporated herein by reference to Innovative Industrial Properties, Inc.'s Current Report on Form 8-K filed with the SEC on October 9, 2025.
(17) Incorporated herein by reference to Innovative Industrial Properties, Inc.'s Annual Report on Form 10-K filed with the SEC on February 21, 2025.
(18) Incorporated herein by reference to Innovative Industrial Properties, Inc.'s Annual Report on Form 10-K filed with the SEC on February 27, 2024.

**ITEM 16.** ***FORM 10-K SUMMARY***

None.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INNOVATIVE INDUSTRIAL PROPERTIES, INC.

By: /s/ Paul Smithers
Paul Smithers
President, Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ David Smith
David Smith
Chief Financial Officer and Treasurer
(Principal Financial Officer)

By: /s/ Andy Bui
Andy Bui
Vice President, Chief Accounting Officer
(Principal Accounting Officer)

Dated February 23, 2026

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

| Name | Capacity | Date |
|---|---|---|
| /s/ Alan Gold<br>Alan Gold | Executive Chairman | February 23, 2026 |
| /s/ Gary Kreitzer<br>Gary Kreitzer | Vice Chairman | February 23, 2026 |
| /s/ Paul Smithers<br>Paul Smithers | President, Chief Executive Officer and Director | February 23, 2026 |
| /s/ David Boyle<br>David Boyle | Director | February 23, 2026 |
| /s/ Scott Shoemaker<br>Scott Shoemaker | Director | February 23, 2026 |

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

**Innovative Industrial Properties, Inc.**


| | |
|---|---|
| (a) Financial Statements: | |
| Report of Independent Registered Public Accounting Firm (BDO USA, P.C.; San Diego, California; PCAOB ID #243) | F-2 |
| Consolidated Balance Sheets as of December 31, 2025 and 2024 | F-5 |
| Consolidated Statements of Income for the years ended December 31, 2025, 2024 and 2023 | F-6 |
| Consolidated Statements of Stockholders' Equity for the years ended December 31, 2025, 2024 and 2023 | F-7 |
| Consolidated Statements of Cash Flows for the years ended December 31, 2025, 2024 and 2023 | F-8 |
| Notes to Consolidated Financial Statements | F-9 |
| (b) Financial Statement Schedule: | |
| Schedule III – Real Estate and Accumulated Depreciation as of December 31, 2025 | F-34 |

**Report of Independent Registered Public Accounting Firm**

Stockholders and Board of Directors
Innovative Industrial Properties, Inc.
Park City, Utah

**Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheets of Innovative Industrial Properties, Inc. (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2025, and the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and our report dated February 24, 2026 expressed an unqualified opinion thereon.

**Going Concern Uncertainty**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has a significant outstanding debt obligation that matures within one year of the issuance date of the consolidated financial statements that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to this matter are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Basis for Opinion**

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

*Real Estate Acquisitions - Fair Value of Assets Acquired*

As described in Note 6 to the consolidated financial statements, the Company completed one real estate property acquisition, which totaled approximately $7.9 million during the year ended December 31, 2025. As described in Note 2 to the consolidated financial statements, the assets acquired are initially measured based upon their relative fair values. The Company may engage third-party valuation specialists to assist in the estimation of the fair value of land by reviewing comparable sales within the same submarket and/or region, and the estimation of the fair value of buildings and improvements as if the property was vacant utilizing a direct capitalization approach and takes into consideration current replacement costs and other relevant market data.

We identified the estimation of the fair values used in the allocation of the land and buildings and improvements acquired for the 2025 property acquisition as a critical audit matter. The principal considerations for our determination included significant judgments used to evaluate certain assumptions used in the fair values of land and buildings and improvements acquired, including the comparable sales of land, and current replacement cost of the buildings and improvements for the real estate asset acquisition. Auditing these elements involved especially challenging auditor judgment due to the nature and extent of audit effort required to address these matters, including the extent of specialized skill or knowledge needed.

The primary procedures we performed to address this critical audit matter included:

- Utilizing personnel with specialized knowledge and skills in valuation to assist in the evaluation of the fair values used in the allocation of land and buildings and improvements acquired, including the comparable sales of land, and current replacement cost of the buildings and improvements taking into consideration the comparison of these assumptions to market data.

*Life Science Investments– Identification of Financial Instruments*

As described in Note 7 to the consolidated financial statements, the Company entered into a securities purchase agreement to purchase up to $170.0 million of Series G Cumulative Redeemable Preferred Stock ("IQHQ Preferred Stock") of IQHQ, Inc. ("IQHQ"), together with corresponding warrants to purchase common equity units of IQHQ ("IQHQ Warrant"), and became a member of a lender syndicate, funding its $100.0 million commitment to IQHQ ("IQHQ Credit Facility"). In evaluating the securities purchase agreement, the Company identified the following financial instruments: IQHQ Preferred Stock, IQHQ Warrant, forward contract, and IQHQ Credit Facility to allocate the total consideration of their investment.

We identified the evaluation for the identification of financial instruments related to the securities purchase agreement as a critical audit matter. Auditing the Company's evaluation of the identification of financial instruments within the agreement involved especially complex auditor judgment, including the extent of effort and expertise needed.

The primary procedures we performed to address this critical audit matter included:

- Utilizing firm personnel with expertise in the relevant technical accounting to assist in (i) evaluating relevant terms of the relevant agreement in relation to the appropriate accounting literature and (ii) assessing the appropriateness of conclusions reached by the Company.

*Life Science Investments- Fair Value of Financial Instruments*

As described in Notes 2 and 10 to the consolidated financial statements, life science investments consist of an investment in the IQHQ Preferred Stock, the IQHQ Warrant, forward contract and IQHQ Credit Facility, which are initially measured based upon their relative fair values and allocated among the total consideration. The Company engaged a third-party valuation specialist to assist in the estimation of the fair value of the financial instruments using various models.

We identified the estimation of the fair values used in the allocation of the financial instruments for the life science investments as a critical audit matter. Auditing certain assumptions used in the estimation of the fair values, such as discount rates and volatility, involved especially challenging auditor judgment due to the nature and extent of audit effort required to address these matters, including the extent of specialized skill or knowledge needed.

The primary procedures we performed to address this critical audit matter included:

- Utilizing personnel with specialized knowledge and skills in valuation to assist in assessing the reasonableness of certain assumptions, such as discount rates and volatility, using relevant market data.

/s/ BDO USA, P.C.

We have served as the Company's auditor since 2016.

San Diego, California
February 24, 2026

**Innovative Industrial Properties, Inc.**

**Consolidated Balance Sheets**

*(In thousands, except share and per share amounts)*

| Assets | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Real estate, at cost: | | |
| Land | $ 146,320 | $ 146,772 |
| Buildings and improvements | 2,269,597 | 2,230,807 |
| Construction in progress | 40,593 | 62,393 |
| Total real estate, at cost | 2,456,510 | 2,439,972 |
| Less accumulated depreciation | (343,062) | (271,190) |
| Net real estate held for investment | 2,113,448 | 2,168,782 |
| Life science investments | 152,665 | — |
| Construction loan receivable | 22,800 | 22,800 |
| Cash and cash equivalents | 47,597 | 146,245 |
| Investments | — | 5,000 |
| Right of use office lease asset | 509 | 946 |
| In-place lease intangible assets, net | 6,366 | 7,385 |
| Other assets, net | 27,473 | 26,889 |
| Total assets | $ 2,370,858 | $ 2,378,047 |
| | | |
| **Liabilities and stockholders' equity** | | |
| Liabilities: | | |
| Notes due 2026, net | $ 290,602 | $ 297,865 |
| Revolving credit facilities | 102,500 | — |
| Building improvements and construction funding payable | 2,964 | 10,230 |
| Accounts payable and accrued expenses | 10,870 | 10,561 |
| Dividends payable | 54,913 | 54,817 |
| Rent received in advance and tenant security deposits | 50,307 | 57,176 |
| Other liabilities | 10,698 | 11,338 |
| Total liabilities | 522,854 | 441,987 |
| Commitments and contingencies (Notes 6, 7 and 12) | | |
| Stockholders' equity: | | |
| Preferred stock, par value $0.001 per share, 50,000,000 shares authorized: 9.00% Series A cumulative redeemable preferred stock, liquidation preference of $25.00 per share, 2,019,525 and 1,002,673 shares issued and outstanding at December 31, 2025 and December 31, 2024, respectively | 47,780 | 23,632 |
| Common stock, par value $0.001 per share, 50,000,000 shares authorized: 28,022,975 and 28,331,833 shares issued and outstanding at December 31, 2025 and December 31, 2024, respectively | 28 | 28 |
| Additional paid-in capital | 2,113,184 | 2,124,113 |
| Dividends in excess of earnings | (312,988) | (211,713) |
| Total stockholders' equity | 1,848,004 | 1,936,060 |
| Total liabilities and stockholders' equity | $ 2,370,858 | $ 2,378,047 |

*See the accompanying notes to the consolidated financial statements.*

**Innovative Industrial Properties, Inc.**

**Consolidated Statements of Income**

*(In thousands, except share and per share amounts)*

| | Years Ended December 31, | | |
|---|---|---|---|
| | **2025** | **2024** | **2023** |
| **Revenues:** | | | |
| Rental (including tenant reimbursements) | $ 265,486 | $ 306,936 | $ 307,349 |
| Other | 469 | 1,581 | 2,157 |
| Total revenues | 265,955 | 308,517 | 309,506 |
| | | | |
| **Expenses:** | | | |
| Property expenses | 30,177 | 28,472 | 24,893 |
| General and administrative expense | 33,735 | 37,444 | 42,832 |
| Depreciation and amortization expense | 74,068 | 70,807 | 67,194 |
| Impairment loss on real estate | 3,527 | — | — |
| Total expenses | 141,507 | 136,723 | 134,919 |
| Gain (loss) on sale of real estate | (326) | (3,449) | — |
| Income from operations | 124,122 | 168,345 | 174,587 |
| Interest and other income | 14,320 | 10,988 | 8,446 |
| Interest expense | (20,195) | (17,672) | (17,467) |
| Gain (loss) on exchange of Exchangeable Senior Notes | — | — | 22 |
| Net income | 118,247 | 161,661 | 165,588 |
| Preferred stock dividends | (3,812) | (1,804) | (1,352) |
| Net income attributable to common stockholders | $ 114,435 | $ 159,857 | $ 164,236 |
| Net income attributable to common stockholders per share (Note 9): | | | |
| Basic | $ 3.98 | $ 5.58 | $ 5.82 |
| Diluted | $ 3.93 | $ 5.52 | $ 5.77 |
| Weighted-average shares outstanding: | | | |
| Basic | 28,005,228 | 28,226,402 | 27,977,807 |
| Diluted | 28,377,227 | 28,530,650 | 28,255,797 |

*See accompanying notes to the consolidated financial statements.*

**Innovative Industrial Properties, Inc.**

**Consolidated Statements of Stockholders' Equity**

*(In thousands, except share amounts)*

| | Series A Preferred Stock | | Common Stock | | Additional Paid-In-Capital | Dividends in Excess of Earnings | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | | | |
| Balance, December 31, 2022 | 600,000 | $ 14,009 | 27,972,830 | $ 28 | $ 2,065,248 | $ (117,392) | $ 1,961,893 |
| Net income | — | — | — | — | — | 165,588 | 165,588 |
| Exchange of Exchangeable Senior Notes | — | — | 32,200 | — | 1,964 | — | 1,964 |
| Issuance of common stock, net of issuance costs | — | — | 101,061 | — | 9,564 | — | 9,564 |
| Preferred stock dividend | — | — | — | — | — | (1,352) | (1,352) |
| Common stock dividend | — | — | — | — | — | (203,698) | (203,698) |
| Issuance of unvested restricted stock, net of forfeitures | — | — | 34,800 | — | (568) | — | (568) |
| Stock-based compensation | — | — | — | — | 19,581 | — | 19,581 |
| Balance, December 31, 2023 | 600,000 | 14,009 | 28,140,891 | 28 | 2,095,789 | (156,854) | 1,952,972 |
| Net income | — | — | — | — | — | 161,661 | 161,661 |
| Exchange of Exchangeable Senior Notes | — | — | 28,408 | — | — | — | — |
| Issuance of preferred stock, net of issuance costs | 402,673 | 9,623 | — | — | — | — | 9,623 |
| Issuance of common stock, net of issuance costs | — | — | 123,224 | — | 11,757 | — | 11,757 |
| Preferred stock dividend | — | — | — | — | — | (1,804) | (1,804) |
| Common stock dividend | — | — | — | — | — | (214,716) | (214,716) |
| Issuance of unvested restricted stock, net of forfeitures | — | — | 39,310 | — | (750) | — | (750) |
| Stock-based compensation | — | — | — | — | 17,317 | — | 17,317 |
| Balance, December 31, 2024 | 1,002,673 | 23,632 | 28,331,833 | 28 | 2,124,113 | (211,713) | 1,936,060 |
| Net income | — | — | — | — | — | 118,247 | 118,247 |
| Issuance of preferred stock, net of issuance costs | 1,016,852 | 24,148 | — | — | — | — | 24,148 |
| Repurchase of common stock | — | — | (371,538) | — | (20,108) | — | (20,108) |
| Preferred stock dividend | — | — | — | — | — | (3,812) | (3,812) |
| Common stock dividend | — | — | — | — | — | (215,799) | (215,799) |
| Issuance of unvested restricted stock, net of forfeitures | — | — | 56,901 | — | (792) | — | (792) |
| Conversion of restricted stock units into common stock, net of forfeitures | — | — | 5,779 | — | (161) | 89 | (72) |
| Stock-based compensation | — | — | — | — | 10,132 | — | 10,132 |
| Balance, December 31, 2025 | 2,019,525 | $ 47,780 | 28,022,975 | $ 28 | $ 2,113,184 | $ (312,988) | $ 1,848,004 |

*See accompanying notes to the consolidated financial statements.*

**Innovative Industrial Properties, Inc.**
**Consolidated Statements of Cash Flows**
*(In thousands)*

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| **Cash flows from operating activities** | | | |
| Net income | $ 118,247 | $ 161,661 | $ 165,588 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities | | | |
| Depreciation and amortization | 74,068 | 70,807 | 67,194 |
| Impairment loss on real estate | 3,527 | — | — |
| Loss (gain) on exchange of Exchangeable Senior Notes | — | — | (22) |
| Loss (gain) on sale of real estate | 326 | 3,449 | — |
| Other non-cash adjustments | (275) | 103 | 111 |
| Paid-in-kind dividends and interest income on life science investments | (826) | — | — |
| Stock-based compensation | 10,132 | 17,317 | 19,581 |
| Amortization of discounts on investments | — | (506) | (3,198) |
| Amortization of debt discount and issuance costs | 1,999 | 1,669 | 1,371 |
| Changes in assets and liabilities | | | |
| Other assets, net | (1,286) | 126 | 352 |
| Accounts payable, accrued expenses and other liabilities | (854) | 6,002 | 3,924 |
| Rent received in advance and tenant security deposits | (6,869) | (2,182) | 642 |
| Net cash provided by (used in) operating activities | 198,189 | 258,446 | 255,543 |
| **Cash flows from investing activities** | | | |
| Investments in real estate | (7,857) | (18,666) | (34,906) |
| Investments in life science financial instruments | (150,251) | — | — |
| Proceeds from sale of real estate assets | 2,239 | 9,100 | — |
| Funding of draws for improvements and construction | (23,432) | (63,084) | (150,088) |
| Funding of construction loan and other investments | — | (800) | (3,979) |
| Purchases of short-term investments | (5,258) | (45,110) | (111,872) |
| Maturities of short-term investments | 10,258 | 62,564 | 294,057 |
| Net cash provided by (used in) investing activities | (174,301) | (55,996) | (6,788) |
| **Cash flows from financing activities** | | | |
| Issuance of common stock, net of issuance costs | — | 11,757 | 9,564 |
| Repurchase of common stock | (20,108) | — | — |
| Issuance of preferred stock, net of issuance costs | 24,148 | 9,623 | — |
| Draws on revolving credit facilities | 155,000 | — | — |
| Repayments on revolving credit facilities | (52,500) | — | — |
| Principal payment on debt | (8,697) | (4,436) | — |
| Payment of deferred financing costs | — | (567) | (561) |
| Dividends paid to common stockholders | (216,275) | (211,953) | (202,711) |
| Dividends paid to preferred stockholders | (3,240) | (1,578) | (1,352) |
| Taxes paid related to net share settlement of equity awards | (864) | (750) | (568) |
| Net cash provided by (used in) financing activities | (122,536) | (197,904) | (195,628) |
| Net increase (decrease) in cash, cash equivalents and restricted cash | (98,648) | 4,546 | 53,127 |
| Cash, cash equivalents and restricted cash, beginning of year | 146,245 | 141,699 | 88,572 |
| Cash, cash equivalents and restricted cash, end of year | $ 47,597 | $ 146,245 | $ 141,699 |
| **Supplemental disclosure of cash flow information:** | | | |
| Cash paid during the year for interest, net of interest capitalized | $ 17,412 | $ 16,051 | $ 16,125 |
| **Supplemental disclosure of non-cash investing and financing activities:** | | | |
| Accrual for current-period additions to real estate | $ 2,207 | $ 9,722 | $ 8,385 |
| Deposits applied for acquisitions | — | — | 250 |
| Accrual for common and preferred stock dividends declared | 54,913 | 54,817 | 51,827 |
| Reclassification from other assets to real estate held for investment | — | 3,152 | — |
| Exchange of Exchangeable Senior Notes for common stock | — | — | 2,000 |

*See accompanying notes to the consolidated financial statements.*

**Innovative Industrial Properties, Inc.**

**Notes to Consolidated Financial Statements**

## 1. Organization

As used herein, the terms "we", "us", "our", or the "Company" refer to Innovative Industrial Properties, Inc., a Maryland corporation, and any of our subsidiaries, including IIP Operating Partnership, LP, a Delaware limited partnership (our "Operating Partnership").

We are an internally-managed real estate investment trust ("REIT") focused on the acquisition, ownership and management of specialized industrial properties and financial investments in the life science industry. Our properties are primarily leased to experienced, state-licensed operators for their regulated cannabis facilities. We have acquired and intend to continue to acquire our properties through sale-leaseback transactions and third-party purchases. We have leased and expect to continue to primarily lease our properties on a triple-net lease basis, where the tenant is responsible for all aspects of and costs related to the property and its operation during the lease term, including structural repairs, maintenance, real estate taxes and insurance.

We were incorporated in Maryland on June 15, 2016. We conduct our business through a traditional umbrella partnership real estate investment trust, or UPREIT structure, in which our properties are owned by our Operating Partnership, directly or through subsidiaries. We are the sole general partner of our Operating Partnership and own, directly or through subsidiaries, 100% of the limited partnership interests in our Operating Partnership.

Information with respect to rentable square footage is unaudited.

## 2. Summary of Significant Accounting Policies and Procedures and Recent Accounting Pronouncements

**Basis of Presentation.** The consolidated financial statements, which include all of the accounts of the Company, are presented in accordance with U.S. generally accepted accounting principles ("GAAP").

**Going Concern.** Management is required under Accounting Standards Codification ("ASC") 205-40, *Presentation of Financial Statements - Going Concern* ("ASC 205-40") to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date the consolidated financial statements are issued. This evaluation includes an assessment of the Company's liquidity needs to satisfy upcoming debt obligations.

As of December 31, 2025, the outstanding principal balance on the Notes due 2026 (as defined in Note 8), which matures in May 2026, was $291.2 million. The Company currently does not have sufficient liquidity to satisfy this obligation at maturity.

Management is actively evaluating alternatives to address the maturity of the Notes due 2026, which may include refinancing the existing indebtedness or raising additional capital combined with existing cash resources to retire the obligation. Although management believes that it is more likely than not that the Company will be able to address the maturity of the Notes due 2026, guidance issued under ASC 205-40 requires that management not conclude that such an outcome is "probable" if, among other factors, the outcome is not within control of the Company. Because no such refinancing or capital transactions have closed, such outcomes are not solely within the control of the Company and therefore, management is unable to conclude that such an outcome is probable. Accordingly, management has concluded that there is substantial doubt about the Company's ability to continue as a going concern within one year following the date of issuance of these consolidated financial statements.

The failure to retire or refinance the Notes due 2026 could lead to an event of default, which would have a material adverse effect on the Company's financial condition.

The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Federal Income Taxes.** We believe that we have operated our business so as to qualify to be taxed as a REIT for U.S. federal income tax purposes. Under the REIT operating structure, we are permitted to deduct dividends paid to our

stockholders in determining our taxable income. Assuming our dividends equal or exceed our taxable net income, we generally will not be required to pay federal corporate income taxes on such income. The income taxes recorded on our consolidated statements of income represent amounts paid for city and state income and franchise taxes and are included in general and administrative expenses in the accompanying consolidated statements of income.

**Use of Estimates.** The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results may differ materially from these estimates and assumptions. The most significant estimates and assumptions made include determination of lease accounting and fair value of acquisition of real estate properties.

**Reportable Segments.** We define our reportable segments based on the manner in which our chief operating decision maker ("CODM") makes key operating decisions, evaluates financial performance, allocates resources and manages our business. This approach aligns with our internal reporting structure and reflects the economic characteristics and nature of our operations. During the year ended December 31, 2025, based on changes in the manner in which the Company's CODM evaluates operating performance and allocates resources, the Company determined that it has two reportable segments: Cannabis Portfolio and Life Science Portfolio. Certain costs that are not associated with the ongoing operations, including general corporate expense, are not allocated to the reportable segments. See Note 13 “Segment Information” for additional information.

**Acquisition of Real Estate Properties.** Our investment in real estate is recorded at historical cost, less accumulated depreciation. Upon acquisition of a property, the tangible and intangible assets acquired and liabilities assumed are initially measured based upon their relative fair values. We estimate the fair value of land by reviewing comparable sales within the same submarket and/or region. We estimate the fair value of buildings and improvements as if the property was vacant utilizing a direct capitalization approach and take into consideration current replacement costs and other relevant market rate information and may engage third-party valuation specialists. Acquisition costs are capitalized as incurred. All of our acquisitions to date were recorded as asset acquisitions.

The fair value of acquired in-place leases is derived based on our assessment of estimated lost revenue and costs incurred for the period required to lease the “assumed vacant” property to the occupancy level when purchased. The amounts recorded for acquired in-place leases are reflected as in-place lease intangible assets, net on the consolidated balance sheets and are amortized on a straight-line basis as a component of depreciation and amortization expense over the remaining term of the applicable leases.

The fair value of the above-market component of an acquired in-place operating lease is based upon the present value (calculated using a market discount rate) of the difference between (i) the contractual rents to be paid pursuant to the lease over its remaining non-cancellable lease term and (ii) our estimate of the rents that would be paid using fair market rental rates and rent escalations at the date of acquisition measured over the remaining non-cancellable term of the lease. The amount recorded for one above-market operating lease is included in other assets, net on the consolidated balance sheets and is amortized on a straight-line basis as a reduction of rental income over the remaining term of the applicable lease.

Certain acquisitions of real estate did not satisfy the requirements for sale-leaseback accounting and therefore as of both December 31, 2025 and 2024, acquisitions of $16.8 million, respectively, have been recognized as notes receivable and are included in other assets, net on our consolidated balance sheets. During the year ended December 31, 2024, a $3.2 million acquisition of real estate which previously did not satisfy the requirements for sale-leaseback accounting was reclassified to real estate held for investment as the requirements for sale-leaseback accounting were satisfied.

**Sale of Real Estate.** When a real estate asset is sold, we evaluate the provisions of ASC 610-20, *Gains and Losses from the Derecognition of Nonfinancial Assets* (“ASC 610-20”) to determine whether the asset is within the scope of ASC 610-20, including an evaluation of whether the asset being sold is a nonfinancial asset and whether the buyer has gained control of an asset within the scope of ASC 610-20. In assessing whether the buyer has gained control of the asset, we must determine whether the contract criteria in ASC 606, *Revenue from Contracts with Customers (Topic 606)* have been met, including 1) the parties to the contract have approved the contract and the contract has commercial substance, 2) we can identify each party’s rights regarding the asset to be transferred, 3) we can identify the payment terms for the asset to be transferred, and 4) it is probable that we will collect substantially all of the consideration to which we will be entitled in exchange for the asset to be transferred. If all of the contract criteria have been met, the carrying amount of the applicable asset is derecognized with a corresponding gain or loss from the sale recognized in our consolidated statements of income.

If the contract criteria are not all met, the asset transferred is not derecognized and we continue to report the asset in our consolidated balance sheet. See Note 6 "Investments in Real Estate - Property Dispositions" for further information.

**Cost Capitalization and Depreciation.** We capitalize costs (including interest) associated with development and redevelopment activities and improvements when we are considered to be the accounting owner of the resulting assets. The development and redevelopment activities may be funded by us pursuant to the lease. We are generally considered the accounting owner for such improvements that are attached to or built into the premises, which are required under the lease to be surrendered to us upon the expiration or earlier termination of the lease. Typically, such improvements include, but are not limited to, ground up development, and enhanced HVAC, plumbing, electrical and other building systems.

Amounts capitalized are depreciated on a straight-line basis over the estimated useful lives determined by management. We depreciate buildings and improvements based on our evaluation of the estimated useful life of each specific asset, not to exceed 40 years. For the years ended December 31, 2025, 2024 and 2023, we recognized depreciation expense of $73.0 million, $69.9 million and $66.3 million, respectively, which are included in depreciation and amortization expense in our consolidated statements of income. We depreciate office equipment and furniture and fixtures on a straight-line basis over the estimated useful lives ranging from three to seven years. We depreciate the leasehold improvements at our corporate office on a straight-line basis over the shorter of the estimated useful lives or the remaining lease term. Depreciation expense relating to our corporate assets is included in general and administrative expense in our consolidated statements of income.

Determining whether expenditures meet the criteria for capitalization and the assignment of depreciable lives requires management to exercise judgment. Project costs that are clearly associated with the acquisition and development or redevelopment of a real estate project, for which we are the accounting owner, are capitalized as a cost of that project. Expenditures that meet one or more of the following criteria generally qualify for capitalization:

- the expenditure provides benefit in future periods; and
- the expenditure extends the useful life of the asset beyond our original estimates.

We define redevelopment properties as existing properties for which we expect to spend significant development and construction costs that are not reimbursements to tenants for improvements at the properties. When existing properties are determined to be redevelopment properties, the net carrying value of the buildings and improvements are transferred to construction in progress while the redevelopment activities are in process. Costs capitalized to construction in progress related to redevelopment properties are transferred to buildings and improvements at historical cost of the properties as the redevelopment project or phases of projects are placed in service.

**Provision for Impairment.** On a quarterly basis, we review current activities and changes in the business conditions of all of our properties prior to and subsequent to the end of each quarter to determine the existence of any triggering events or impairment indicators requiring an impairment analysis. If triggering events or impairment indicators are identified, we review an estimate of the future undiscounted cash flows for the properties.

Long-lived assets are individually evaluated for impairment when conditions exist that may indicate that the carrying amount of a long-lived asset may not be recoverable. The carrying amount of a long-lived asset to be held and used is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Impairment indicators or triggering events for long-lived assets to be held and used are assessed by project and include significant fluctuations in estimated net operating income, occupancy changes, significant near-term lease expirations, current and historical operating and/or cash flow losses, construction costs, estimated completion dates, rental rates, and other market factors. We assess the expected undiscounted cash flows based upon numerous factors, including, but not limited to, construction costs, available market information, current and historical operating results, known trends, current market/economic conditions that may affect the property, and our assumptions about the use of the asset, including, if necessary, a probability-weighted approach if multiple outcomes are under consideration. Upon determination that an impairment has occurred, a write-down is recognized to reduce the carrying amount to its estimated fair value. We may adjust depreciation of properties that are expected to be disposed of or redeveloped prior to the end of their useful lives.

During the year ended December 31, 2025, we recognized an impairment loss on real estate of $3.5 million related to one of our properties in Palm Springs, California, which was under contract for sale and sold in June 2025. No impairment losses were recognized during the years ended December 31, 2024 and 2023.

**Revenue Recognition.** Our leases are triple-net leases, an arrangement under which the tenant maintains the property while paying us rent. We recognize revenue for each of the leases at our properties that are classified as operating leases on a cash basis due to the uncertain regulatory environment in the United States pertaining to the regulated cannabis industry, the limited operating history of certain tenants and the resulting uncertainty of collectability of lease payments from each tenant over the duration of the lease term. We evaluate a number of factors in our initial and ongoing assessments of collectability of lease payments for each tenant on a lease-by-lease basis, including evaluations of each tenant's financial performance, liquidity and overall credit profile, availability and terms of capital for each tenant needed to conduct operations or refinance existing obligations, utilization rates by property and lease duration. We also consider current market conditions, impact of federal, state and local taxation and regulatory burdens and reasonable and supportable forecasts of future economic conditions. Additionally, for operating leases, contractually obligated reimbursements from tenants for recoverable real estate taxes, insurance and operating expenses are included in rental revenues in the period when such costs are reimbursed by the tenants. Contractually obligated real estate taxes that are paid directly by the tenant to the tax authorities are not reflected in our consolidated financial statements.

For the years ended December 31, 2025, 2024 and 2023, rental revenue included the application of $6.6 million, $7.7 million and $8.7 million of security deposits for contractual rent with certain tenants.

**Life Science Investments.** Life science investments consist of an investment in the IQHQ Preferred Stock (as defined in Note 7 "Life Science Investments"), which also includes the IQHQ Warrant (as defined in Note 7) and related financial instruments. Life science investments also consist of an investment in the IQHQ Credit Facility (as defined in Note 7), which was funded in connection with the investments in the IQHQ Preferred Stock and IQHQ Warrant and were, therefore, evaluated together and initially measured based on relative fair value (see Note 10 "Fair Value of Financial Instruments").

The Company does not have significant influence over IQHQ (as defined in Note 7), and the investments in the equity securities of IQHQ do not have a readily determinable fair value. As such, the investments in the equity securities of IQHQ are carried under the measurement alternative of *ASC 321, Investments - Equity Securities*, which is cost (as initially measured based on relative fair value), less impairment and adjusted for observable price changes in orderly transactions for identical or similar investment of the same issuer. As of December 31, 2025, there were no impairments or adjustments to the carrying value of the investments in the equity securities of IQHQ as a result of observable price changes. Dividend income on the investment in the IQHQ Preferred Stock is recognized on an accrual basis and is included in interest and other income in our consolidated statements of income.

The investment in the IQHQ Credit Facility is recorded at amortized cost (as initially measured based on relative fair value) and is evaluated for current expected credit loss using relevant information from internal and external sources, current conditions and reasonable and supportable forecasts in accordance with *ASC 326, Financial Instruments - Credit Losses* ("CECL Standard"). No allowance for credit losses has been recorded as of December 31, 2025. Interest income on the investment in the IQHQ Credit Facility is recognized using the effective interest method over the estimated life of the note and is included in interest and other income in our consolidated statements of income.

**Construction Loan.** In June 2021, we executed a construction loan agreement with a developer, pursuant to which we agreed to lend up to $23.0 million for the development of a regulated cannabis cultivation and processing facility in California (the "Construction Loan"). We have an option to purchase the property, and may execute a negotiated lease with an affiliate of the developer or with another third party, if we determine to exercise our purchase option. As of both December 31, 2025 and 2024, we had funded $22.8 million, respectively, of the Construction Loan. The Construction Loan is recorded at the amount funded and is evaluated for current expected credit loss in accordance with CECL Standard. No allowance for credit losses has been recorded as of December 31, 2025. Interest income on the Construction Loan is recognized on a cash basis and is included in interest and other income in our consolidated statements of income. The borrower exercised the option to extend the maturity date to December 31, 2026 with the satisfaction of certain conditions.

**Cash and Cash Equivalents**. We consider all highly-liquid investments with original maturities of 90 days or less to be cash equivalents, which is comprised of short-term money market funds, obligations of the U.S. government and certificates of deposit with an original maturity at the time of purchase of less than or equal to 90 days.

**Restricted Cash.** Restricted cash related to cash held in escrow accounts for future draws for improvements for tenants in accordance with certain lease agreements. The Company had no restricted cash balance as of December 31, 2025 and 2024.

**Investments**. Investments consist of short-term obligations of the U.S. government and certificates of deposit with an original maturity at the time of purchase of greater than 90 days. Investments in obligations of the U.S. government are classified as held-to-maturity and stated at amortized cost. Investments in certificates of deposit are classified as held-to-maturity and stated at cost. Investment income is included in interest and other income in our consolidated statements of income.

**Deferred Financing Costs.** The deferred financing costs relating to our Notes due 2026 are included as a reduction in the net book value of the related liability on our consolidated balance sheets. These costs are amortized as non-cash interest expense using the effective interest method over the life of the related obligations. Deferred financing costs relating to our Revolving Credit Facility and Life Science Credit Facility (as defined in Note 8 "Debt") are included in other assets, net in our consolidated balance sheets. These costs are being amortized on a straight-line basis and recognized as non-cash interest expense over the remaining term of the Revolving Credit Facility and Life Science Credit Facility.

**Stock-Based Compensation.** Stock-based compensation for equity awards is based on the grant date fair value of the equity awards and is recognized over the requisite service or performance period. If awards are forfeited prior to vesting, we reverse any previously recognized expense related to such awards in the period during which the forfeiture occurs and reclassify any non-forfeitable dividends and dividend equivalents previously paid on these awards from retained earnings to compensation expense. Forfeitures are recognized as incurred. Certain equity awards are subject to vesting based upon the satisfaction of various market conditions. Forfeiture of share awards with market-based restrictions does not result in a reversal of previously recognized share-based compensation expense.

**Lease Accounting.** We account for our leases under ASC 842, *Leases*, and have elected the practical expedient not to separate certain non-lease components from the lease component if the timing and pattern of transfer are the same for the non-lease component and associated lease component, and the lease component would be classified as an operating lease if accounted for separately. We also elected the short-term lease exception for lessees for leases that are less than 12 months. As lessee, we recognized a liability to account for our future obligations and a corresponding right-of-use asset related to our corporate office lease, which ends in January 2027 and contains annual escalations. We measured the lease liability based on the present value of the future lease payments (excluding the extension option that we are not reasonably certain to exercise), discounted using the estimated incremental borrowing rates of 7.25% and 5.5%, which were the interest rates that we estimated we would have to pay to borrow on a collateralized basis over a similar term for an amount equal to the lease payments at initial commencement in December 2019 and upon an amendment in November 2021, respectively. Subsequently, the lease liability is accreted by applying a discount rate established at the lease commencement date to the lease liability balance as of the beginning of the period and is reduced by the payments made during the period.

The right-of-use asset is measured based on the corresponding lease liability. We did not incur any initial direct leasing costs and any other consideration exchanged with the landlord prior to the commencement of the lease. Subsequently, the right-of-use asset is amortized on a straight-line basis during the lease term. For each of the years ended December 31, 2025, 2024 and 2023, we recognized office lease expense of $0.5 million, which are included in general and administrative expense in our consolidated statements of income. For each of the years ended December 31, 2025, 2024 and 2023, amounts paid and classified as operating activities in our consolidated statements of cash flows for the office lease were $0.5 million.

As lessor, for each of our real estate transactions involving the leaseback of the related property to the seller or affiliates of the seller, we determine whether these transactions qualify as sale and leaseback transactions under the accounting guidance. For these transactions, we consider various inputs and assumptions including, but not necessarily limited to, lease terms, renewal options, discount rates, and other rights and provisions in the purchase and sale agreement, lease and other documentation to determine whether control has been transferred to the Company or remains with the lessee. A transaction involving a sale leaseback will be treated as a purchase of a real estate property if it is considered to transfer control of the underlying asset from the lessee. A lease will be classified as direct-financing if risks and rewards are conveyed without the transfer of control and will be classified as a sales-type lease if control of the underlying asset is transferred to the lessee. Otherwise, the lease is treated as an operating lease. These criteria also include estimates and assumptions regarding the fair value of the leased facilities, minimum lease payments, the economic useful life of the facilities, the existence of a purchase option, and certain other terms in the lease agreements. The lease accounting guidance requires accounting for a transaction as a financing in a sale leaseback when the seller-lessee is provided an option to purchase the property from the landlord at the tenant's option. Substantially all of our leases continued to be classified as operating leases and we continue to record revenue for each of our properties on a cash basis. Our tenant reimbursable revenue and property expenses continue to be presented on a gross basis as rental revenues and as property

expenses, respectively, on our consolidated statements of income. Property taxes paid directly by the lessee to a third party continue to be excluded from our consolidated financial statements.

Lease amendments are evaluated to determine if the modification grants the lessee an additional right-of-use not included in the original lease and if the lease payments increase commensurate with the standalone price of the additional right-of-use, adjusted for the circumstances of the particular contract. If both conditions are present, the lease amendment is accounted for as a new lease that is separate from the original lease. In January 2024, the lease modifications for two of our leases to extend the initial term of each lease changed the lease classification from operating lease to sales-type lease that did not satisfy all the criteria for recognition as a completed sale. Accordingly, we continue to recognize the underlying assets within net real estate held for investment and all lease payments received, as well as any future lease payments, will be recognized as a deposit liability and will be included in other liabilities on our consolidated balance sheets until certain criteria are met. As of December 31, 2025, we have received lease payments of $5.0 million that have been included in other liabilities on our consolidated balance sheets. The underlying assets' land and building and improvements had a gross carrying value of $4.1 million and $28.9 million, respectively, and accumulated depreciation of $4.4 million as of December 31, 2025.

Our leases generally contain options to extend the lease terms at the prevailing market rate or at the expiring rental rate at the time of expiration. Certain of our leases provide the lessee with a right of first refusal or right of first offer in the event we market the leased property for sale.

**Recent Accounting Pronouncements**. In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses*. The amendments in ASU 2024-03 require entities to provide enhanced disclosures related to certain expense categories included in income statement captions. Under ASU 2024-03, entities are required to disaggregate, in a tabular format, expense captions presented on the face of the income statement — excluding earnings or losses from equity method investments — if they include any of the following expense categories: purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depreciation, depletion, and amortization recognized as part of oil and gas-producing activities (or other amounts of depletion expense). For any remaining items within each relevant expense caption, entities must provide a qualitative description of the nature of those expenses. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. We expect to adopt this ASU on January 1, 2027. While the adoption is not expected to have an impact on our consolidated financial statements, it is expected to result in incremental disclosures within the footnotes to our consolidated financial statements.

**Concentration of Credit Risk**. As of December 31, 2025, we owned 111 properties located in 19 states. The ability of any of our tenants to honor the terms of their leases is dependent upon the economic, regulatory, competition, natural and social factors affecting the community in which that tenant operates.

The following tables set forth the five tenants in our portfolio that represented the largest percentage of our total rental revenues for the years ended December 31, 2025, 2024 and 2023, including tenant reimbursements:

| | For the Year Ended December 31, 2025 | |
|---|---|---|
| | Number of Leases | Percentage of Rental Revenue |
| Ascend Wellness Holdings, Inc. ("Ascend") | 4 | 12 % |
| Green Thumb Industries, Inc. ("Green Thumb") | 3 | 9 % |
| Curaleaf Holdings, Inc. ("Curaleaf") | 8 | 8 % |
| Trulieve, Inc. ("Trulieve") | 6 | 8 % |
| The Cannabist Company | 21 | 8 % |

| | For the Year Ended December 31, 2024 | |
|---|---|---|
| | Number of Leases | Percentage of Rental Revenue |
| PharmaCann Inc. ("PharmaCann")[1] | 11 | 17 % |
| Ascend | 4 | 11 % |
| Green Thumb | 3 | 8 % |
| Holistic Industries, Inc. ("Holistic") | 5 | 7 % |
| Curaleaf | 8 | 7 % |

| | For the Year Ended December 31, 2023 | |
|---|---|---|
| | Number of Leases | Percentage of Rental Revenue |
| PharmaCann[1] | 11 | 15 % |
| Ascend | 4 | 10 % |
| Green Thumb | 3 | 8 % |
| SH Parents, Inc. ("Parallel")[2] | 4 | 7 % |
| Curaleaf | 8 | 7 % |

(1) See Note 6 "Investment in Real Estate - Lease Amendments" for further information about the leases with PharmaCann.
(2) We regained possession of two properties previously leased to Parallel in Texas and Pennsylvania in 2024.

In each of the tables above, these leases include leases with affiliates of each entity, for which the entity has provided a corporate guaranty.

*Geographic Concentration*

As of December 31, 2025, our largest property was located in New York and accounted for 5.5% of our net real estate held for investment. No other properties accounted for more than 5% of our net real estate held for investment as of December 31, 2025. As of December 31, 2024, our largest property was located in New York and accounted for 5.5% of our net real estate held for investment. No other properties accounted for more than 5% of our net real estate held for investment as of December 31, 2024.

*Financial Instruments*

Financial instruments that potentially subject us to a concentration of credit risk are cash and cash equivalents, notes and interest receivable, and investments in the IQHQ Preferred Stock and IQHQ Warrant.

Concentration of credit risk relating to notes and interest receivable, IQHQ Preferred Stock and IQHQ Warrant investments are managed by the Company through portfolio monitoring and performing due diligence prior to origination or acquisition. As of December 31, 2025, the Company had invested $100.0 million into the IQHQ Credit Facility and $50.0 million into the IQHQ Preferred Stock and IQHQ Warrant, representing a significant concentration of credit risk. The Company monitors IQHQ's credit quality and enforces collateral rights under the credit agreement.

We have deposited cash with financial institutions that is insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. As of December 31, 2025, we had cash accounts in excess of FDIC insured limits. We have not experienced any losses in such accounts.

**3. Common Stock**

As of December 31, 2025, the Company was authorized to issue up to 50,000,000 shares of common stock, par value $0.001 per share, and there were 28,022,975 shares of common stock issued and outstanding.

In May 2024, we terminated the previously existing "at-the-market" offering program (the "Prior ATM Program") and entered into new equity distribution agreements with four sales agents, pursuant to which we may offer and sell from time to time through an "at-the-market" offering program (the "ATM Program"), including on a forward basis, shares of our common stock and 9.00% Series A Cumulative Redeemable Preferred Stock, $0.001 par value per share (the "Series A Preferred Stock"), up to an aggregate offering price of $500.0 million. See Note 4 "Preferred Stock" for information regarding the sale of Series A Preferred Stock under the ATM Program.

No shares of common stock were issued pursuant to the ATM Program during the year ended December 31, 2025. During the years ended December 31, 2024 and 2023, we sold 123,224 shares and 101,061 shares of our common stock pursuant to the Prior ATM Program for net proceeds of $11.8 million and $9.6 million, respectively.

During the year ended December 31, 2024, we issued 28,408 shares of our common stock upon exchange by holders of $4.3 million of outstanding principal amount of our Exchangeable Senior Notes.

During the year ended December 31, 2023, we issued 32,200 shares of our common stock upon exchange by holders of approximately $2.0 million of outstanding principal amount of our Exchangeable Senior Notes.

In March 2025, our Board of Directors authorized a share repurchase program of up to $100.0 million of the Company's common stock. The repurchase program expires on March 17, 2026, and may be extended, suspended, modified or discontinued at any time at the Company's discretion. During year ended December 31, 2025, we repurchased and retired 371,538 shares of common stock for $20.1 million. No shares of common stock were repurchased and retired during the years ended December 31, 2024 and 2023.

**4. Preferred Stock**

As of December 31, 2025, the Company was authorized to issue up to 50,000,000 shares of preferred stock, par value $0.001 per share, and there were 2,019,525 shares issued and outstanding of 9.00% Series A Cumulative Redeemable Preferred Stock (the "Series A Preferred Stock"). The Company may, at its option, redeem the Series A Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of $25.00 per share, plus all accrued and unpaid dividends on such Series A Preferred Stock up to, but excluding the redemption date. Holders of the Series A Preferred Stock generally have no voting rights except for limited voting rights if the Company fails to pay dividends for six or more quarterly periods (whether or not consecutive) and in certain other circumstances.

During the year ended December 31, 2025, we sold 1,016,852 shares of our Series A Preferred Stock pursuant to the ATM Program for net proceeds of $24.1 million.

During the year ended December 31, 2024, we sold 402,673 shares of our Series A Preferred Stock pursuant to the ATM Program for net proceeds of $9.6 million.

No shares of our Series A Preferred Stock were sold during the year ended December 31, 2023.

**5. Dividends**

The following table describes the dividends declared by the Company during the years ended December 31, 2025, 2024 and 2023:

| Declaration Date | Security Class | Amount Per Share | Record Date | Dividend Paid Date | Dividend Amount |
|---|---|---|---|---|---|
| | | | | | *(In thousands)* |
| March 15, 2023 | Common stock | $ 1.80 | March 31, 2023 | April 14, 2023 | $ 50,725 |
| March 15, 2023 | Series A preferred stock | $ 0.5625 | March 31, 2023 | April 14, 2023 | $ 338 |
| June 15, 2023 | Common stock | $ 1.80 | June 30, 2023 | July 14, 2023 | $ 50,742 |
| June 15, 2023 | Series A preferred stock | $ 0.5625 | June 30, 2023 | July 14, 2023 | $ 338 |
| September 15, 2023 | Common stock | $ 1.80 | September 30, 2023 | October 13, 2023 | $ 50,742 |
| September 15, 2023 | Series A preferred stock | $ 0.5625 | September 30, 2023 | October 13, 2023 | $ 338 |
| December 15, 2023 | Common stock | $ 1.82 | December 31, 2023 | January 12, 2024 | $ 51,489 |
| December 15, 2023 | Series A preferred stock | $ 0.5625 | December 31, 2023 | January 12, 2024 | $ 338 |
| March 15, 2024 | Common stock | $ 1.82 | March 31, 2024 | April 15, 2024 | $ 51,957 |
| March 15, 2024 | Series A preferred stock | $ 0.5625 | March 31, 2024 | April 15, 2024 | $ 338 |
| June 14, 2024 | Common stock | $ 1.90 | June 30, 2024 | July 15, 2024 | $ 54,253 |
| June 14, 2024 | Series A preferred stock | $ 0.5625 | June 30, 2024 | July 15, 2024 | $ 338 |
| September 13, 2024 | Common stock | $ 1.90 | September 30, 2024 | October 15, 2024 | $ 54,253 |
| September 13, 2024 | Series A preferred stock | $ 0.5625 | September 30, 2024 | October 15, 2024 | $ 564 |
| December 13, 2024 | Common stock | $ 1.90 | December 31, 2024 | January 15, 2025 | $ 54,253 |
| December 13, 2024 | Series A preferred stock | $ 0.5625 | December 31, 2024 | January 15, 2025 | $ 564 |
| March 14, 2025 | Common stock | $ 1.90 | March 31, 2025 | April 15, 2025 | $ 54,463 |
| March 14, 2025 | Series A preferred stock | $ 0.5625 | March 31, 2025 | April 15, 2025 | $ 781 |
| June 13, 2025 | Common stock | $ 1.90 | June 30, 2025 | July 15, 2025 | $ 53,783 |
| June 13, 2025 | Series A preferred stock | $ 0.5625 | June 30, 2025 | July 15, 2025 | $ 878 |
| September 15, 2025 | Common stock | $ 1.90 | September 30, 2025 | October 15, 2025 | $ 53,776 |
| September 15, 2025 | Series A preferred stock | $ 0.5625 | September 30, 2025 | October 15, 2025 | $ 1,017 |
| December 15, 2025 | Common stock | $ 1.90 | December 31, 2025 | January 15, 2026 | $ 53,777 |
| December 15, 2025 | Series A preferred stock | $ 0.5625 | December 31, 2025 | January 15, 2026 | $ 1,136 |

**6. Investments in Real Estate**

*Acquisitions*

The Company made the following acquisitions during the year ended December 31, 2025 (dollars in thousands):

| Property | Market | Closing Date | Rentable Square Feet[1] | Initial Purchase Price | Transaction Costs | Total |
|---|---|---|---|---|---|---|
| Harvard Place | Maryland | February 20, 2025 | 22,000 | $ 7,750 | $ 107 | $ 7,857 |
| Total | | | 22,000 | $ 7,750 | $ 107 | $ 7,857 [2] |

(1) Includes expected rentable square feet at completion of construction at the property.
(2) $0.6 million was allocated to land and $7.2 million was allocated to building and improvements.

*Acquired In-Place Lease Intangible Assets*

In-place lease intangible assets and related accumulated amortization as of December 31, 2025 and 2024 is as follows (in thousands):

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| In-place lease intangible assets | $ 9,757 | $ 9,979 |
| Accumulated amortization | (3,391) | (2,594) |
| In-place lease intangible assets, net | $ 6,366 | $ 7,385 |

Amortization of in-place lease intangible assets classified in depreciation and amortization expense in our consolidated statements of income was $1.0 million, $0.9 million and $0.9 million for the years ended December 31, 2025, 2024 and 2023, respectively. The remaining weighted-average amortization period of the value of acquired in-place leases was 7.7 years, and the estimated annual amortization of the value of the acquired in-place leases as of December 31, 2025 is as follows (in thousands):

| Year | Amount |
|---|---|
| 2026 | $ 844 |
| 2027 | 844 |
| 2028 | 844 |
| 2029 | 844 |
| 2030 | 844 |
| Thereafter | 2,146 |
| **Total** | $ 6,366 |

*Above-Market Lease*

The above-market lease and related accumulated amortization included in other assets, net on our consolidated balance sheets as of December 31, 2025 and 2024 is as follows (in thousands):

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Above-market lease | $ 1,054 | $ 1,054 |
| Accumulated amortization | (371) | (279) |
| Above-market lease, net | $ 683 | $ 775 |

The above-market lease is amortized on a straight-line basis as a reduction to rental revenues over the remaining lease term of 7.5 years. For all three years ended December 31, 2025, 2024 and 2023, the amortization of the above-market lease was $0.1 million. As of December 31, 2025, the amortization for each of the next five years is $0.1 million and $0.2 million thereafter.

*Lease Amendments*

In January 2025, we entered into lease amendments with PharmaCann with respect to nine of its leases for properties located in New York, Illinois, Pennsylvania, Ohio, and Colorado. Those lease amendments reduced cumulative total base rent from $2.8 million per month to $2.6 million per month, with cash rent payments commencing February 1, 2025, and provided for pro-rata replenishment of security deposits over thirty-six months commencing February 1, 2027. We also entered into lease amendments with PharmaCann with respect to two of its leases for cultivation properties in Michigan and Massachusetts. Those amendments provide that monthly base rent of $1.3 million for these two properties will be abated in full effective February 1, 2025 and, if the properties have not been transitioned to new tenant(s) by August 1, 2025, we will regain full control over the properties. We applied security deposits held by us pursuant to all of the PharmaCann leases for the payment in full of all defaulted rent for December 2024 and January 2025 and certain penalties. The lease amendments also provided that if PharmaCann defaults again or is not able to refinance its existing senior secured credit facility maturing June 30, 2025, all modifications to our leases with PharmaCann described above will immediately be null and void and the leases will revert to the terms in effect as of January 1, 2025.

In March 2025, PharmaCann defaulted on its obligations to pay rent for the month of March under nine of its eleven leases for properties located in New York, Illinois, Pennsylvania, Ohio, and Colorado and therefore, all modifications to

our leases with PharmaCann described above became null and void and the leases reverted to the terms in effect as of January 1, 2025. In April 2025, the lease for the cultivation property in Michigan was terminated concurrently with the execution of a new lease with a new tenant. In August 2025, the lease for the cultivation property in Massachusetts was terminated and we took back possession of the property. In December 2025, the lease for the cultivation property in Illinois was terminated and we took back possession of the property.

In March 2025, we amended our lease with a subsidiary of AYR Wellness, Inc. at one of our Florida properties to reduce the improvement allowance by $2.5 million to $27.5 million, which also resulted in a corresponding adjustment to the base rent for the lease at the property.

*New Leases*

In November 2025, we executed a new lease with a tenant at our property located at 19533 McLane Street in Palm Springs, California.

In November 2025, we executed a new lease with OCS Holliston LLC, a subsidiary of Perpetual Brand, at our property located at 465 Hopping Brook Road, Holliston, Massachusetts.

*Capitalized Costs*

Including all of our properties, during the year ended December 31, 2025, we capitalized costs of $15.9 million relating to improvements and construction activities at our properties.

*Property Dispositions*

In March 2023, we sold the portfolio of four properties in California for $16.2 million (excluding transaction costs) and provided a secured loan for $16.1 million to the buyer of the properties. The loan was set to mature on February 29, 2028 with two options to extend the maturity for twelve months, conditional in each instance on the payment of an extension fee and at least $0.5 million of the principal balance. The loan was interest only and payments were payable monthly in advance. The transaction did not qualify for recognition as a completed sale under GAAP since not all of the criteria were met. Accordingly, we did not derecognize the assets transferred on our consolidated balance sheets and all considerations received to date from the buyer have been recognized as a deposit liability and included in other liabilities on our consolidated balance sheets until such time the criteria for recognition as a sale have been met or the agreement is terminated. We declared this loan in default in March 2025 due to borrower's failure to pay interest and reimbursement for taxes. In September 2025, due to borrower's continued default and voluntary surrender, we took back possession and ownership of the properties through a deed in lieu of foreclosure. In connection with the termination of the agreement, we recognized $2.7 million of consideration received to date as interest and other income on our consolidated statements of income for the year ended December 31, 2025.

In May 2024, we sold a property in Los Angeles, California for $9.1 million (excluding closing costs) to a third-party buyer. Concurrently with the sale, pursuant to a separate agreement previously executed between us and the tenant, the tenant paid us a lease termination fee of $3.9 million and paid for the closing and other costs incurred by us in connection with the sale of the property. In connection with this sale, during the year ended December 31, 2024, we recognized a disposition-contingent lease termination fee of $3.9 million, which is included in rental revenue (including tenant reimbursements) on our consolidated statements of income, and a loss on sale of real estate of $3.4 million.

In April 2025, we sold a property in Michigan for $9.0 million (excluding transaction costs) and provided a secured loan for $8.5 million to the buyer of the property. The loan matures on April 24, 2028 with an option to extend the maturity for twelve months, conditional on the payment of an extension fee. The loan is interest only and payments are payable monthly in advance. The transaction did not qualify for recognition as a completed sale under GAAP since not all of the criteria were met. Accordingly, we have not derecognized the assets transferred and the land and building and improvements with a gross carrying value of $0.4 million and $9.6 million, respectively, and accumulated depreciation of $2.1 million as of December 31, 2025, remain on the consolidated balance sheet, and the buildings and improvements continue to be depreciated. All consideration received, as well as any future payments, from the buyer will be recognized as a deposit liability and will be included in other liabilities on our consolidated balance sheets until such time the criteria for recognition as a sale have been met. As of December 31, 2025, we have received a total of $1.6 million for a loan origination fee and interest.

In June 2025, we sold a property in Palm Springs, California. Net proceeds from the sale were $1.8 million and no gain or loss was recognized on the sale as the property was impaired and recognized at fair value less selling costs.

In December 2025, we sold a property in Mancos, Colorado. Net proceeds from the sale were $0.5 million and we recognized a loss on sale of real estate of $0.3 million.

*Future Contractual Minimum Rent*

Future contractual minimum rent (including base rent and property management fees) to be received on our leases as of December 31, 2025 for future periods is summarized as follows (in thousands):

| Year | Contractual Minimum Rent |
|---|---|
| 2026 | $ 299,647 |
| 2027 | 312,049 |
| 2028 | 319,222 |
| 2029 | 326,466 |
| 2030 | 331,268 |
| Thereafter | 3,058,509 |
| **Total** | $ 4,647,161 |

Future contractual minimum rent includes payments to be received on two sale-type leases, which will be recognized as a deposit liability and will be included in other liabilities on our consolidated balance sheet until certain criteria are met (see Note 2 “Lease Accounting” for further details).

**7. Life Science Investments**

In August 2025, the Company entered into a Securities Purchase Agreement (the “Securities Purchase Agreement”) with IQHQ, Inc, a private life science real estate investment trust, and certain of its affiliates (collectively "IQHQ"). The Securities Purchase Agreement, together with certain exhibits thereto, set forth the terms under which the Company agreed to: (i) purchase up to $170.0 million of 15.0% Series G Cumulative Redeemable Preferred Stock of IQHQ (the “IQHQ Preferred Stock”) at a price of $1,000 per share, together with corresponding warrants to purchase common equity units of IQHQ at an exercise price of $0.01 per unit, subject to the satisfaction of certain funding milestones of the IQHQ Preferred Stock; and (ii) provide a $100.0 million commitment to IQHQ as a member of a lender syndicate under an Amended and Restated Credit Agreement (the “IQHQ Credit Facility”) with an initial term of three years, extendable by an additional 12 months upon payment of an extension fee and satisfaction of certain other conditions.

On September 30, 2025, the Company completed the initial purchase of an aggregate of 5,000 shares of IQHQ Preferred Stock for a total investment of $5.0 million. On October 31, 2025, the Company purchased an additional 45,000 shares of IQHQ Preferred Stock for $45.0 million, resulting in a total investment of 50,000 shares with an aggregate purchase price of $50.0 million. The IQHQ Preferred Stock accrues cumulative dividends comprised of (i) a 10.0% annual cash dividend and (ii) a 5.0% paid-in-kind (“PIK”) dividend, with dividends payable quarterly in arrears. For the year ended December 31, 2025, $0.4 million of PIK dividend was compounded into the investment in the IQHQ Preferred Stock. The PIK dividend will be paid upon redemption. The PIK dividend rate increases by 1.25% on each of the fourth and fifth anniversaries of issuance. In the event of a failure by IQHQ to make required redemptions or cash dividend payments, the PIK dividend rate increases by an additional 5.0%, until the failure is cured, subject to a cap on the increase. The IQHQ Preferred Stock ranks senior to IQHQ's common equity and any junior securities, pari passu with its Series E Preferred Stock and other parity securities, and junior to its Series A and Series D-1 Preferred Stock with respect to dividends and liquidation preferences. The IQHQ Preferred Stock is not convertible and carries limited voting rights, except as required by law or with respect to charter amendments that are materially adverse to holder rights. The IQHQ Preferred Stock may be redeemed by IQHQ at any time at the greater of $1,560 per share or the then-current base amount and may also be subject to holder redemption upon a change of control or sale transaction.

The remaining balance of the Company’s committed investment in IQHQ Preferred Stock is scheduled to be funded in multiple tranches commencing the second quarter of 2026 and continuing through the second quarter of 2027, subject to extension options exercisable by IQHQ. In connection with the initial closing, the Company also received a warrant (the

"IQHQ Warrant") to purchase common equity units of IQHQ. The IQHQ Warrant is exercisable for a number of common equity units representing 1.5% of the fully diluted outstanding common equity of IQHQ (after giving effect to all previously issued warrants) as of the date of the initial closing.

Pursuant to the terms of the Securities Purchase Agreement, upon the initial closing, the Company obtained the right to appoint one voting member to IQHQ's board of directors, subject to certain ownership thresholds, and designated Paul Smithers, the Company's President and Chief Executive Officer, for this role. The Company also entered into a right of first offer letter with IQHQ, granting the Company a contractual right of first offer on certain real estate asset sales of IQHQ.

Additionally, in connection with the initial closing under the Securities Purchase Agreement, on September 30, 2025, the Company became a lender under the IQHQ Credit Facility and fully funded its $100.0 million commitment. The IQHQ Credit Facility bears interest at a fixed annual rate of 13.5%, consisting of 12.0% payable in cash and 1.5% PIK, with interest payable quarterly. For the year ended December 31, 2025, $0.4 million of PIK interest was compounded into the principal balance of the IQHQ Credit Facility. The PIK interest will be paid at maturity. The IQHQ Credit Facility has an initial maturity on September 30, 2028, with a one-time extension option of up to 12 months, subject to the satisfaction of certain conditions and payment of a facility extension fee. All obligations under the IQHQ Credit Facility are unconditionally guaranteed by IQHQ and secured by a first priority pledge of certain of IQHQ's assets. The Company is subject to a rate reduction penalty of up to 3.0% in the event it fails to make required purchases of IQHQ Preferred Stock under the Securities Purchase Agreement. The IQHQ Credit Facility includes customary representations, warranties, and covenants, as well as major decision rights requiring lender approval. IQHQ is required to prepay loans with proceeds from certain asset or equity sales and may voluntarily prepay or reduce commitments subject to specified conditions.

The following table details the carrying value of our life science investments, including the value of the forward contract to purchase the remaining minimum commitment of IQHQ Preferred Stock (in thousands):

| | December 31, 2025 |
|---|---|
| Investment in IQHQ Preferred Stock | $ 47,430 |
| Investment in IQHQ Warrant | 5,321 |
| Forward contract for the purchase of IQHQ Preferred Stock | 2,562 |
| PIK dividend | 444 |
| Investment in IQHQ Credit Facility | 96,493 |
| PIK interest | 415 |
| Total | $ 152,665 |

**8. Debt**

***Exchangeable Senior Notes***

Our Operating Partnership previously issued 3.75% Exchangeable Senior Notes due 2024 (the "Exchangeable Senior Notes"). The Exchangeable Senior Notes were senior unsecured obligations of our Operating Partnership, were fully and unconditionally guaranteed by us and our Operating Partnership's subsidiaries and were exchangeable for cash, shares of our common stock, or a combination of cash and shares of our common stock, at our Operating Partnership's option, at any time prior to the close of business on the second scheduled trading day immediately preceding the stated maturity date. The Exchangeable Senior Notes paid interest semiannually at a rate of 3.75% per annum and matured on February 21, 2024.

During the year ended December 31, 2024, we issued 28,408 shares of our common stock and paid $4.3 million in cash upon exchange by holders of $4.3 million principal amount of Exchangeable Senior Notes and paid off the remaining $0.1 million principal amount at maturity in February 2024, in accordance with terms of the indenture for the Exchangeable Senior Notes.

During the year ended December 31, 2023, we issued 32,200 shares of our common stock upon exchanges by holders of $2.0 million of outstanding principal amount of our Exchangeable Senior Notes. For the year ended December 31, 2023, we recognized a gain on the exchange totaling $22,000, resulting from the difference between the fair value and carrying

value of the debt as of the date of the exchange. The issuance of the shares pursuant to the exchanges resulted in a net non-cash increase to our additional paid-in capital account of $2.0 million for the year ended December 31, 2023.

The following table details our interest expense related to the Exchangeable Senior Notes (in thousands):

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Cash coupon | $ — | $ 24 | $ 182 |
| Amortization of issuance cost | — | 5 | 37 |
| Capitalized interest | — | (1) | (7) |
| Total interest expense | $ — | $ 28 | $ 212 |

***Notes due 2026***

In May 2021, our Operating Partnership issued $300.0 million aggregate principal amount of its 5.50% Senior Notes due 2026 (the "Notes due 2026"). The Notes due 2026 are senior unsecured obligations of our Operating Partnership, are fully and unconditionally guaranteed by us and rank equally in right of payment with all of the Operating Partnership's future senior unsecured indebtedness. However, the Notes due 2026 are effectively subordinated to any of the Company's, the Operating Partnership's and the Operating Partnership's subsidiaries' future secured indebtedness to the extent of the value of the assets securing such indebtedness. The Notes due 2026 pay interest semiannually at a rate of 5.50% per year and will mature on May 25, 2026. The terms of the Notes due 2026 are governed by an indenture, dated May 25, 2021, and provide that if the debt rating on the Notes due 2026 is downgraded or withdrawn entirely, interest on the Notes due 2026 will increase to a range of 6.0% to 6.5% based on such debt rating.

In connection with the issuance of the Notes due 2026, we recorded $6.8 million of issuance costs, which are being amortized using the effective interest method and recognized as non-cash interest expense over the term of the Notes due 2026. The effective interest rate including amortization of issuance costs is 6.03%.

The following table details our interest expense related to the Notes due 2026 (in thousands):

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Cash coupon | $ 16,093 | $ 16,500 | $ 16,500 |
| Amortization of issuance cost | 1,467 | 1,416 | 1,334 |
| Capitalized interest | (184) | (565) | (620) |
| Total interest expense | $ 17,376 | $ 17,351 | $ 17,214 |

The following table details the carrying value of our Notes due 2026 (in thousands):

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| Principal amount | $ 291,215 | $ 300,000 |
| Unamortized issuance cost | (613) | (2,135) |
| Carrying value | $ 290,602 | $ 297,865 |

The Operating Partnership may redeem some or all of the Notes due 2026 at its option at any time at the applicable redemption price. If the Notes due 2026 are redeemed prior to February 25, 2026, the redemption price will be equal to 100% of the principal amount of the Notes due 2026 being redeemed, plus a make-whole premium and accrued and unpaid interest thereon to, but excluding, the applicable redemption date. If the Notes due 2026 are redeemed on or after February 25, 2026, the redemption price will be equal to 100% of the principal amount of the Notes due 2026 being redeemed, plus accrued and unpaid interest thereon to, but excluding, the applicable redemption date.

In February 2025, we made early partial repayments at a discount totaling $8.7 million on the Notes due 2026, reducing the principal balance by $8.8 million. Following the partial repayment, all other terms and conditions of the debt agreement remain unchanged.

The terms of the indenture for the Notes due 2026 require compliance with various financial covenants, including minimum level of debt service coverage and limits on the amount of total leverage and secured debt maintained by the Operating Partnership. Management believes that it was in compliance with those covenants as of December 31, 2025.

Accrued interest payable for the Notes due 2026 was $2.0 million and $2.1 million as of December 31, 2025 and 2024, respectively, and is included in accounts payable and accrued expenses on our consolidated balance sheets.

***Revolving Credit Facility***

In October 2023, our Operating Partnership entered into a loan and security agreement (the "Loan Agreement") with a federally regulated commercial bank, as lender and as agent for lenders that become party thereto from time to time, which matures on October 23, 2026. The Loan Agreement initially provided $50.0 million in aggregate commitments for secured revolving loans (the "Revolving Credit Facility"), the availability of which is based on a borrowing base consisting of real properties owned by subsidiaries (the "Subsidiary Guarantors") of the Operating Partnership that satisfy eligibility criteria set forth in the Loan Agreement. The obligations of the Operating Partnership under the Loan Agreement are guaranteed by the Company and the Subsidiary Guarantors, and are secured by (i) operating accounts of the Operating Partnership into which lease payments under the real property included in the borrowing base are paid, (ii) the equity interest of the Subsidiary Guarantors, (iii) the real estate included in the borrowing base and the leases and rents thereunder, and (iv) all personal property of the Subsidiary Guarantors. The Loan Agreement also allows the Operating Partnership, subject to the satisfaction of certain conditions, to request additional revolving loan commitments up to a specified amount. In November 2024, our Operating Partnership entered into an amendment to the Loan Agreement, pursuant to which the aggregate commitments under the Revolving Credit Facility were increased from $50.0 million to $87.5 million. Borrowings under the Revolving Credit Facility bear interest at a variable rate based on the greater of the prime rate and an applicable margin based on deposits with the participating bank(s) and a stipulated interest rate. At December 31, 2025, the interest rate was 9.0%. The Revolving Credit Facility is subject to an unused line of credit fee, calculated in accordance with the Loan Agreement. As of December 31, 2025, the outstanding balance under the Revolving Credit Facility was $27.5 million. There were no amounts outstanding under the Revolving Credit Facility as of December 31, 2024.

The Loan Agreement is subject to certain liquidity and operating covenants and includes customary representations and warranties, affirmative and negative covenants and events of default. Management believes that it was in compliance with those covenants as of December 31, 2025.

In connection with the Revolving Credit Facility, we recorded $1.2 million of issuance costs, which are being amortized on a straight-line basis and recognized as non-cash interest expense over the term of the Revolving Credit Facility. For the years ended December 31, 2025, 2024 and 2023, we recognized $0.5 million, $0.3 million and $41,000, respectively, of non-cash interest expense related to the Revolving Credit Facility.

***IIP Life Science Credit Facility***

In October 2025, our Operating Partnership and IIP Life Science entered into a loan agreement with a federally regulated commercial bank, as agent for the lenders that become party thereto from time to time (the "IIP Life Science Credit Facility"). Under the IIP Life Science Credit Facility, our Operating Partnership has a revolving line of credit available up to $100.0 million until the maturity date on October 3, 2028. The IIP Life Science Credit Facility includes an accordion feature under which the revolving line of credit may be increased up to an aggregate of $135.0 million, under certain conditions, including obtaining additional lender commitments. The availability of credit at any given time under the IIP Life Science Credit Facility is subject to, among other things, the amount of collateral available and a borrowing base formula based upon the value of eligible investments in certain securities and an eligible loan receivable. All obligations under the IIP Life Science Credit Facility are secured by substantial assets of the loan parties, including the Company's investment through IIP Life Science in IQHQ Preferred Stock, the IQHQ Warrant, and the IQHQ Credit Facility. Borrowings under the IIP Life Science Credit Facility bear interest on the outstanding daily balance at a rate of interest per annum equal to the greater of (i) the one-month Secured Overnight Financing Rate ("SOFR"), as administered by CME Group Benchmark Administration, plus 2.0% and (ii) 6.10%. At December 31, 2025, the interest rate was 6.1%. As of December 31, 2025, there were $75.0 million of borrowing outstanding under the IIP Life Science Credit Facility.

The IIP Life Science Credit Facility contains a liquidity covenant and a debt service coverage ratio covenant, which requires that the ratio of the Company's consolidated EBITDA to debt service costs not be less than 2.0 to 1.0, measured as of the end of each fiscal quarter. Management believes that it was in compliance with those covenants as of December 31, 2025.

In connection with the IIP Life Science Credit Facility, we recorded $0.9 million of issuance costs, which are being amortized on a straight-line basis and recognized as non-cash interest expense over the term of the Revolving Credit Facility. For the year ended December 31, 2025, we recognized $77,000 of non-cash interest expense related to the IIP Life Science Credit Facility.

The following table summarizes the principal payments on our outstanding indebtedness as of December 31, 2025 (in thousands):

| Payments Due by Year | Amount |
|---|---|
| 2026 | $ 318,715 |
| 2027 | — |
| 2028 | 75,000 |
| 2029 | — |
| 2030 | — |
| Thereafter | — |
| **Total** | $ 393,715 |

**9. Net Income Per Share**

Grants of restricted stock and restricted stock units ("RSUs") of the Company in share-based payment transactions are considered participating securities prior to vesting and, therefore, are considered in computing basic earnings per share under the two-class method. The two-class method is an earnings allocation method for calculating earnings per share when a company's capital structure includes either two or more classes of common stock or common stock and participating securities. Earnings per basic share under the two-class method is calculated based on dividends declared on common shares and other participating securities ("distributed earnings") and the rights of participating securities in any undistributed earnings, which represents net income remaining after deduction of dividends and dividend equivalents accruing during the period. The undistributed earnings are allocated to all outstanding common shares and participating securities based on the relative percentage of each security to the total number of outstanding participating securities. Earnings per basic share represents the summation of the distributed and undistributed earnings per share class divided by the total number of shares.

Through December 31, 2025, all of the Company's participating securities received dividends or dividend equivalents at an equal dividend rate per share. As a result, distributions to participating securities have been included in net income attributable to common stockholders to calculate net income per basic and diluted share.

The 9,468 shares and 81,169 shares necessary to settle the Exchangeable Senior Notes on the if-exchanged method basis were dilutive for the years ended December 31, 2024, and 2023, respectively, and were included in the computation of diluted earnings per share.

For the years ended December 31, 2024, and 2023, the performance share units ("PSUs") granted to certain employees were not included in dilutive securities as the performance thresholds for the vesting of the PSUs were not met as measured as of the respective dates. The PSUs expired on December 31, 2024 (see Note 11 " Common Stock Incentive Plan" for further discussion of the PSUs).

Computations of net income per basic and diluted share were as follows (in thousands, except share and per share data):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| Net income | $ 118,247 | $ 161,661 | $ 165,588 |
| Preferred stock dividends | (3,812) | (1,804) | (1,352) |
| Distribution to participating securities | (2,987) | (2,254) | (1,482) |
| Net income attributable to common stockholders used to compute net income per share – basic | 111,448 | 157,603 | 162,754 |
| Dilutive effect of Exchangeable Senior Notes | — | 28 | 212 |
| Net income attributable to common stockholders used to compute net income per share – diluted | $ 111,448 | $ 157,631 | $ 162,966 |
| | | | |
| Weighted-average common shares outstanding: | | | |
| Basic | 28,005,228 | 28,226,402 | 27,977,807 |
| Restricted stock and RSUs | 371,999 | 294,780 | 196,821 |
| Dilutive effect of Exchangeable Senior Notes | — | 9,468 | 81,169 |
| Diluted | 28,377,227 | 28,530,650 | 28,255,797 |
| Net income attributable to common stockholders per share: | | | |
| Basic | $ 3.98 | $ 5.58 | $ 5.82 |
| Diluted | $ 3.93 | $ 5.52 | $ 5.77 |

**10. Fair Value of Financial Instruments**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Accounting guidance also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Includes other inputs that are directly or indirectly observable in the marketplace.

Level 3—Unobservable inputs that are supported by little or no market activities, therefore requiring an entity to develop its own assumptions.

***Financial Instruments Measured at Fair Value on a Nonrecurring Basis***

On September 30, 2025, the Company completed its initial purchase of IQHQ Preferred Stock and funded the investment under the IQHQ Credit Facility, as described in Note 7. The investments in the IQHQ Preferred Stock and IQHQ Credit Facility were evaluated together, along with the related financial instruments, and were initially measured based on relative fair value. Utilizing a third-party valuation specialist, the fair values were determined as summarized in the following table (in thousands):

| Financial Instruments | Relative Fair Value at September 30, 2025 |
|---|---|
| IQHQ Preferred Stock[1] | $ 4,912 |
| IQHQ Warrant[2] | $ 532 |
| Forward contract for the purchase of IQHQ Preferred Stock[3] | $ 4,868 |
| IQHQ Credit Facility[4] | $ 95,930 |

(1) The Company estimated the fair value of the IQHQ Preferred Stock using a discounted cash flow method with a risk adjusted discount rate of 20.0% and term to an IQHQ entity level exit of five years. Because this methodology includes unobservable inputs that reflect our own internal assumptions and calculations, the measurement of estimated fair value is categorized as Level 3 of the fair value hierarchy.
(2) The Company estimated the fair value of the IQHQ Warrant using an option pricing model. Because this methodology includes unobservable inputs, including a discount for lack of marketability of 41.0%, a risk free rate of 3.7%, equity volatility of 35.0%, and term to an IQHQ entity level exit of five years, the fair value measurement is categorized as Level 3 of the fair value hierarchy.
(3) The Company estimated the fair value of the forward contract for the purchase of IQHQ Preferred Stock using a standard forward contract model. Because this methodology includes unobservable inputs, including the expected timing and amounts of future fundings as well as the estimated fair value of the underlying IQHQ Preferred Stock estimated using an approach consistent with as described above, the measurement of estimated fair value is categorized as Level 3 of the fair value hierarchy.
(4) The Company estimated the fair value of the IQHQ Credit Facility by using a discounted cash flow method with a risk adjusted discount rate of 16.1%. Because this methodology includes unobservable inputs that reflect our own internal assumptions and calculations, the measurement of estimated fair value is categorized as Level 3 of the fair value hierarchy.

***Financial Instruments Not Measured at Fair Value***

The following table presents the carrying value and approximate fair value of financial instruments not measured at fair value at December 31, 2025 and 2024 (in thousands):

| | At December 31, 2025 | | At December 31, 2024 | |
|---|---|---|---|---|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Life science investments[1] | $ 96,908 | $ 96,908 | $ — | $ — |
| Construction loan[2] | $ 22,800 | $ 22,997 | $ 22,800 | $ 28,245 |
| Investments as cash equivalents[3] | $ 158 | $ 158 | $ 45,714 | $ 45,714 |
| Notes receivable[4] | $ 16,786 | $ 16,786 | $ 16,786 | $ 16,786 |
| Investments[5] | $ — | $ — | $ 5,000 | $ 5,000 |
| Notes due 2026[6] | $ 290,602 | $ 288,644 | $ 297,865 | $ 289,077 |
| Revolving credit facility[7] | $ 27,500 | $ 27,500 | $ — | $ — |
| Life science credit facility[8] | $ 75,000 | $ 75,000 | $ — | $ — |

(1) Excludes $52.8 million of investments in the IQHQ Preferred Stock and IQHQ Warrant which are carried at cost under the measurement alternative of *ASC 321, Investments - Equity Securities*. The investment in the IQHQ Credit Facility is categorized as Level 3 and was valued using a yield analysis, which is typically performed for non-credit impaired loans. To determine fair value using a yield analysis, a current price is imputed for the loan based upon an assessment of the expected market yield for a similarly structured loan with a similar level of risk. In the yield analysis, the Company considers the current contractual interest rate, the maturity and other terms of the loan relative to risk of the company and the specific loan. At December 31, 2025, the expected market yield used to determine fair value was 16.8%. Changes in market yields may change the fair value of the investment in the revolving credit facility. Generally, an increase in market yields may result in a decrease in the fair value of the investment in the revolving credit facility. Due to the inherent uncertainty of determining the fair value of a loan that does not have a readily available market value, the fair value of the investment in the revolving credit facility may fluctuate from period to period. Additionally, the fair value of the investment in the revolving credit facility may differ significantly from the value that would have been used had a readily available market existed for such loan and may differ materially from the value that the Company may ultimately realize.
(2) The construction loan receivable is categorized as Level 3 and was valued using a yield analysis, which is typically performed for non-credit impaired loans. To determine fair value using a yield analysis, a current price is imputed for the loan based upon an assessment of the expected market yield for a similarly structured loan with a similar level of risk. In the yield analysis, the Company considers the current contractual interest rate, the maturity and other terms of the loan relative to risk of the company and the specific loan. At each of December 31, 2025 and December 31, 2024, the expected market yield used to determine fair value was 16.25%. Changes in market yields may change the fair value of the construction loan. Generally, an increase in market yields may result in a decrease in the fair value of the construction loan. Due to the inherent uncertainty of determining the fair value of a loan that does not have a readily available market value, the fair value of the construction loan may fluctuate from period to period. Additionally, the fair value of the construction loan may differ significantly from the value that would have been used had a readily available market existed for such loan and may differ materially from the value that the Company may ultimately realize.
(3) Investments as cash equivalents include investments of obligations of the U.S. government with an original maturity at the time of purchase of 90 days or less are classified as held-to-maturity, stated at amortized cost and valued using Level 1 inputs. Investments as cash equivalents also include investments in a money market fund that invests 100% in U.S. government securities, which is stated at cost and valued using Level 1 inputs.
(4) Notes receivable relate to certain acquisitions of real estate which did not satisfy the requirements for sale-leaseback accounting (see Note 2 "Acquisition of Real Estate Properties" to our consolidated financial statements for more information). The notes receivable

are categorized as Level 3 and were valued using a yield analysis. At December 31, 2025 and 2024, the weighted average expected market yields used to determine fair values were 26.5% and 20.6%, respectively.

(5) At December 31, 2024 , investments consisting of short-term certificates of deposit with an original maturity at the time of purchase of greater than 90 days and less than one year are classified as held-to-maturity, stated at cost which approximates fair value using Level 2 inputs.

(6) The fair value is determined based upon Level 2 inputs as the Notes due 2026 were not traded in an active market.

(7) The Revolving Credit Facility is categorized as Level 2 and was valued using a discounted cash flow analysis based on significant other observable inputs such as available market information on discount and borrowing rates with similar terms, maturities, and credit ratings. Changes in discount and borrowing rates may change the fair value of the Revolving Credit Facility. Additionally, the use of different market assumptions or estimation methods may have a material effect on the estimated fair value.

(8) The Life Science Credit Facility is categorized as Level 2 and was valued using a discounted cash flow analysis based on significant other observable inputs such as available market information on discount and borrowing rates with similar terms, maturities, and credit ratings. Changes in discount and borrowing rates may change the fair value of the Life Science Credit Facility. Additionally, the use of different market assumptions or estimation methods may have a material effect on the estimated fair value.

The carrying amounts of cash equivalents, interest receivable, accounts payable, accrued expenses and other liabilities approximate fair values.

**11. Common Stock Incentive Plan**

Our board of directors adopted our 2016 Omnibus Incentive Plan (the "2016 Plan"), to enable us to motivate, attract and retain the services of directors, employees and consultants considered essential to our long-term success. The 2016 Plan offers our directors, employees and consultants an opportunity to own our stock or rights that will reflect our growth, development and financial success. Under the terms of the 2016 Plan, the aggregate number of shares of our common stock subject to options, restricted stock, stock appreciation rights, restricted stock units and other awards, will be no more than 1,000,000 shares. Any equity awards that lapse, expire, terminate, are canceled or are forfeited (including forfeitures in connection with satisfaction of tax withholding obligations of the recipient) are re-credited to the 2016 Plan's reserve for future issuance. The 2016 Plan automatically terminates on the date which is ten years following the effective date of the 2016 Plan, in December 2026.

A summary of the restricted stock activity under the 2016 Plan and related information for the years ended December 31, 2025, 2024 and 2023 is included in the table below:

| | Restricted Shares | Weighted-Average Grant Date Fair Value |
|---|---|---|
| Nonvested balance at December 31, 2022 | 34,026 | $ 181.08 |
| Granted | 40,770 | $ 105.85 |
| Vested | (12,115) | $ 173.37 |
| Forfeited[1] | (5,970) | $ 116.31 |
| Nonvested balance at December 31, 2023 | 56,711 | $ 135.46 |
| Granted | 46,752 | $ 93.26 |
| Vested | (18,753) | $ 111.84 |
| Forfeited[1] | (7,442) | $ 205.15 |
| Nonvested balance at December 31, 2024 | 77,268 | $ 108.95 |
| Granted | 69,384 | $ 71.66 |
| Vested | (24,578) | $ 103.47 |
| Forfeited[1] | (12,483) | $ 161.21 |
| Nonvested balance at December 31, 2025 | 109,591 | $ 80.61 |

(1) Shares that were forfeited to cover the employees' tax withholding obligation upon vesting or employees' cessation of employment.

The remaining unrecognized compensation cost of $4.5 million for restricted stock awards is expected to be recognized over a weighted-average amortization period of 1.7 years as of December 31, 2025. The fair value of restricted stock that vested in 2025, 2024 and 2023 was $2.4 million, $2.6 million and $1.7 million, respectively.

The following table summarizes our RSU activity for the years ended December 31, 2025, 2024 and 2023. RSUs are issued as part of the Innovative Industrial Properties, Inc. Nonqualified Deferred Compensation Plan (the "Deferred Compensation Plan"), which allows a select group of management and our non-employee directors to defer receiving certain of their cash and equity-based compensation. RSUs are subject to vesting conditions of the Deferred Compensation Plan and have the same economic rights as shares of restricted stock under the 2016 Plan:

| | Unvested RSUs | Weighted-Average Grant Date Fair Value |
|---|---|---|
| Balance at December 31, 2022 | 83,677 | $ 144.30 |
| Granted | 66,279 | $ 101.40 |
| Balance at December 31, 2023 | 149,956 | $ 125.34 |
| Granted | 72,546 | $ 92.64 |
| Balance at December 31, 2024 | 222,502 | $ 114.68 |
| Granted | 75,975 | $ 75.59 |
| Vested and converted to common stock | (5,779) | $ 100.10 |
| Forfeited[1] | (12,143) | $ 100.62 |
| Balance at December 31, 2025 | 280,555 | $ 104.19 |

(1) Shares that were forfeited to cover the employees' tax withholding obligation upon vesting or employees' cessation of employment.

The remaining unrecognized compensation cost of $5.5 million for RSU awards is expected to be recognized over an amortization period of 1.7 years as of December 31, 2025.

In January 2021 and January 2022 , we issued 70,795 and 102,641 "target" PSUs, respectively, to a select group of officers, which vest and are settled in shares of common stock based on the Company's total stockholder return over a period commencing on the applicable grant dates and ending on December 31, 2023 and 2024 respectively. The PSUs granted in January 2021 and January 2022 were forfeited in their entirety on December 31, 2023 and 2024, respectively, pursuant to the terms of the agreements, as the PSUs failed to meet the performance threshold for vesting.

Stock-based compensation for market-based PSU awards is based on the grant date fair value of the equity awards and is recognized over the applicable performance period. For the year ended December 31, 2024 and 2023, we recognized stock-based compensation expense of $6.7 million and $10.7 million, respectively, relating to PSU awards.

Stock-based compensation expense is included within general and administrative expense in the consolidated statements of income.

**12. Commitments and Contingencies**

**Office Lease.** The future contractual lease payments for our office lease and the reconciliation to the office lease liability reflected in other liabilities in our consolidated balance sheet as of December 31, 2025 is presented in the table below (in thousands):

| Year | Amount |
|---|---|
| 2026 | $ 543 |
| 2027 | 45 |
| 2028 | — |
| 2029 | — |
| 2030 | — |
| Total future contractual lease payments | 588 |
| Effect of discounting | (18) |
| Office lease liability | $ 570 |

**Improvement Allowances.** As of December 31, 2025, we had $6.5 million of commitments related to improvement allowances, which generally may be requested by the tenants at any time up until a date that is near the expiration of the initial term of the applicable lease.

**Life Science Investments.** As of December 31, 2025, we had $120.0 million remaining on our commitment to purchase up to $170.0 million of IQHQ Preferred Stock, scheduled to be funded in various installments by June 30, 2027, subject to extension options exercisable by IQHQ. See Note 7 "Life Science Investments" for further details.

**Construction Loan.** As of December 31, 2025, we had $0.2 million of commitments related to our construction loan for the development of a regulated cannabis cultivation and processing facility in California.

**Environmental Matters**. We follow the policy of monitoring our properties, both targeted acquisition and existing properties, for the presence of hazardous or toxic substances. While there can be no assurance that a material environmental liability does not exist, we are not currently aware of any environmental liabilities that would have a material adverse effect on our financial condition, results of operations and cash flow, or that we believe would require disclosure or the recording of a loss contingency.

**Litigation**.

*Class Action Lawsuits*

On April 25, 2022, a federal securities class action lawsuit was filed against the Company and certain of its officers. The case was named *Michael V. Mallozzi, individually and on behalf of others similarly situated v. Innovative Industrial Properties, Inc., Paul Smithers, Catherine Hastings and Andy Bui, Case No. 2-22-cv-02359*, and was filed in the U.S. District Court for the District of New Jersey. On September 25, 2024, the district court granted defendants' motion to dismiss the operative complaint with prejudice. The plaintiff appealed, and on October 15, 2025, the United States Court of Appeals for the Third Circuit affirmed the dismissal. On October 29, 2025, the appellant filed a petition for rehearing en banc, which was denied on November 13, 2025. Plaintiff did not file a petition for writ of certiorari with the U.S. Supreme Court.

On January 17, 2025, a second federal securities class action lawsuit was filed against the Company and certain of its officers. The case was named *Alain Giraudon, individually and on behalf of others similarly situated v. Innovative Industrial Properties, Inc., Alan D. Gold, Paul E. Smithers, David Smith and Ben Regin, Case No. 1:25-cv-00182-RDB*, and was filed in the U.S. District Court for the District of Maryland. The lawsuit was purportedly brought on behalf of purchasers of our common stock and alleges that we and certain of our officers made false or misleading statements regarding our business in violation of Section 10(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), SEC Rule 10b-5, and Section 20(a) of the Exchange Act. According to the filed complaint, the plaintiff is seeking an undetermined amount of damages, interest, attorneys' fees and costs and other relief on behalf of the putative classes of all persons who acquired shares of the Company's common stock between February 27, 2024, and December 19, 2024.

On June 23, 2025, a Consolidated Class Action Complaint was filed under the same Case Number, adding Catherine Hastings as a defendant, and asserting causes of action under Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. According to the Consolidated Class Action Complaint, the plaintiff is seeking an undetermined amount of damages, interest, attorneys' fees and costs and other relief on behalf of the putative classes of all persons who acquired shares of the Company's common stock between February 26, 2024 and March 28, 2025. On August 22, 2025, defendants moved to dismiss the Consolidated Class Action Complaint, and on October 21, 2025, plaintiff responded with their opposition to defendants' motion to dismiss. On November 20, 2025, defendants filed a reply in support of their motion to dismiss.

It is possible that similar lawsuits may yet be filed in the same or other courts that name the same or additional defendants. We intend to defend the lawsuit vigorously. However, at this time, we cannot predict the probable outcome of this action, and, accordingly, no amounts have been accrued in the Company's consolidated financial statements.

*Derivative Action Lawsuits*

Five derivative lawsuits were filed related to the *Mallozzi* federal securities class action discussed above. *John Rice, derivatively on behalf of Innovative Industrial Properties, Inc. v. Paul Smithers, Catherine Hastings, Andy Bui, Alan Gold, Gary Kreitzer, Mary Curran, Scott Shoemaker, David Stecher, and Innovative Industrial Properties, Inc., Case Number*

*24-C-22-003312*, and *Karen Draper, derivatively on behalf of Innovative Industrial Properties, Inc. v. Paul Smithers, Catherine Hastings, Andy Bui, Alan Gold, Gary Kreitzer, Mary Curran, Scott Shoemaker, David Stecher, Defendants, and Innovative Industrial Properties Inc., Nominal Defendant, Case Number 24-C-22-004243*, were filed in the Circuit Court for Baltimore City, Maryland. On October 19, 2022, the parties to both cases filed a Joint Motion to Consolidate Related Shareholder Derivative Actions and to Appoint Lead and Liaison Counsel for plaintiffs, which was granted on December 19, 2022, along with a stay in the lawsuit pending a ruling on the defendants' motion to dismiss the federal class action lawsuit described above. On February 13, 2026, the parties filed a Joint Motion for Voluntary Dismissal Without Prejudice. Two derivative lawsuits, named *Ross Weintraub, derivatively on behalf of Innovative Industrial Properties, Inc. v. Alan Gold, Paul Smithers, Catherine Hastings, Ben Regin, Andy Bui, Tracie Hager, Gary Kreitzer, David Stecher, Scott Shoemaker, Mary Curran, and Innovative Industrial Properties, Inc., Case Number 1:23-cv-00737-GLR*, and *Franco DeBlasio, on behalf of Gerich Melenth Nin (GMN) LP, derivatively on behalf of Innovative Industrial Properties, Inc. v. Paul Smithers, Catherine Hastings, Alan D. Gold, Tracie J. Hager, Benjamin C. Regin, Andy Bui, Gary A. Kreitzer, David Stecher, Scott Shoemaker, Mary Curran, and Innovative Industrial Properties, Inc., Case Number 1:23-cv-01513-GLR*, were filed in the United States District Court for the District of Maryland. On July 19, 2023, the United States Court for the District of Maryland consolidated Case Nos. 1:23-cv-00737-GLR and 1:23-cv-01513-GLR with case number 1:23-cv-00737-GLR as the lead case and kept the stay in place. After the United States Court of Appeals for the Third Circuit affirmed dismissal of the Mallozzi class action on October 15, 2025, plaintiffs in the consolidated action filed a Consent Motion for Voluntary Dismissal on October 20, 2025. On October 21, 2025, the United States Court for the District of Maryland granted the dismissal.

On May 9, 2024, a fifth derivative action lawsuit was filed against the Company and certain of its officers and directors. The case was named *Gary A Gedig, derivatively on behalf of Innovative Industrial Properties, Inc. v. Paul Smithers, Catherine Hastings, Ben Regin, Andy Bui, Tracy Hager, Alan Gold, Gary A. Kreitzer, Mary Curran, Scott Shoemaker, M.D., and David Stecher, and Innovative Industrial Properties, Inc., Civil No. C-24-CV-24-000130*, and filed in the Circuit Court for Baltimore City, Maryland. Plaintiff and defendants in this action filed a Joint Stipulation to Stay the Proceedings, which was granted on September 17, 2024. This derivative action relates to the same allegations as those made in the Mallozzi class action, detailed above, and remains pending.

On February 12, 2025, a derivative action lawsuit was filed against the Company and certain of its officers and directors. The case was named *Joshua Steffens, derivatively on behalf of Innovative Industrial Properties, Inc. v. Alan Gold, Paul Smithers, David Smith, Ben Regin, Gary Kreitzer, Gary Stecher, Scott Shoemaker, Mary Allis Curran, and Innovative Industrial Properties, Inc., Case Number 1:25-cv-00456-ABA*, and was filed in the United States District Court for the District of Maryland. The lawsuit asserts putative derivative claims for violations of the Exchange Act, breach of fiduciary duty, aiding and abetting breach of fiduciary duty, unjust enrichment, waste of corporate assets, and contribution against the directors and certain officers of the Company. The plaintiffs are seeking an undetermined amount of damages, interest, an accounting and constructive trust, punitive damages, and attorneys' fees and costs. On February 18, 2025, the case was reassigned and given Case Number 1:25-cv-00456-GLR. On February 19, 2025, the United States Court for the District of Maryland consolidated Case Nos. 1:25-cv-00469-BAH (detailed below) with case number 1:25-cv-00456-GLR as the lead case, which is stayed. Plaintiff and defendants in this action filed a Joint Stipulation and Order Staying the Consolidated Action, which was granted on March 13, 2025. This derivative action relates to the same allegations as those made in the Giraudon class action, detailed above.

On February 13, 2025, a derivative action lawsuit was filed against the Company and certain of its officers and directors. The case was named *Joshua Albers, derivatively on behalf of Innovative Industrial Properties, Inc. v. Alan Gold, Paul Smithers, David Smith, Ben Regin, Gary Kreitzer, Gary Stecher, Scott Shoemaker, Mary Allis Curran, and Innovative Industrial Properties, Inc., Case Number 1:25-cv-00469-BAH*, and was filed in the United States District Court for the District of Maryland. The lawsuit asserts putative derivative claims for violations of the Exchange Act, breach of fiduciary duty, aiding and abetting breach of fiduciary duty, unjust enrichment, waste of corporate assets, and contribution against the directors and certain officers of the Company. The plaintiffs are seeking an undetermined amount of damages, interest, reform, punitive damages, and attorneys' fees and costs. On February 19, 2025, the United States Court for the District of Maryland consolidated Case Nos. 1:25-cv-00469-BAH with case number 1:25-cv-00456-GLR as the lead case. This derivative action also relates to the same allegations as those made in the Giraudon class action, detailed above.

On August 14, 2025 and August 21, 2025, two derivative action lawsuits were filed against the Company and certain of its officers and directors in the Circuit Court for Baltimore County, Maryland: *Joann Crepaz, derivatively on behalf of Innovative Industrial Properties, Inc. v. Alan Gold, David Boyle, Mary Curran, Catherine Hastings, Gary Kreitzer, Ben Regin, Scott Shoemaker, David Smith, Paul Smithers, David Stecher, and Innovative Industrial Properties, Inc., Case Number C-03-CV-25-003997*, and *Edward Ramos, derivatively on behalf of Innovative Industrial Properties, Inc. v. Alan*

*Gold, David Boyle, Mary Curran, Catherine Hastings, Gary Kreitzer, Ben Regin, Scott Shoemaker, David Smith, Paul Smithers, David Stecher, and Innovative Industrial Properties, Inc., Case Number C-03-CV-25-004083*. Each complaint asserts putative derivative claims for breach of fiduciary duty and unjust enrichment against certain directors and officers and seeks an undetermined amount of damages, reform, restitution, and attorneys' fees and costs. On September 18, 2025, the parties filed a joint motion to consolidate the actions, which the court granted on October 23, 2025, designating the Crepaz action as the lead case. These derivative actions relate to the same allegations as those asserted in the Giraudon class action described above and were stayed pending resolution of the Giraudon motion to dismiss, by an order of the Circuit Court of Baltimore Count, Maryland that was issued on February 13, 2026.

On November 19, 2025, a derivative action lawsuit was filed against the Company and certain of its officers and directors. The case was named James Loen, derivatively on behalf of Nominal Defendant Innovative Industrial Properties v. Alan Gold, Paul Smithers, David Smith, Ben Regin, Gary Kreitzer, Scott Shoemaker, Catherine Hastings, David Stecher, and Mary Curran, Case Number 1:25-cv-03786, and was filed in the United States District Court of Maryland. The lawsuit asserts putative derivative claims for breach of fiduciary duty and unjust enrichment against the directors and certain officers of the Company. The plaintiff is seeking an undetermined amount of damages, reform, restitution, and attorneys' fees and costs. On January 23, 2026, the defendants filed a motion to dismiss plaintiff's claims. The deadline for plaintiff to file a response is March 9, 2026, and defendants have thirty days thereafter to file a reply. On February 3, 2026, the defendants filed a motion to consolidate the Loen lawsuit with the Steffens and Albers consolidated action, 1:25-cv-00456. On February 17, 2026, the parties filed a Joint Stipulation and Order Staying Action pursuant to which the parties agreed to stay the lawsuit until the resolution of the Giraudon class action. The stay can be lifted before then by either party with 30 days' notice.

The Company intends to vigorously defend each of these lawsuits. However, at this time, the Company cannot predict the probable outcome of these actions, and, accordingly, no amounts have been accrued in the Company's consolidated financial statements.

*SEC Investigation*

On February 13, 2026, the Company was notified that the SEC is conducting a formal investigation of the Company concerning matters generally similar to those alleged in the Giraudon case and related derivative lawsuits. On the same date, the Company received a subpoena from the Denver Regional Office of the Division of Enforcement of the SEC requesting the production of documents and information related to the investigation. The Company intends to cooperate fully with the SEC.

We may, from time to time, be a party to other legal proceedings, which arise in the ordinary course of our business. Although the results of these proceedings, claims, inquiries, and investigations cannot be predicted with certainty, we do not believe that the final outcome of these matters is reasonably likely to have a material adverse effect on our business, financial condition, or results of operations. Regardless of final outcomes, however, any such proceedings, claims, inquiries, and investigations may nonetheless impose a significant burden on management and employees and may come with significant defense costs or unfavorable preliminary and interim rulings. At this stage of the investigation, the Company believes that a loss is neither probable or estimable.

**Deferred Compensation Plan.** In November 2019, we adopted the Innovative Industrial Properties, Inc. Nonqualified Deferred Compensation Plan (the "Plan"), which allows a select group of management and non-employee directors to defer receipt of their compensation, including up to 80% of base salary, 100% of bonus, 100% of director fees and 100% of restricted equity awards. The Plan assets are held in a rabbi trust which is consolidated and included in the consolidated financial statements.

**13. Segment Information**

During the fourth quarter of 2025, in connection with our significant financial investments in the life science industry, we began managing the business through two reportable segments based on portfolio type. This change reflects how our CODM evaluates performance and allocates resources. The CODM is our President and Chief Executive Officer.

Our reportable segments consist of the following as of December 31, 2025:

- **Cannabis Portfolio Segment**, which primarily includes the acquisition, development and redevelopment, and leasing of real estate properties to regulated cannabis operators on a long-term triple-net basis.

- **Life Science Portfolio Segment**, which includes the investments in the IQHQ Credit Facility, IQHQ Preferred Stock and IQHQ Warrant.

The CODM evaluates the performance of each reportable segment and allocates resources based on the net income of each segment. Items that are not directly assignable to a reportable segment are reflected as Unallocated due to how our CODM utilizes segment information for planning and execution of our business strategy. Total capital expenditures are reviewed by the CODM on a consolidated basis as presented in the accompanying consolidated statements of cash flows. All of our operations are conducted within the United States.

The segment net income, including significant segment expenses that are regularly reviewed by the CODM, for the years ended December 31, 2025, 2024 and 2023, and the total segment assets as of December 31, 2025 and 2024, are presented in the tables below (in thousands):

| | Years ended December 31, | | |
|---|---|---|---|
| | **2025** | **2024** | **2023** |
| **Cannabis Portfolio Segment:** | | | |
| Rental revenues (including tenant reimbursements) | $ 265,486 | $ 306,936 | $ 307,349 |
| Other revenues | 469 | 1,581 | 2,157 |
| Total reportable segment revenue | 265,955 | 308,517 | 309,506 |
| Property expenses | (30,177) | (28,472) | (24,893) |
| Depreciation and amortization expense | (74,068) | (70,807) | (67,194) |
| Impairment loss on real estate | (3,527) | — | — |
| Gain (loss) on sale of real estate | (326) | (3,449) | — |
| Interest and other income | 6,413 | 4,388 | 1,060 |
| Cannabis Portfolio Segment net income | 164,270 | 210,177 | 218,479 |
| | | | |
| **Life Science Portfolio Segment:** | | | |
| Interest and other income | 5,047 | — | — |
| Life Science Portfolio Segment net income | 5,047 | — | — |
| | | | |
| Total reportable segment net income | 169,317 | 210,177 | 218,479 |
| | | | |
| **Unallocated:** | | | |
| General and administrative expense | (33,735) | (37,444) | (42,832) |
| Interest and other income | 2,860 | 6,600 | 7,386 |
| Interest expense | (20,195) | (17,672) | (17,467) |
| Gain (loss) on exchange of Exchangeable Senior Notes | — | — | 22 |
| Net income | 118,247 | 161,661 | 165,588 |
| Preferred stock dividends | (3,812) | (1,804) | (1,352) |
| Net income attributable to common stockholders | $ 114,435 | $ 159,857 | $ 164,236 |

| **Segment Total Assets:** | **December 31, 2025** | **December 31, 2024** |
|---|---|---|
| Cannabis Portfolio Segment | $ 2,165,359 | $ 2,222,360 |
| Life Science Portfolio Segment | 152,665 | — |
| Unallocated | 52,834 | 155,687 |
| Total | $ 2,370,858 | $ 2,378,047 |

**14. Subsequent Events**

*Issuance of Preferred Stock*

In January 2026, we sold 1,794,323 shares of our Series A Preferred Stock pursuant to the ATM Program for net proceeds of $40.4 million.

*Revolving Credit Facility*

Subsequent to December 31, 2025, the Company drew $5.0 million under the Revolving Credit Facility and repaid $20.0 million of outstanding borrowings on the facility. As of February 24, 2026, the outstanding balance was $12.5 million.

**INNOVATIVE INDUSTRIAL PROPERTIES, INC.**
**SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION**
**As of December 31, 2025**
**(In thousands)**

| | | | | Initial Costs | | | Total Costs | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Property | Property Type | State | Year Built/Renovated | Land | Building and Improvements | Costs Capitalized Subsequent to Acquisition | Land | Building and Improvements[5] | Total | Accumulated Depreciation | Net Cost Basis | Year Acquired |
| East Cherry Street | Industrial | Arizona | 1971 / 2016 | $ 723 | $ 3,995 | $ — | $ 723 | $ 3,995 | $ 4,718 | $ (370) | $ 4,348 | 2022 |
| West Greenhouse Drive | Industrial | Arizona | 1995 / 2017 | 398 | 14,629 | 5,003 | 398 | 19,632 | 20,030 | (5,553) | 14,477 | 2017 |
| Perez Road | Industrial | California | 1981 / 2024 | 734 | 5,634 | 9,296 | 734 | 14,930 | 15,664 | (1,283) | 14,381 | 2022 |
| 64125 19th Avenue | Industrial | California | 2019 / 2023 | 5,930 | 45,081 | 12,614 | 5,930 | 57,695 | 63,625 | (6,150) | 57,475 | 2021 |
| McLane Street | Industrial | California | 2005 / 2019 | 1,577 | 15,935 | 1,384 | 1,577 | 17,319 | 18,896 | (2,284) | 16,612 | 2020 |
| Inland Center Drive[3] | Industrial | California | 1969 / (1) | 3,485 | 21,911 | 12,323 | 3,485 | 34,234 | 37,719 | — | 37,719 | 2020 |
| 63795 19th Avenue | Industrial | California | 2004 | 3,534 | 12,852 | 19,718 | 3,534 | 32,570 | 36,104 | (2,676) | 33,428 | 2019 |
| North Anza Road & Del Sol Road | Industrial[4] | California | 1980 / 2017 | 840 | 4,959 | 170 | 840 | 5,129 | 5,969 | (993) | 4,976 | 2019 |
| 1804 Needles Highway | Industrial | California | 1964 / 2019 | 174 | 715 | 1 | 174 | 716 | 890 | (123) | 767 | 2019 |
| West Broadway | Industrial | California | 1976 / 2019 | 289 | 1,185 | 2 | 289 | 1,187 | 1,476 | (203) | 1,273 | 2019 |
| 3253 Needles Highway | Industrial | California | 2018 / 2019 | 949 | 3,900 | 8 | 949 | 3,908 | 4,857 | (668) | 4,189 | 2019 |
| 3241 & 3247 Needles Highway | Industrial | California | 2020 / 2020 | 1,981 | 8,138 | 16 | 1,981 | 8,154 | 10,135 | (1,394) | 8,741 | 2019 |
| Sacramento | Industrial | California | 1990 / 2019 | 1,376 | 5,321 | 6,033 | 1,376 | 11,354 | 12,730 | (2,415) | 10,315 | 2019 |
| Steele Street | Industrial | Colorado | 1967 / 1978 / 2018 | 2,101 | 9,176 | — | 2,101 | 9,176 | 11,277 | (2,120) | 9,157 | 2018 |
| Washington Street | Industrial | Colorado | 1975 / 2017 | 4,309 | 4,988 | — | 4,309 | 4,988 | 9,297 | (537) | 8,760 | 2021 |
| West Barberry Place | Industrial | Colorado | 1971 / 2012 | 389 | 2,478 | — | 389 | 2,478 | 2,867 | (256) | 2,611 | 2021 |
| Hamilton Road | Industrial | Florida | 1982 / 2021 | 2,186 | 17,371 | 36,340 | 2,186 | 53,711 | 55,897 | (6,738) | 49,159 | 2020 |
| West Lake Drive | Industrial | Florida | 2014 / 2021 | 1,071 | 34,249 | 16,007 | 1,071 | 50,256 | 51,327 | (9,231) | 42,096 | 2020 |
| NW Highway 441 | Industrial | Florida | 1981 / 2021 | 752 | 23,064 | 17,782 | 752 | 40,846 | 41,598 | (5,619) | 35,979 | 2021 |
| Ben Bostic Road | Industrial | Florida | 2019 / 2020 | 274 | 16,729 | — | 274 | 16,729 | 17,003 | (3,266) | 13,737 | 2019 |
| 33rd Street & 36th Avenue | Industrial | Florida | 1991 / 2025 | 2,080 | 12,876 | 23,665 | 2,080 | 36,541 | 38,621 | (1,404) | 37,217 | 2024 |
| East Mazon Avenue | Industrial | Illinois | 1992 / 2020 | 201 | 17,807 | 10,008 | 201 | 27,815 | 28,016 | (6,187) | 21,829 | 2019 |
| Revolution Road | Industrial | Illinois | 2015 / 2020 | 563 | 18,457 | 51,538 | 563 | 69,995 | 70,558 | (14,908) | 55,650 | 2018 |
| East 4th Street | Industrial | Illinois | 2015 / 2020 | 739 | 8,284 | 40,998 | 739 | 49,282 | 50,021 | (9,382) | 40,639 | 2020 |
| Industrial Drive | Industrial | Illinois | 1984 / 2020 | 350 | 10,191 | 29,446 | 350 | 39,637 | 39,987 | (8,429) | 31,558 | 2019 |
| S US Highway 45 52 | Industrial | Illinois | 2015 / 2019 | 268 | 11,840 | 13,279 | 268 | 25,119 | 25,387 | (4,938) | 20,449 | 2019 |
| Centerpoint Way | Industrial | Illinois | 2016 / 2019 | 2,947 | 17,761 | 254 | 2,947 | 18,015 | 20,962 | (3,501) | 17,461 | 2019 |
| Adams Street | Industrial | Illinois | 2024 | 6,518 | — | 65,250 | 6,518 | 65,250 | 71,768 | (6,202) | 65,566 | 2021 |
| South Street | Industrial | Maryland | 1980 / 2021 | 1,861 | 14,775 | 12,858 | 1,861 | 27,633 | 29,494 | (4,056) | 25,438 | 2021 |
| Alaking Court | Industrial | Maryland | 2017 / 2017 | 2,785 | 8,410 | 22,765 | 2,785 | 31,175 | 33,960 | (8,300) | 25,660 | 2017 |
| Western Maryland Parkway | Industrial | Maryland | 1996 / 2021 | 1,849 | 23,441 | — | 1,849 | 23,441 | 25,290 | (2,173) | 23,117 | 2022 |
| Western Maryland Parkway | Industrial | Maryland | 1976 / 2024 | 729 | 4,910 | 9 | 729 | 4,919 | 5,648 | (170) | 5,478 | 2024 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 4106 Harvard Place | Industrial | Maryland | 2002 / 2017 | 613 | 7,244 | — | 613 | 7,244 | 7,857 | (177) | 7,680 | 2025 |
| Hopping Brook Road | Industrial | Massachusetts | 2020 / 2020 | 3,030 | — | 28,169 | 3,030 | 28,169 | 31,199 | (4,650) | 26,549 | 2018 |
| Chestnut Hill Avenue | Industrial | Massachusetts | 1938 / 2021 | 2,202 | 24,568 | 36,965 | 2,202 | 61,533 | 63,735 | (10,199) | 53,536 | 2020 |
| Worcester Road | Industrial | Massachusetts | 1973 / 2022 | 4,063 | 16,462 | 1,000 | 4,063 | 17,462 | 21,525 | (1,404) | 20,121 | 2022 |
| Canal Street/7 North Bridge Street | Industrial | Massachusetts | 1890 / 2021 | 694 | 2,831 | 40,035 | 694 | 42,866 | 43,560 | (9,453) | 34,107 | 2019 |
| Palmer Road | Industrial | Massachusetts | 1980 / 2018 | 1,059 | 11,717 | 6,977 | 1,059 | 18,694 | 19,753 | (3,776) | 15,977 | 2018 |
| Curran Highway | Industrial | Massachusetts | 1978 / 2021 | 2,082 | 1,026 | 23,695 | 2,082 | 24,721 | 26,803 | (3,281) | 23,522 | 2021 |
| Hoover Road | Industrial | Michigan | 1940 / 2020 / 2021 | 1,237 | 17,791 | 64,490 | 1,237 | 82,281 | 83,518 | (12,532) | 70,986 | 2019 |
| East Hazel Street | Industrial | Michigan | 1929 / 2021 | 409 | 4,360 | 19,297 | 409 | 23,657 | 24,066 | (4,183) | 19,883 | 2019 |
| Oliver Drive | Industrial | Michigan | 1930 / 1972 / 2021 | 1,385 | 3,631 | 26,755 | 1,385 | 30,386 | 31,771 | (5,000) | 26,771 | 2020 |
| Davis Highway | Industrial | Michigan | 1999 / 2024 | 1,907 | 13,647 | 56,755 | 1,907 | 70,402 | 72,309 | (4,197) | 68,112 | 2021 |
| Harvest Park | Industrial | Michigan | 2018 / 2021 | 1,933 | 3,559 | 12,337 | 1,933 | 15,896 | 17,829 | (3,816) | 14,013 | 2018 |
| Executive Drive [2] | Industrial | Michigan | 1960 / 2020 | 389 | 6,489 | 3,140 | 389 | 9,629 | 10,018 | (2,091) | 7,927 | 2019 |
| 77th Street Northeast | Industrial | Minnesota | 2015 / 2017 / 2019 | 427 | 2,644 | 6,618 | 427 | 9,262 | 9,689 | (2,248) | 7,441 | 2017 |
| Industrial Drive | Industrial | Missouri | 2022 | 753 | 787 | 26,717 | 753 | 27,504 | 28,257 | (3,081) | 25,176 | 2021 |
| East Cheyenne Avenue | Industrial | Nevada | 1984 / 2020 | 1,088 | 2,768 | 5,771 | 1,088 | 8,539 | 9,627 | (1,833) | 7,794 | 2019 |
| Munsonhurst Road | Industrial | New Jersey | 1956 / 2022 | 4,987 | 30,421 | 19,662 | 4,987 | 50,083 | 55,070 | (5,779) | 49,291 | 2022 |
| South Route 73 | Industrial | New Jersey | 1995 / 2020 | 702 | 4,857 | 29,511 | 702 | 34,368 | 35,070 | (7,553) | 27,517 | 2020 |
| North West Blvd | Industrial | New Jersey | 1962 / 2020 | 222 | 10,046 | 1,580 | 222 | 11,626 | 11,848 | (1,955) | 9,893 | 2020 |
| Hudson Crossing Drive | Industrial | New York | 2016 / (1) | 7,600 | 22,475 | 100,798 | 7,600 | 123,273 | 130,873 | (14,877) | 115,996 | 2016 |
| County Route 117 | Industrial | New York | 1970 / 2024 | 1,593 | 3,157 | 76,750 | 1,593 | 79,907 | 81,500 | (8,834) | 72,666 | 2017 |
| 98th Ave South | Industrial | North Dakota | 2018 / 2020 | 191 | 9,743 | 2,272 | 191 | 12,015 | 12,206 | (2,398) | 9,808 | 2019 |
| Hunts Landing Road | Industrial | Ohio | 2019 / 2019 | 712 | — | 19,309 | 712 | 19,309 | 20,021 | (3,125) | 16,896 | 2019 |
| Jason Street | Industrial | Ohio | 1937 / 2020 | 239 | 2,688 | 29,250 | 239 | 31,938 | 32,177 | (5,448) | 26,729 | 2020 |
| Springs Way | Industrial | Ohio | 2018 / 2020 | 235 | 10,377 | 2,979 | 235 | 13,356 | 13,591 | (2,355) | 11,236 | 2020 |
| East Tallmadge Ave. | Industrial | Ohio | 1954 / 1986 / 2020 | 22 | 1,014 | 2,501 | 22 | 3,515 | 3,537 | (828) | 2,709 | 2019 |
| Boltonfield Street | Industrial | Ohio | 2023 / 2025 | 1,253 | 18,876 | 26,541 | 1,253 | 45,417 | 46,670 | (3,246) | 43,424 | 2023 |
| Scott Technology Park | Industrial | Pennsylvania | 2020 / 2020 | 954 | — | 27,070 | 954 | 27,070 | 28,024 | (3,798) | 24,226 | 2019 |
| New Beaver Avenue | Industrial [4] | Pennsylvania | 1976 / 2021 | 6,979 | 34,781 | 26,641 | 6,979 | 61,422 | 68,401 | (8,528) | 59,873 | 2021 |
| East Market Street | Industrial | Pennsylvania | 1927 / 2017 | 1,435 | 19,098 | 74,306 | 1,435 | 93,404 | 94,839 | (17,498) | 77,341 | 2019 |
| Wayne Avenue | Industrial | Pennsylvania | 1980 / 2024 | 1,228 | 13,080 | 47,359 | 1,228 | 60,439 | 61,667 | (10,547) | 51,120 | 2019 |
| Horton Drive | Industrial | Pennsylvania | 1988 / 2020 | 1,353 | 11,854 | 29,745 | 1,353 | 41,599 | 42,952 | (7,316) | 35,636 | 2019 |
| Industrial Street | Industrial | Pennsylvania | 1930 / 2020 | 941 | 7,941 | 16,777 | 941 | 24,718 | 25,659 | (4,222) | 21,437 | 2020 |
| Rosanna Avenue | Industrial | Pennsylvania | 1959 / 2020 | 3,540 | 5,603 | 36,671 | 3,540 | 42,274 | 45,814 | (8,493) | 37,321 | 2018 |
| Susquehanna Street | Industrial | Pennsylvania | 1968 / 2017 | 1,318 | 13,708 | — | 1,318 | 13,708 | 15,026 | (1,076) | 13,950 | 2023 |
| FM969 | Industrial | Texas | 2022 | — | 11,157 | 10,055 | — | 21,212 | 21,212 | (1,702) | 19,510 | 2022 |
| Lathrop Industrial Drive SW | Industrial | Washington | 1997 / 2015 | 1,826 | 15,684 | — | 1,826 | 15,684 | 17,510 | (2,493) | 15,017 | 2020 |
| East Glendale Avenue | Retail | Arizona | 2019 / 2019 | 1,216 | 811 | 501 | 1,216 | 1,312 | 2,528 | (337) | 2,191 | 2019 |
| Dahlia Street | Retail | Colorado | 2019 / 2019 | 179 | 2,132 | — | 179 | 2,132 | 2,311 | (313) | 1,998 | 2020 |
| East Colfax Avenue | Retail | Colorado | 1998 / 2020 | 244 | 307 | 916 | 244 | 1,223 | 1,467 | (160) | 1,307 | 2021 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| North 2nd Street | Retail | Colorado | 1973 / 2020 | 140 | 258 | 810 | 140 | 1,068 | 1,208 | (131) | 1,077 | 2021 |
| Southgate Pl | Retail | Colorado | 1998 / 2019 | 367 | 645 | 54 | 367 | 699 | 1,066 | (115) | 951 | 2020 |
| Wewatta Street | Retail | Colorado | 2015 / 2018 | 4,036 | 2,417 | — | 4,036 | 2,417 | 6,453 | (255) | 6,198 | 2021 |
| Southgate Place | Retail | Colorado | 2018 / 2018 | 942 | 3,314 | — | 942 | 3,314 | 4,256 | (384) | 3,872 | 2021 |
| South Peoria Court | Retail | Colorado | 1979 / 2016 | 938 | 2,770 | — | 938 | 2,770 | 3,708 | (320) | 3,388 | 2021 |
| Highway 6 & 24 | Retail | Colorado | 1960 / 2019 | 892 | 1,996 | — | 892 | 1,996 | 2,888 | (229) | 2,659 | 2021 |
| North College Avenue | Retail | Colorado | 1952 / 2017 | 527 | 2,952 | — | 527 | 2,952 | 3,479 | (308) | 3,171 | 2021 |
| East Quincy Avenue | Retail | Colorado | 2018 / 2018 | 659 | 2,493 | — | 659 | 2,493 | 3,152 | (276) | 2,876 | 2021 |
| East Montview Boulevard | Retail | Colorado | 1952 / 2019 | 256 | 1,490 | — | 256 | 1,490 | 1,746 | (158) | 1,588 | 2021 |
| South Federal Blvd | Retail | Colorado | 1980 / 2017 | 193 | 1,361 | — | 193 | 1,361 | 1,554 | (141) | 1,413 | 2021 |
| Santa Fe Trail | Retail | Colorado | 1948 / 2000 | 232 | 1,110 | — | 232 | 1,110 | 1,342 | (126) | 1,216 | 2021 |
| Water Street | Retail | Colorado | 1930 / 2013 | 319 | 945 | — | 319 | 945 | 1,264 | (111) | 1,153 | 2021 |
| Gregory Street | Retail | Colorado | 1875 / 2014 | 101 | 1,058 | — | 101 | 1,058 | 1,159 | (107) | 1,052 | 2021 |
| West 20th Avenue | Retail | Colorado | 1970 / 2014 | 289 | 666 | — | 289 | 666 | 955 | (76) | 879 | 2021 |
| South Federal Blvd. | Retail | Colorado | 1941 / 2018 | 461 | 319 | — | 461 | 319 | 780 | (40) | 740 | 2021 |
| West 6th Street | Retail | Colorado | 2019 / 2019 | 60 | 272 | — | 60 | 272 | 332 | (36) | 296 | 2021 |
| ElmAvenue | Retail | Colorado | 1962 / 2020 | 21 | 311 | — | 21 | 311 | 332 | (44) | 288 | 2021 |
| Bent Avenue North | Retail | Colorado | 2019 / 2019 | 49 | 284 | — | 49 | 284 | 333 | (37) | 296 | 2021 |
| Coolidge Rd | Retail | Michigan | 2019 / 2019 | 1,635 | — | 1,727 | 1,635 | 1,727 | 3,362 | (339) | 3,023 | 2019 |
| South Cedar Street | Retail | Michigan | 1957 / 2019 | 282 | 1,951 | — | 282 | 1,951 | 2,233 | (401) | 1,832 | 2019 |
| West Pierson Road | Retail | Michigan | 1975 / 2019 | 122 | 2,065 | — | 122 | 2,065 | 2,187 | (418) | 1,769 | 2019 |
| Wilder Road | Retail | Michigan | 1988 / 2019 | 49 | 1,696 | — | 49 | 1,696 | 1,745 | (349) | 1,396 | 2019 |
| East Front Street | Retail[4] | Michigan | 1992 / 2019 | 449 | 827 | — | 449 | 827 | 1,276 | (170) | 1,106 | 2019 |
| South Mason Drive | Retail | Michigan | 1970 / 2019 | 25 | 973 | — | 25 | 973 | 998 | (200) | 798 | 2019 |
| N Delsea Dr | Retail | New Jersey | 1974 / 2020 | 244 | 1,928 | — | 244 | 1,928 | 2,172 | (263) | 1,909 | 2020 |
| 24th Street East | Retail | North Dakota | 2019 / 2019 | 348 | 1,368 | — | 348 | 1,368 | 1,716 | (166) | 1,550 | 2021 |
| Highway 2 East | Retail | North Dakota | 1976 / 2019 | 120 | 1,225 | — | 120 | 1,225 | 1,345 | (154) | 1,191 | 2021 |
| Main Street | Retail | Pennsylvania | 1980 / 2019 | 57 | 840 | — | 57 | 840 | 897 | (85) | 812 | 2021 |
| South 17th Street | Retail | Pennsylvania | 2021 / 2021 | 553 | 2,000 | — | 553 | 2,000 | 2,553 | (189) | 2,364 | 2022 |
| Grape Street | Industrial/Retail | Colorado | 1982 / 2018 | 1,380 | 5,786 | — | 1,380 | 5,786 | 7,166 | (610) | 6,556 | 2021 |
| US 50 Business and Baxter Road | Industrial/Retail | Colorado | 1929 / 2019 | 119 | 1,652 | — | 119 | 1,652 | 1,771 | (210) | 1,561 | 2021 |
| South Fox Street | Industrial/Retail | Colorado | 1965 / 2014 | 297 | 829 | — | 297 | 829 | 1,126 | (87) | 1,039 | 2021 |
| West Street | Industrial/Retail | Massachusetts | 1880 / 2021 | 650 | 7,119 | 19,839 | 650 | 26,958 | 27,608 | (4,226) | 23,382 | 2020 |
| East Main Street | Industrial/Retail | Massachusetts | 1991 / 2019 | 2,316 | 13,194 | — | 2,316 | 13,194 | 15,510 | (1,881) | 13,629 | 2020 |
| Mozzone Boulevard | Industrial/Retail | Massachusetts | 1975 / 2019 | 1,626 | 38,406 | — | 1,626 | 38,406 | 40,032 | (3,830) | 36,202 | 2022 |
| Stephenson Highway | Industrial/Retail | Michigan | 2021 / 2021 | 6,211 | — | 22,304 | 6,211 | 22,304 | 28,515 | (3,054) | 25,461 | 2020 |
| Hoover Road | Industrial/Retail | Michigan | 1951 / 2021 | 700 | 9,557 | 6,988 | 700 | 16,545 | 17,245 | (2,308) | 14,937 | 2021 |
| Leah Avenue[3] | Industrial/Retail | Texas | (1) | 2,222 | 1,195 | 4,600 | 2,222 | 5,795 | 8,017 | — | 8,017 | 2021 |
| Decatur Street | Industrial/Retail | Virginia | 2019 / 2020 | 231 | 11,582 | 7,936 | 231 | 19,518 | 19,749 | (4,897) | 14,852 | 2020 |
| Total | | | | $ 146,320 | $ 899,250 | $ 1,410,940 | $ 146,320 | $ 2,310,190 | $ 2,456,510 | $ (343,062) | $ 2,113,448 | |

(1) As of December 31, 2025, all or a portion of the property was under development or redevelopment.

(2) This property was sold in April 2025 but the transaction did not qualify for recognition as a completed sale under GAAP. As such, the property remains on the consolidated balance sheets. Refer to Note 6 "Investments in Real Estate" for more information.
(3) As of December 31, 2025, these properties were vacant and excluded from our operating portfolio.
(4) As of December 31, 2025, these properties were leased to non-cannabis tenants.
(5) Building and improvements balance includes Construction in progress.

As of December 31, 2025, the aggregate gross cost of the properties included above for federal income tax purposes was $2.5 billion, which excludes one property that was sold in April 2025 that did not qualify for recognition as a completed sale under GAAP but is recognized as a sale for tax purposes.

A reconciliation of historical cost and related accumulated depreciation is as follows (in thousands):

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| **Investment in real estate, at cost:** | | | |
| Balance at beginning of year | $ 2,439,972 | $ 2,368,515 | $ 2,204,687 |
| Purchases of investments in real estate | 7,857 | 18,666 | 35,155 |
| Additions and improvements, net[1] | 15,949 | 66,790 | 128,673 |
| Sale of real estate investments | (3,741) | (13,999) | — |
| Impairment loss | (3,527) | — | — |
| Balance at end of year | $ 2,456,510 | $ 2,439,972 | $ 2,368,515 |
| **Accumulated Depreciation:** | | | |
| Balance at beginning of year | $ (271,190) | $ (202,692) | $ (138,405) |
| Depreciation expense | (73,049) | (69,842) | (64,287) |
| Sale of real estate investments | 1,177 | 1,344 | — |
| Balance at end of year | $ (343,062) | $ (271,190) | $ (202,692) |

(1) During the year ended December 31, 2024, a $3.2 million acquisition of real estate which previously did not satisfy the requirements for sale-leaseback accounting was reclassified to real estate held for investment as the requirements for sale-leaseback accounting were satisfied.