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

FORM 10-Q

(Mark One)

☐ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2026**

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)	(Registrant's telephone number)

Not Applicable
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

Title of each class	Trading Symbols (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**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 (§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	☐	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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of May 5, 2026 there were 28,774,470 shares of common stock outstanding.

INNOVATIVE INDUSTRIAL PROPERTIES, INC.

FORM 10-Q – QUARTERLY REPORT
March 31, 2026
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PART I

ITEM 1. ***FINANCIAL STATEMENTS***

Innovative Industrial Properties, Inc.

Consolidated Balance Sheets
(Unaudited)
(In thousands, except share and per share amounts)

Assets	March 31, 2026	December 31, 2025
Real estate, at cost:		
Land	$ 145,104	$ 146,320
Buildings and improvements	2,269,439	2,269,597
Construction in progress	40,311	40,593
Total real estate, at cost	2,454,854	2,456,510
Less accumulated depreciation	(361,093)	(343,062)
Net real estate held for investment	2,093,761	2,113,448
Life science investments	153,980	152,665
Construction loan receivable	22,800	22,800
Cash and cash equivalents	89,117	47,597
In-place lease intangible assets, net	6,155	6,366
Other assets, net	28,167	27,982
Total assets	$ 2,393,980	$ 2,370,858
Liabilities and stockholders' equity		
Liabilities:		
Notes due 2026, net	$ 290,981	$ 290,602
Revolving credit facilities	75,000	102,500
Building improvements and construction funding payable	851	2,964
Accounts payable and accrued expenses	14,702	10,870
Dividends payable	57,100	54,913
Rent received in advance and tenant security deposits	50,060	50,307
Other liabilities	10,746	10,698
Total liabilities	499,440	522,854
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, 4,718,048 and 2,019,525 shares issued and outstanding at March 31, 2026 and December 31, 2025, respectively	108,081	47,780
Common stock, par value $0.001 per share, 50,000,000 shares authorized: 28,314,520 and 28,022,975 shares issued and outstanding at March 31, 2026 and December 31, 2025, respectively	28	28
Additional paid-in capital	2,123,710	2,113,184
Dividends in excess of earnings	(337,279)	(312,988)
Total stockholders' equity	1,894,540	1,848,004
Total liabilities and stockholders' equity	$ 2,393,980	$ 2,370,858

See the accompanying notes to the consolidated financial statements.

Innovative Industrial Properties, Inc.

Consolidated Statements of Income
(Unaudited)
(In thousands, except share and per share amounts)

	For the Three Months Ended March 31,	
	2026	**2025**
Revenues:		
Rental (including tenant reimbursements)	$ 68,920	$ 71,697
Other	76	25
Total revenues	68,996	71,722
Expenses:		
Property expenses	7,576	7,379
General and administrative expense	10,349	8,461
Depreciation and amortization expense	18,584	18,391
Impairment loss on real estate	—	3,527
Total expenses	36,509	37,758
Gain (loss) on sale of real estate	422	—
Income from operations	32,909	33,964
Interest and other income	6,331	1,613
Interest expense	(6,431)	(4,500)
Net income	32,809	31,077
Preferred stock dividends	(2,654)	(781)
Net income attributable to common stockholders	$ 30,155	$ 30,296
Net income attributable to common stockholders per share (Note 9):		
Basic	$ 1.04	$ 1.05
Diluted	$ 1.02	$ 1.03
Weighted-average shares outstanding:		
Basic	27,991,910	28,275,549
Diluted	28,467,184	28,588,022

See accompanying notes to the consolidated financial statements.

Innovative Industrial Properties, Inc.

Consolidated Statements of Stockholders' Equity
(Unaudited)
(In thousands, except share amounts)

	Three Months Ended March 31, 2026						
	Series A Preferred Stock		Common Stock		Additional Paid-In-Capital	Dividends in Excess of Earnings	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balances at beginning of period	2,019,525	$ 47,780	28,022,975	$ 28	$ 2,113,184	$ (312,988)	$ 1,848,004
Net income	—	—	—	—	—	32,809	32,809
Issuance of unvested restricted stock, net of forfeitures	—	—	95,257	—	(962)	—	(962)
Issuance of preferred stock, net of issuance costs	2,698,523	60,301	—	—	—	—	60,301
Issuance of common stock, net of issuance costs	—	—	178,655	—	9,281	—	9,281
Preferred stock dividends	—	—	—	—	—	(2,654)	(2,654)
Common stock dividends	—	—	—	—	—	(54,446)	(54,446)
Conversion of restricted stock units into common stock, net of forfeitures	—	—	17,633	—	(377)	—	(377)
Stock-based compensation	—	—	—	—	2,584	—	2,584
Balances at end of period	4,718,048	$ 108,081	28,314,520	$ 28	$ 2,123,710	$ (337,279)	$ 1,894,540

	Three Months Ended March 31, 2025						
	Series A Preferred Stock		Common Stock		Additional Paid-In-Capital	Dividends in Excess of Earnings	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balances at beginning of period	1,002,673	$ 23,632	28,331,833	$ 28	$ 2,124,113	$ (211,713)	$ 1,936,060
Net income	—	—	—	—	—	31,077	31,077
Issuance of unvested restricted stock, net of forfeitures	—	—	50,934	—	(792)	—	(792)
Issuance of preferred stock, net of issuance costs	385,147	9,186	—	—	—	—	9,186
Repurchase of common stock	—	—	(4,586)	—	(290)	—	(290)
Preferred stock dividends	—	—	—	—	—	(781)	(781)
Common stock dividends	—	—	—	—	—	(54,463)	(54,463)
Forfeiture of unvested restricted stock units	—	—	—	—	—	89	89
Stock-based compensation	—	—	—	—	2,078	—	2,078
Balances at end of period	1,387,820	$ 32,818	28,378,181	$ 28	$ 2,125,109	$ (235,791)	$ 1,922,164

See accompanying notes to the consolidated financial statements.

Innovative Industrial Properties, Inc.

Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	For the Three Months Ended March 31,	
	2026	**2025**
Cash flows from operating activities		
Net income	$ 32,809	$ 31,077
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	18,584	18,391
Impairment loss on real estate	—	3,527
Loss (gain) on sale of real estate	(422)	—
Paid-in-kind dividends and interest income on life science investments	(1,002)	—
Stock-based compensation	2,584	2,078
Amortization of debt discount and issuance costs	576	470
Other non-cash adjustments	(300)	(11)
Changes in assets and liabilities		
Other assets, net	(527)	906
Accounts payable, accrued expenses and other liabilities	3,976	1,577
Rent received in advance and tenant security deposits	(247)	(3,773)
Net cash provided by (used in) operating activities	56,031	54,242
Cash flows from investing activities		
Investments in real estate	—	(7,857)
Proceeds from sale of real estate asset	2,608	—
Funding of draws for improvements and construction	(2,949)	(9,041)
Purchases of short-term investments	—	(5,258)
Maturities of short-term investments	—	5,000
Net cash provided by (used in) investing activities	(341)	(17,156)
Cash flows from financing activities		
Issuance of common stock, net of issuance costs	9,281	—
Repurchase of common stock	—	(290)
Issuance of preferred stock, net of issuance costs	60,301	9,186
Draws on revolving credit facilities	5,000	—
Repayments on revolving credit facilities	(32,500)	—
Principal payment on debt	—	(8,697)
Dividends paid to common stockholders	(53,777)	(54,253)
Dividends paid to preferred stockholders	(1,136)	(564)
Taxes paid related to net share settlement of equity awards	(1,339)	(703)
Net cash provided by (used in) financing activities	(14,170)	(55,321)
Net increase (decrease) in cash and cash equivalents	41,520	(18,235)
Cash and cash equivalents, beginning of period	47,597	146,245
Cash and cash equivalents, end of period	$ 89,117	$ 128,010
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest, net of interest capitalized	$ 2,017	$ 81
Supplemental disclosure of non-cash investing and financing activities:		
Accrual for current-period additions to real estate	$ 96	$ 6,093
Accrual for common and preferred stock dividends declared	57,100	55,244

See accompanying notes to the consolidated financial statements.

Innovative Industrial Properties, Inc.

Notes to the Consolidated Financial Statements
March 31, 2026
(Unaudited)

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 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.

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

Basis of Presentation. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. They do not include all of the information and footnotes required by GAAP for complete financial statements.

This interim financial information should be read in conjunction with the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2025. Any references to square footage or occupancy percentage, and any amounts derived from these values in these notes to the consolidated financial statements, are outside the scope of our independent registered public accounting firm's review.

Management believes that all adjustments of a normal, recurring nature considered necessary for a fair statement have been included. This interim financial information does not necessarily represent or indicate what the operating results will be for the year ending December 31, 2026.

Use of Estimates. The preparation of the consolidated financial statements in conformity with GAAP 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.

Reclassification. Certain prior period amount has been reclassified to conform to current period presentation. The reclassification had no impact on previously reported net income attributable to common stockholders.

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 March 31, 2026, 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 there has not been a sufficient amount of capital raised to pay off the bonds as of the date of this filing, 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. See Note 14 "Subsequent Events" for additional information regarding financing transactions that were closed after March 31, 2026.

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.

Significant Accounting Policies. The consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on February 24, 2026, contains a discussion of significant accounting policies. There have been no material changes to our significant accounting policies during the three months ended March 31, 2026.

Concentration of Credit Risk.

Real Estate Investments

Tenant Concentration

As of March 31, 2026, we owned 110 properties located in 19 states and leased to 38 tenants. 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 three months ended March 31, 2026 and 2025, including tenant reimbursements:

	For the Three Months Ended March 31, 2026		
	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 Cannabis Corp. ("Trulieve")	6	8	%
Cresco Labs Inc.	5	7	%

	For the Three Months Ended March 31, 2025	
	Number of Leases	Percentage of Rental Revenue
PharmaCann Inc. ("PharmaCann")	11	12 %
Ascend	4	11 %
Green Thumb	3	8 %
Curaleaf	8	8 %
Trulieve	6	7 %

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 both March 31, 2026 and 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 March 31, 2026 and December 31, 2025.

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 preferred stock and warrant.

Concentration of credit risk relating to notes and interest receivable and preferred stock investments are managed by the Company through portfolio monitoring and performing due diligence prior to origination or acquisition. As of both March 31, 2026 and 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 (as defined in Note 7), respectively, representing a significant concentration of credit risk. The Company monitors IQHQ's (as defined in Note 7) credit quality and enforces collateral rights under the credit agreement.

We have deposited cash with financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. As of March 31, 2026, we had cash accounts in excess of FDIC insured limits. We have not experienced any losses in such accounts.

3. Common Stock

As of March 31, 2026, the Company was authorized to issue up to 50,000,000 shares of common stock, par value $0.001 per share, and there were 28,314,520 shares of common stock issued and outstanding.

We have 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. See Note 4 "Preferred Stock" for information regarding the sale of Series A Preferred Stock under the ATM Program.

During the three months ended March 31, 2026, we sold 178,655 shares of common stock pursuant to the ATM Program for net proceeds of $9.3 million. No shares of common stock were issued pursuant to the ATM Program during the three months ended March 31, 2025.

In March 2025, our Board of Directors authorized a share repurchase program (the "Prior Share Repurchase Program") of up to $100.0 million of the Company's common stock. In March 2026, the Board of Directors authorized a new share repurchase program (the "New Share Repurchase Program") of up to $100.0 million of the Company's common stock. The New Share Repurchase Program replaces the Company's Prior Share Repurchase Program, which expired on March 17, 2026. The New Share Repurchase Program expires on March 4, 2027, and may be extended, suspended, modified or

discontinued at any time at the Company's discretion. No shares of common stock were repurchased and retired during the three months ended March 31, 2026 under either of the share repurchase programs. During three months ended March 31, 2025, we repurchased and retired 4,586 shares of common stock under the Prior Share Repurchase Program for $0.3 million.

4. Preferred Stock

As of March 31, 2026, the Company was authorized to issue up to 50,000,000 shares of preferred stock, par value $0.001 per share, and there were 4,718,048 shares issued and outstanding of 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 three months ended March 31, 2026 and 2025, we sold 2,698,523 and 385,147 shares of our Series A Preferred Stock pursuant to the ATM Program for net proceeds of $60.3 million and $9.2 million, respectively.

5. Dividends

The following table describes the dividends declared by the Company during the three months ended March 31, 2026:

Declaration Date	Security Class	Amount Per Share	Record Date	Dividend Paid Date	Dividend Amount
					(In thousands)
March 13, 2026	Common stock	$ 1.90	March 31, 2026	April 15, 2026	$ 54,446
March 13, 2026	Series A preferred stock	$ 0.5625	March 31, 2026	April 15, 2026	$ 2,654

6. Investments in Real Estate

Certain acquisitions of real estate did not satisfy the requirements for sale-leaseback accounting and therefore as of both March 31, 2026 and December 31, 2025, acquisitions of $16.8 million have been recognized as notes receivable and are included in other assets, net on our consolidated balance sheets.

No impairment losses were recognized during the three months ended March 31, 2026. During the three months ended March 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.

Acquired In-Place Lease Intangible Assets

In-place lease intangible assets and related accumulated amortization as of March 31, 2026 and December 31, 2025 is as follows (in thousands):

	March 31, 2026	December 31, 2025
In-place lease intangible assets	$ 9,757	$ 9,757
Accumulated amortization	(3,602)	(3,391)
In-place lease intangible assets, net	$ 6,155	$ 6,366

Amortization of in-place lease intangible assets classified in depreciation and amortization expense in our consolidated statements of income was $0.2 million for both the three months ended March 31, 2026 and 2025, respectively. The

weighted-average remaining amortization period of the acquired in-place leases was 7.5 years, and the estimated annual amortization of the value of the acquired in-place leases as of March 31, 2026 is as follows (in thousands):

Year	Amount
2026 (nine months ending December 31)	$ 633
2027	844
2028	844
2029	844
2030	844
Thereafter	2,146
Total	$ 6,155

Above-Market Lease

The above-market lease and related accumulated amortization included in other assets, net on our consolidated balance sheets as of March 31, 2026 and December 31, 2025 is as follows (in thousands):

	March 31, 2026	December 31, 2025
Above-market lease	$ 1,054	$ 1,054
Accumulated amortization	(394)	(371)
Above-market lease, net	$ 660	$ 683

The above-market lease is amortized on a straight-line basis as a reduction to rental revenues over the remaining lease term of 7.3 years. For both the three months ended March 31, 2026 and 2025, the amortization of the above-market lease was $23,000.

Lease Amendments, Terminations and New Leases

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 sheet until certain criteria are met. As of March 31, 2026, we have received lease payments of $5.1 million that have been included in other liabilities on our consolidated balance sheet. 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 $4.6 million as of March 31, 2026.

During the three months ended March 31, 2026, the leases with Gold Flora, LLC for the properties located in Desert Hot Springs and Palm Springs, California were terminated in connection with the receivership and concurrent with the lease terminations, we executed new leases with a new tenant for both properties.

In March 2026, we executed a new lease with a new tenant for one of our properties located in Illinois, which was previously leased to PharmaCann.

Capitalized Costs

During the three months ended March 31, 2026, we capitalized costs of $0.9 million relating to improvements and construction activities at our properties.

Property Dispositions

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 on our consolidated balance sheets. 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 sheet until such time the criteria for recognition as a sale have been met. As of March 31, 2026, we have received a total of $1.8 million for a loan origination fee and interest. In addition, as we have not met all of the held-for-sale criteria, land and building and improvements with a gross carrying value of $0.4 million and $9.6 million, respectively, and accumulated depreciation of $2.2 million as of March 31, 2026, remain on the consolidated balance sheet, and the buildings and improvements continue to be depreciated.

In February 2026, we sold a property in Arizona for net proceeds of $2.6 million and recognized a gain on sale of real estate of $0.4 million.

Future Contractual Minimum Rent

Future contractual minimum rent (including base rent and property management fees) to be received on our leases as of March 31, 2026 for future periods is summarized as follows (in thousands):

Year	Contractual Minimum Rent
2026 (nine months ending December 31)	$ 221,637
2027	308,687
2028	316,054
2029	322,309
2030	326,717
Thereafter	2,903,981
Total	$ 4,399,385

Future contractual minimum rent includes payments to be received on two sales-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.

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 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 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. 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. 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):

	March 31, 2026	December 31, 2025
Investment in IQHQ Preferred Stock	$ 47,430	$ 47,430
Investment in IQHQ Warrant	5,321	5,321
Forward contract for the purchase of IQHQ Preferred Stock	2,562	2,562
PIK dividend	1,075	444
Investment in IQHQ Credit Facility	96,806	96,493
PIK interest	786	415
Total	$ 153,980	$ 152,665

As of March 31, 2026 and 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 and there were no allowance for credit losses with respect to our investment in the IQHQ Credit Facility.

8. Debt

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 requires semiannual interest payments 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 Three Months Ended March 31,	
	2026	2025
Cash coupon	$ 4,004	$ 4,081
Amortization of issuance cost	379	364
Capitalized interest	(50)	(56)
Total interest expense	$ 4,333	$ 4,389

The following table details the carrying value of our Notes due 2026 (in thousands):

	March 31, 2026	December 31, 2025
Principal amount	$ 291,215	$ 291,215
Unamortized issuance cost	(234)	(613)
Carrying value	$ 290,981	$ 290,602

As of March 31, 2026, the Operating Partnership may redeem some or all of the Notes due 2026 at its option at any time at 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 March 31, 2026.

Accrued interest payable for the Notes due 2026 as of March 31, 2026 and December 31, 2025 was $6.0 million and $2.0 million, 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 certain assets of the Company. 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 March 31, 2026, 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. 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. 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. There were no amounts outstanding under the Revolving Credit Facility as of March 31, 2026. As of December 31, 2025, there were $27.5 million of borrowings outstanding under the Revolving Credit Facility.

In connection with the Revolving Credit Facility, we recorded $1.2 million of deferred financing 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 both the three months ended March 31, 2026 and 2025, we recognized $0.1 million, respectively, of non-cash interest expense related to the Revolving Credit Facility.

IIP Life Science Credit Facility

On October 2025, our Operating Partnership and IIP Life Science Investments LLC ("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 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%. As of both March 31, 2026 and December 31, 2025, 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 March 31, 2026.

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 IIP Life Science Credit Facility. For the three months ended March 31, 2026, we recognized $79,000 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 March 31, 2026 (in thousands):

Payments Due by Year	Amount
2026 (nine months ending December 31)	$ 291,215
2027	—
2028	75,000
Total	$ 366,215

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 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 March 31, 2026, all of the Company's participating securities received dividends or dividend equivalents at an equal dividend rate per share or unit. As a result, distributions to participating securities for the three months ended March 31, 2026 and 2025 have been included in net income attributable to common stockholders to calculate net income per basic and diluted share.

Computations of net income per basic and diluted share (in thousands, except share and per share data) were as follows:

	For the Three Months Ended March 31,	
	2026	2025
Net income	$ 32,809	$ 31,077
Preferred stock dividends	(2,654)	(781)
Distribution to participating securities	(983)	(747)
Net income attributable to common stockholders used to compute net income per share (basic and diluted)	$ 29,172	$ 29,549
Weighted-average common shares outstanding:		
Basic	27,991,910	28,275,549
Restricted stock and RSUs	475,274	312,473
Diluted	28,467,184	28,588,022
Net income attributable to common stockholders per share:		
Basic	$ 1.04	$ 1.05
Diluted	$ 1.02	$ 1.03

10. Fair Value

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.

The following table presents the carrying value and approximate fair value of financial instruments at March 31, 2026 and December 31, 2025 (in thousands):

	At March 31, 2026		At December 31, 2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Life science investments[1]	$ 97,592	$ 97,592	$ 96,908	$ 96,908
Construction loan[2]	$ 22,800	$ 30,056	$ 22,800	$ 29,997
Investments as cash equivalents[3]	$ 159	$ 159	$ 158	$ 158
Notes receivable[4]	$ 16,786	$ 16,786	$ 16,786	$ 16,786
Notes due 2026[5]	$ 290,981	$ 289,526	$ 290,602	$ 288,644
Revolving credit facility[6]	$ —	$ —	$ 27,500	$ 27,500
Life science credit facility[7]	$ 75,000	$ 75,000	$ 75,000	$ 75,000

(1) Excludes $56.4 million and $55.8 million as of March 31, 2026 and December 31, 2025, respectively, 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 March 31, 2026 and December 31, 2025, the expected market yield used to determine fair values were 16.5% and 16.8%, respectively. Changes in market yields may change the fair value of the investment into 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 March 31, 2026 and December 31, 2025, 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 6 "Investment in Real Estate" to our consolidated financial statements for more information). The notes receivable are categorized as Level 3 and were valued using a yield analysis. At March 31, 2026 and December 31, 2025, the weighted average expected market yields used to determine fair values were 29.1% and 26.5%, respectively.

(5) The fair value is determined based upon Level 2 inputs as the Notes due 2026 were not traded in an active market.

(6) 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.

(7) 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, accounts payable, accrued expenses and other liabilities approximate their 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 will automatically terminate in December 2026.

A summary of the restricted stock activity under the 2016 Plan and related information for the three months ended March 31, 2026 is included in the table below:

	Unvested Restricted Stock	Weighted-Average Grant Date Fair Value
Nonvested balance at December 31, 2025	109,591	$ 80.61
Granted	113,937	$ 49.85
Vested	(28,355)	$ 78.07
Forfeited[1]	(18,680)	$ 103.65
Balance at March 31, 2026	176,493	$ 58.72

(1) Shares that were forfeited to cover the employees' tax withholding obligation upon vesting.

The remaining unrecognized compensation cost of $8.9 million for restricted stock awards is expected to be recognized over a weighted-average amortization period of 2.2 years as of March 31, 2026. The fair value of restricted stock that vested during the three months ended March 31, 2026 was $2.3 million.

The following table summarizes our RSU activity for the three months ended March 31, 2026. 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:

	Restricted Stock Units	Weighted-Average Grant Date Fair Value
Balance at December 31, 2025	280,555	$ 104.19
Granted	87,366	$ 49.85
Vested and converted to common stock, net	(17,633)	$ 85.72
Forfeited[1]	(9,258)	$ 75.35
Balance at March 31, 2026	341,030	$ 92.01

(1) Shares that were forfeited to cover employee's tax withholding obligation upon distribution from the Deferred Compensation Plan.

The remaining unrecognized compensation cost of $8.5 million for RSU awards is expected to be recognized over an amortization period of 2.1 years as of March 31, 2026.

12. Commitments and Contingencies

Improvement Allowances. As of March 31, 2026, we had $4.4 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 March 31, 2026, 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.

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 April 23, 2026, the defendants filed a motion to dismiss this derivative action.

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. 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.

13. Segment Information

Our reportable segments consist of the following as of March 31, 2026:

- **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 is our President and Chief Executive Officer. The CODM evaluates the performance of each reportable segment and allocates resources based on segment net income. Items that are not directly assignable to a reportable segment are reflected as Unallocated, consistent with 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 three months ended March 31, 2026 and 2025, and the total segment assets as of March 31, 2026 and December 31, 2025, are presented in the tables below (in thousands):

	For the Three Months Ended March 31,	
	2026	2025
Cannabis Portfolio Segment:		
Rental revenues (including tenant reimbursements)	$ 68,920	$ 71,697
Other revenues	76	25
Total reportable segment revenue	68,996	71,722
Property expenses	(7,576)	(7,379)
Depreciation and amortization expense	(18,584)	(18,391)
Impairment loss on real estate	—	(3,527)
Gain (loss) on sale of real estate	422	—
Interest and other income	442	600
Cannabis Portfolio Segment net income	43,700	43,025
Life Science Portfolio Segment:		
Interest and other income	5,544	—
Life Science Portfolio Segment net income	5,544	—
Total reportable segment net income	49,244	43,025
Unallocated:		
General and administrative expense	(10,349)	(8,461)
Interest and other income	345	1,013
Interest expense	(6,431)	(4,500)
Net income	32,809	31,077
Preferred stock dividends	(2,654)	(781)
Net income attributable to common stockholders	$ 30,155	$ 30,296

Segment Total Assets:	March 31, 2026	December 31, 2025
Cannabis Portfolio Segment	$ 2,145,401	$ 2,165,359
Life Science Portfolio Segment	153,980	152,665
Unallocated	94,599	52,834
Total	$ 2,393,980	$ 2,370,858

14. Subsequent Events

Issuance of Common Stock

In April 2026, we sold 514,950 shares of common stock pursuant to the ATM Program for net proceeds of $25.6 million.

Issuance of Preferred Stock

In April 2026, we sold 506,628 shares of our Series A Preferred Stock pursuant to the ATM Program for net proceeds of $10.6 million.

Issuance of Debt

In April 2026, the Company closed a $20.0 million, three-year secured term loan which bears interest at a fixed rate of 9.0%.

Purchase of IQHQ Preferred Stock

In April 2026, the Company purchased an additional 25,000 shares of IQHQ Preferred Stock for $25.0 million.

Repayment of Notes due 2026

In April 2026, the Company made early partial repayments on the Notes due 2026, reducing the principal balance by $9.1 million.

New Lease

In April 2026, the Company executed a new lease with Curaleaf for our property located in Buckeye Lake, Ohio, which was previously leased to PharmaCann.

ITEM 2. 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 report that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, our statements regarding anticipated growth in our funds from operations and anticipated market and regulatory conditions, our strategic direction, demographics, results of operations, plans and objectives are forward-looking statements. Forward-looking statements involve numerous risks and uncertainties, and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise, and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: rates of default on leases for our assets; 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 cultivation and processing facilities; anticipated funding sources for our investment in IQHQ Preferred Stock (as defined in Note 7 to the consolidated financial statements); defaults on our investments in real estate-related assets, such as the IQHQ Credit Facility and IQHQ Preferred Stock (as defined in Note 7 to the consolidated financial statements); 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; the timing, scope and impact of the April 23, 2026 final order issued by the U.S. Department of Justice and the Drug Enforcement Administration regarding the federal scheduling status of certain marijuana activities; availability of suitable investment opportunities in the regulated cannabis industry; our understanding of our competition and our potential tenants' alternative financing sources; the expected medical-use or adult-use cannabis legalization in certain states; shifts in public opinion regarding regulated cannabis; the potential impact on us from litigation matters, including rising liability and insurance costs; the additional risks that may be associated with certain of our tenants cultivating, processing and/or dispensing adult-use cannabis in our facilities; the state of the U.S. economy generally or in specific geographic areas; economic trends and economic recoveries; our ability to access equity or debt capital; financing rates for our target assets; our level of indebtedness, which could reduce funds available for other business purposes and reduce our operational flexibility; covenants in our debt instruments, which may limit our flexibility and adversely affect our financial condition; our ability to maintain our investment grade credit rating; changes in the values of our assets; our expected portfolio of assets; our expected investments; interest rate mismatches between our assets and our borrowings used to fund such investments; changes in interest rates and the market value of our assets; the degree to which any interest rate or other hedging strategies may or may not protect us from interest rate volatility; the impact of and changes in governmental regulations, tax law and rates, accounting guidance and similar matters; how and when any forward equity sales may settle; our ability to maintain our qualification as a REIT for U.S. federal income tax purposes; our ability to maintain our exemption from registration under the Investment Company Act of 1940; availability of qualified personnel; and market trends in our industry, interest rates, real estate values, the securities markets or the general economy.

The risks included here are not exhaustive, and additional factors could adversely affect our business and financial performance, including factors and risks included in other sections of this report. In addition, we discussed a number of material risks in our Annual Report on Form 10-K for the year ended December 31, 2025 and in Part II, "Item 1A. Risk Factors" included in this report. Those risks continue to be relevant to our performance and financial condition. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on our Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Any forward-looking statement made by us speaks only of the date on which we make it. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. Stockholders and investors are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in the Company's filings and reports.

The purpose of this Management's Discussion and Analysis ("MD&A") is to provide an understanding of the Company's consolidated financial condition, results of operations and cash flows. MD&A is provided as a supplement to, and should be read in conjunction with, the Company's consolidated financial statements and accompanying notes.

Overview

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 (the "Operating Partnership").

We are an internally-managed real estate investment trust ("REIT") focused on the acquisition, ownership and management of specialized industrial and 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 cannabis 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. 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 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 March 31, 2026, we had 23 full-time employees.

As of March 31, 2026, we owned 110 properties comprising 8.9 million square feet (including 303,000 rentable square feet under development/redevelopment) in 19 states. As of March 31, 2026, we had invested $2.5 billion in the aggregate (consisting of purchase price and funding of draws for construction and improvements submitted by tenants, if any, but excluding transaction costs) and had committed an additional $4.4 million to fund draws to certain tenants and vendors for improvements at our properties. Of the $4.4 million committed to fund draws to certain tenants and vendors for improvements at our properties, $0.9 million was incurred but not funded as of March 31, 2026.

Of these 110 properties, we include 108 properties in our operating portfolio, which were 97.8% leased as of March 31, 2026, with a weighted-average remaining lease term of 12.4 years. We do not include in our operating portfolio the following properties (all of which were under development/redevelopment as of March 31, 2026, 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.

As previously disclosed, we entered into leases with PharmaCann Inc. and its affiliates for eleven properties. Effective February 1, 2025, rent under two cultivation facility leases in Michigan and Massachusetts, representing aggregate monthly base rent of approximately $1.3 million, was fully abated pursuant to lease amendments entered into in January 2025. In April 2025, we re-leased the approximately 205,000 square foot Michigan property to Berry Green, and we have also leased the former PharmaCann cultivation facility in Holliston, Massachusetts to a third party.

We regained possession of one retail property in Colorado through a default judgment and the property was subsequently sold in December 2025. PharmaCann has paid, and continues to pay, full rent on the remaining four retail properties in Colorado. In December 2025, we obtained a judgment in our favor in an eviction action relating to the Dwight, Illinois facility and regained possession of that property. The property was re-leased to Grown Rogue in March 2026. PharmaCann defaulted on its rent obligations under three out of seven the remaining leases, covering properties in New York, Pennsylvania, Ohio. As of March 31, 2026, amounts due under these leases for base rent, property management fees, and estimated tax and insurance payments totaled $38.5 million, including the balance related to the Illinois property. We have commenced litigation and are actively seeking possession of the remaining properties in New York, Pennsylvania and Ohio. As of March 31, 2026, the seven properties leased to PharmaCann collectively represented approximately 10.3%

of our annualized contractual rent. We continue to enforce our rights under the applicable lease agreements and pursue available remedies. See Note 6, “Investments in Real Estate,” to our consolidated financial statements for additional information.

On February 26, 2026, the Company entered into a settlement agreement (the “PharmaCann Settlement Agreement”) with PharmaCann Inc. (“PharmaCann”) to resolve pending lawsuits brought by certain indirect, wholly owned subsidiaries of the Company against PharmaCann and certain of its affiliates in connection with rent defaults under leases (the “PharmaCann Leases”) for three properties owned by the Company located in New York, Ohio, and Pennsylvania. Pursuant to the PharmaCann Settlement Agreement, PharmaCann agreed to wind down and close its operations at each property and surrender possession of the New York and Pennsylvania premises to the Company on or before May 20, 2026, and the Ohio premises on or before May 26, 2026. Upon PharmaCann's vacating and surrendering of the premises on the applicable surrender dates, the PharmaCann Leases will be deemed terminated.

In connection with the PharmaCann Settlement Agreement, the parties entered into consent orders, stipulations of judgment, and stipulations of settlement with the respective courts in Pennsylvania, New York, and Ohio (collectively, the “Consents”). The Consents provide for the entry of judgments in favor of the Company's subsidiaries for possession of the premises as well as monetary judgments and were fully executed on March 13, 2026. The monetary judgments are subject to reduction on a dollar-for-dollar basis for escrowed rent funds released to the Company.

In March 2025, we initiated a strategic effort to improve long-term financial performance by repositioning a portion of our tenant base toward more financially viable, long-term operators. In connection with this effort, we 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. We are actively pursuing our rights under these leases, which may include eviction proceedings. 4Front Ventures has filed for bankruptcy protection in Canada and for voluntary receivership in Massachusetts and Illinois, which may delay our enforcement efforts. As of March 31, 2026, we have terminated all three leases with affiliates of Gold Flora. As of March 31, 2026, 4Front Ventures Corp and TILT Holdings Inc collectively represented approximately 8.8% of our annualized contractual rent and owed $28.1 million and $6.6 million, respectively, for base rent, property management fees, and estimated tax and insurance payments.

During the quarter ended March 31, 2026, we also declared defaults under leases with two additional tenants, The Cannabist Company and Battle Green Holdings, Inc. ("Battle Green"), for failure to pay rent in full. As of March 31, 2026, these leases represented, in the aggregate, 5% of our annualized contractual rent.

Factors Impacting Our Operating Results

Our results of operations are affected by a number of factors and depend on the rental revenues we receive from the properties that we acquire, the timing of lease expirations, general market conditions, the regulatory environment in the regulated 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 revenues generated by the properties that we acquire. The amount of rental revenues 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 tenant’s financial condition and ability to make rent payments to us on time.

The properties that we have acquired 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 their 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. 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. These tenant-related challenges are currently having a material adverse effect on the Company's financial condition, results of operations, and cash flows. See "—Results of Operations—Comparison of the three months ended March 31, 2026 and 2025—Rental Revenues" for more information. 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 extend and duration of these impacts depend on developments in the regulated cannabis markets in which we operate and remain subject to significant uncertainty.

On April 23, 2026, the U.S. Department of Justice ("DOJ") and the Drug Enforcement Administration ("DEA") announced a final order reclassifying FDA-approved marijuana drug products and certain state-licensed medical marijuana activities from Schedule I to Schedule III, while adult-use marijuana, synthetic tetrahydrocannabinols and unlicensed marijuana activities remain Schedule I. The final order creates an expedited DEA registration pathway for eligible state-licensed medical marijuana operators and, if such operators obtain registration, may eliminate the application of Section 280E to qualifying medical marijuana operations. However, no retrospective tax relief or guidance has been issued, and significant uncertainty remains regarding dual-license operators, actions by the DEA, the U.S. Department of the Treasury, and the Internal Revenue Service, tenants' ability to obtain DEA registration, and the outcome of the DEA administrative hearing scheduled to begin on June 29, 2026. Accordingly, while we believe these developments represent a meaningful step forward for the industry and could improve operator economics, access to capital, and long-term growth, we continue to assess their impact on our tenants, properties, and business and cannot predict the effect on our financial condition, results of operations, or cash flows.

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.

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 March 31, 2026, we owned 110 properties located in 19 states leased to 38 tenants. 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 March 31, 2026, 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 March 31, 2026. See Note 2 "Concentration of Credit Risk" in the notes to our consolidated financial statements for further information regarding the tenants in our portfolio that represented the largest percentage of our total rental revenues for the three months ended March 31, 2026.

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 that are not leased (or are leased but tenant's rent obligations, including for payment of operating expenses, have not yet commenced), including taxes, insurance, maintenance, security, utilities and other property-specific costs. We generally structure our leases so that the tenant is responsible for 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 Internal Revenue Code of 1986, as amended (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 "Investment in Real Estate" in the notes to the consolidated financial statements for information regarding our investments in real estate activity and property portfolio activity during the three months ended March 31, 2026.

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 during the three months ended March 31, 2026.

Comparison of the Three Months Ended March 31, 2026 and 2025

The following table sets forth the results of our operations (in thousands):

	For the Three Months Ended March 31,		
	2026	2025	Change
Cannabis Portfolio Segment:			
Rental revenues (including tenant reimbursements)	$ 68,920	$ 71,697	$ (2,777)
Other revenues	76	25	51
Property expenses	(7,576)	(7,379)	(197)
Depreciation and amortization expense	(18,584)	(18,391)	(193)
Impairment loss on real estate	—	(3,527)	3,527
Gain (loss) on sale of real estate	422	—	422
Interest and other income	442	600	(158)
Cannabis Portfolio Segment net income	43,700	43,025	675
Life Science Portfolio Segment:			
Interest and other income	5,544	—	5,544
Life Science Portfolio Segment net income	5,544	—	5,544
Unallocated:			
General and administrative expense	(10,349)	(8,461)	(1,888)
Interest and other income	345	1,013	(668)
Interest expense	(6,431)	(4,500)	(1,931)
Net income	32,809	31,077	1,732
Preferred stock dividends	(2,654)	(781)	(1,873)
Net income attributable to common stockholders	$ 30,155	$ 30,296	$ (141)

Cannabis Portfolio Segment

Rental Revenues. Rental revenues for the three months ended March 31, 2026 decreased by $2.8 million, or 4%, to $68.9 million, compared to $71.7 million for the three months ended March 31, 2025. The decline was primarily driven by a $6.9 million decrease related to tenant defaults, partially offset by a $3.1 million increase due to annual contractual rent escalations and $1.0 million increase related to the property acquired in February 2025 and new leases executed on existing properties.

During the three months ended March 31, 2026, we applied $1.2 million of security deposits for payment of rent on properties leased to Battle Green and The Cannabist Company. During the three months ended March 31, 2025, we applied $5.8 million of security deposits for payment of rent on properties leased to PharmaCann, Gold Flora, TILT and Sozo.

Property Expenses. Property expenses for the three months ended March 31, 2026 increased by $0.2 million to $7.6 million, compared to $7.4 million for the three months ended March 31, 2025. The increase was primarily attributable to additional investments in existing properties, which resulted in $0.6 million of higher property taxes. This increase was partially offset by a $0.4 million decrease in insurance expense due to lower premiums under the master property insurance policy renewed in August 2025, as well as lower property expenses related to properties repossessed from defaulted tenants. Property expenses related to leased properties are generally reimbursable by tenants under the terms of the leases.

Depreciation and Amortization Expense. Depreciation and amortization expense for the three months ended March 31, 2026 increased by $0.2 million to $18.6 million, compared to $18.4 million for the three months ended March 31, 2025.

The increase was primarily attributable to depreciation on new assets placed into service subsequent to March 31, 2025, partially offset by lower depreciation on the properties sold during the same period.

Impairment Loss on Real Estate. Impairment loss on real estate of $3.5 million for the three months ended March 31, 2025 related to one of our properties located in Palm Springs, California which was under contract to be sold for less than its carrying value as of March 31, 2005 and was sold in June 2025.

Gain on Sale of Real Estate. Gain on sale of real estate for the three months ended March 31, 2026 related to the sale of a property located in Phoenix, Arizona in February 2026.

Interest and Other income. Interest and other income related to the interest income on the construction loan for the development of a regulated cannabis cultivation and processing facility in California.

Life Science Portfolio Segment

Interest and Other Income. Interest and other income for the three months ended March 31, 2026 was $5.5 million and consisted of interest and dividend income earned on our investments in the IQHQ Credit Facility and IQHQ Preferred Stock. These investments were made in September 2025 and, accordingly, did not generate income during the three months ended March 31, 2025.

Unallocated Items

General and Administrative Expense. General and administrative expense for the three months ended March 31, 2026 increased $1.9 million to $10.3 million from $8.5 million for the three months ended March 31, 2025. The increase was primarily driven by a $1.5 million increase in litigation expense.

Interest and Other Income. Interest and other income decreased by $0.7 million to $0.3 million for the three months ended March 31, 2026, compared to $1.0 million for the three months ended March 31, 2025. 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 three months ended March 31, 2026 increased by $1.9 million to $6.4 million, compared to $4.5 million for the three months ended March 31, 2025. The increase was primarily driven by interest incurred on borrowings under our revolving credit facilities beginning in September 2025.

Preferred Stock Dividends. Preferred stock dividends for the three months ended March 31, 2026 increased by $1.9 million, to $2.7 million, compared to $0.8 million for the three months ended March 31, 2025. The increase was due to additional shares of the Series A Preferred Stock issued under the ATM Program subsequent to March 31, 2025.

Cash Flows

Comparison of the Three Months Ended March 31, 2026 and 2025 (in thousands)

	Three Months Ended March 31,		
	2026	2025	Change
Net cash provided by (used in) operating activities	$ 56,031	$ 54,242	$ 1,789
Net cash provided by (used in) investing activities	(341)	(17,156)	16,815
Net cash provided by (used in) financing activities	(14,170)	(55,321)	41,151
Ending cash and cash equivalents	89,117	128,010	(38,893)

Operating Activities

Cash flows provided by operating activities for the three months ended March 31, 2026 and 2025 were $56.0 million and $54.2 million, respectively. Cash flows provided by operating activities were generally 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. For the three months ended March 31, 2026, cash flows provided by operating activities also included interest and dividend income

earned on our investments in the IQHQ Credit Facility and IQHQ Preferred Stock. The increase in cash flows provided by operating activities for the three months ended March 31, 2026 compared to the three months ended March 31, 2025 was primarily due to interest and dividend income earned on our investments in the IQHQ Credit Facility and IQHQ Preferred Stock, partially offset by lower rental revenue and timing differences in working capital and application of tenant security deposits.

Investing Activities

For the three months ended March 31, 2026, cash flows used in investing activities consisted of $2.9 million in funding of draws for improvements and construction, partially offset by $2.6 million in proceeds from the sale of real estate asset. For the three months ended March 31, 2025, net cash used in investing activities was $17.2 million, driven by $16.9 million of investments in real estate and funding of draws for improvements and construction at our properties, and $0.3 million related to net purchases and maturities of short-term investments.

Financing Activities

Net cash used in financing activities of $14.2 million during the three months ended March 31, 2026 was driven by dividend payments of $54.9 million to common and preferred stockholders, principal repayments of $32.5 million on one of our credit facilities and $1.3 million related to the net share settlement of equity awards to satisfy employee withholding taxes upon the vesting of restricted stock. These amounts were partially offset by $60.3 million of net proceeds from the issuance of Series A Preferred Stock and $9.3 million of net proceeds from the issuance of common stock under our ATM program and draws of $5.0 million on one of our credit facilities.

Net cash used in financing activities of $55.3 million during the three months ended March 31, 2025 was primarily driven by dividend payments of $54.8 million to common and preferred stockholders, a partial principal repayment of $8.7 million on the Notes due 2026 and $0.7 million related to the net share settlement of equity awards to satisfy employee withholding taxes upon the vesting of restricted stock. These amounts were partially offset by $9.2 million in net proceeds from the issuance of Series A Preferred Stock under our at-the-market offering program.

Liquidity and Capital Resources

Sources and Uses of Cash

Liquidity is a measure of our ability to meet potential cash requirements. Our principal future uses of cash and cash equivalents include the acquisition of 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 March 31, 2026, we had cash and cash equivalents of $89.1 million.

We derive substantially all of our income from leasing our properties and life science investments, collecting rental, interest and dividend income. These sources of income represent 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, mortgage financing on certain of our properties, 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 March 31, 2026, 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 there has not been a sufficient amount of capital raised to pay off the bonds as of the date of this filing, 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 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, and refinance our existing indebtedness. 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.

In September 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.

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 March 31, 2026. 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. At March 31, 2026, the outstanding principal

balance on our Notes due 2026 was $291.2 million. We expect to address the repayment or refinancing of the Notes due 2026 by their maturity in May 2026 and may do so through one or a combination of sources, which may include new or replacement financing arrangements, including mortgage financing secured by certain of our properties, cash on hand, and proceeds from issuances of common stock and preferred stock under our at-the-market offering program ("ATM Program"). However, there can be no assurance as to the availability or terms of any such financing or capital raising transactions.

ATM Program

We have an 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 three months ended March 31, 2026, we sold 2,698,523 shares of our Series A Preferred Stock for net proceeds of $60.3 million. As of March 31, 2026, shares of the Company's common stock and Series A Preferred Stock having an aggregate offering price of up to $393.8 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 March 31, 2026, 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 March 31, 2026.
As of March 31, 2026, there were no amounts outstanding under the Revolving 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" 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 March 31, 2026, 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 March 31, 2026. As of March 31, 2026, the 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. On March 3, 2026, our Board of Directors approved a new share repurchase program authorizing the purchase of up to $100.0 million in shares of our common stock, which replaces our share repurchase program that expired on March 17, 2026. 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. No shares were repurchased under the previous or the current share repurchase plan during the three months ended March 31, 2026. The current share repurchase program expires on March 4, 2027, and may be extended, suspended, modified or discontinued at any time at the Company's discretion.

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. 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 borrowings under our Credit Facilities, and make accretive new investments.

The following table describes the dividends declared by the Company during the three months ended March 31, 2026:

Declaration Date	Security Class	Amount Per Share	Record Date	Dividend Paid Date	Dividend Amount
					(In thousands)
March 13, 2026	Common stock	$ 1.90	March 31, 2026	April 15, 2026	$ 54,446
March 13, 2026	Series A preferred stock	$ 0.5625	March 31, 2026	April 15, 2026	$ 2,654

Contractual Debt Obligations

The following table summarizes our contractual debt obligations as of March 31, 2026 (in thousands):

Payments Due by Year	Notes due 2026	Credit Facilities	Interest	Total
2026 (nine months ending December 31)	$ 291,215	$ —	$ 5,926	$ 297,141
2027	—	—	4,639	4,639
2028	—	75,000	3,517	78,517
Total	$ 291,215	$ 75,000	$ 14,082	$ 380,297

Additionally, as of March 31, 2026, we had (1) $120.0 million remaining on our commitment to purchase up to $170.0 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; and (2) $4.4 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. 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

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 the National Association of Real Estate Investment Trusts, Inc. ("NAREIT"). NAREIT defines FFO as the most commonly accepted and reported 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, amortization and impairment related to real estate properties, and after adjustments for unconsolidated partnerships and joint ventures.

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.

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 non-cash items.

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 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 three months ended March 31, 2026 and 2025 (in thousands, except share and per share amounts):

	For the Three Months Ended March 31,	
	2026	2025
Net income attributable to common stockholders	$ 30,155	$ 30,296
Real estate depreciation and amortization	18,584	18,391
Impairment loss on real estate	—	3,527
Loss (gain) on sale of real estate	(422)	—
FFO attributable to common stockholders (basic and diluted)	48,317	52,214
Litigation-related expense	1,870	406
Loss (gain) on partial repayment of Notes due 2026	—	(32)
Income on seller-financed notes[1]	223	153
Deferred lease payments received on sales-type leases[2]	175	20
Normalized FFO attributable to common stockholders (diluted)	50,585	52,761
Stock-based compensation	2,584	2,078
Non-cash interest expense	576	470
Non-cash accretion of life science investments	(334)	—
Above-market lease amortization	23	23
AFFO attributable to common stockholders (diluted)	$ 53,434	$ 55,332
FFO per common share – diluted	$ 1.70	$ 1.83
Normalized FFO per common share – diluted	$ 1.78	$ 1.85
AFFO per common share – diluted	$ 1.88	$ 1.94
Weighted average common shares outstanding – basic	27,991,910	28,275,549
Restricted stock and RSUs	475,274	312,473
Weighted average common shares outstanding – diluted	28,467,184	28,588,022

(1) Amounts reflects non-refundable cash payments received pursuant to 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 received are recorded as a deposit liability and included in other liabilities on our consolidated balance sheet.

(2) 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 sheet as of March 31, 2026, as the transaction did not qualify for recognition as a completed sale.

Critical Accounting Estimates

The preparation of our financial statements in accordance with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of our financial statements, the reported amounts of revenues and expenses during the reporting periods and the related disclosures in our unaudited consolidated financial statements and accompanying footnotes. We have discussed those estimates that we believe are critical and require the use of complex judgment in their application in the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the Securities and Exchange Commission on February 24, 2026. There have been no material changes to our critical accounting estimates or the methods or assumptions we apply.

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. In recent years, the commercial real estate market generally has experienced significant disruptions from, among other things, significant increases in interest rates and changing tenant preferences for space.

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 3. Quantitative and Qualitative Disclosures About Market Risk" for additional information regarding our interest rate sensitivity.

Impact of Inflation

The U.S. economy has experienced a period of increased inflation 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.

Seasonality

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

ITEM 3. *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 March 31, 2026, a 1% change in interest rates on our variable-rate debts would change our interest expense by $0.8 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 4. ***CONTROLS AND PROCEDURES***

Evaluation of Disclosure Controls and Procedures

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 March 31, 2026. Based on that evaluation, our principal executive and financial officers concluded that our disclosure controls and procedures were effective as of March 31, 2026 (the end of the period covered by this Quarterly Report).

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 March 31, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. ***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 1A. ***RISK FACTORS***

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025, which could materially affect our business, financial condition and/or results of operations. Except to the extent additional factual information disclosed elsewhere in this Quarterly Report on Form 10-Q relates to such risk factors, there have been no material changes to the risk factors described in the "Risk Factors" section in our Annual Report on Form 10-K for the year ended December 31, 2025. The impact of macroeconomic conditions and industry-specific challenges have also had the effect of heightening many of the risks described in the "Risk Factors" included in our Annual Report on Form 10-K, such as those relating to tenant defaults and our ability to generate sufficient cash flows to service our indebtedness and make distributions to our shareholders. You should not interpret the disclosure of a risk to imply that the risk has not already materialized. The risks as described in our Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or results of operations.

ITEM 2. ***UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS***

During the three months ended March 31, 2026, we did not sell any equity securities that were not registered under the Securities Act of 1933.

Issuer Purchases of Equity Securities

The following table provides information with respect to the number of shares of common stock repurchased by us for the periods indicated (in thousands, except share and per share amounts):

Period	Total Number of Shares of Common Stock Purchased[1]	Weighted Average Price Paid per Common Share[2]	Purchased as Part of Publicly Announced Plans or Programs[3]	Maximum Number (or dollar value) of Shares that May Yet be Purchased Under the Plans or Programs
January 1, 2026 - January 31, 2026	27,938	$ 49.47	—	$ —
February 1, 2026 - February 28, 2026	—	—	—	—
March 1, 2026 - March 31, 2026	—	—	—	—
Total	27,938	$ 49.47	—	$ 100,000

(1) Includes 18,680 shares withheld by us from employees to satisfy employee tax obligations upon vesting of restricted stock and 9,258 shares withheld by us from employees to satisfy employee tax obligations upon distributions from the Deferred Compensation Plan and conversion of RSUs, which were granted to the employees under the Company's equity incentive plans.

(2) The value of the common stock withheld to satisfy employee tax was based on the closing price of our common stock on the applicable vesting date for restricted stock and distribution date for RSUs.

(3) The Company's common stock repurchases are made pursuant to the Company's stock repurchase plan, which was authorized by the board of directors in March 2026, to repurchase up to $100.0 million of the Company's 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 at-the-market offering program. During the three months ended March 31, 2026, no shares were repurchased under the share repurchase plan. The repurchase plan expires on March 4, 2027, and may be extended, suspended, modified or discontinued at any time at the Company's discretion.

ITEM 3. ***DEFAULTS UPON SENIOR SECURITIES***

None.

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

Not applicable.

ITEM 5. ***OTHER INFORMATION***

(c)

During the three months ended March 31, 2026 , no director or Section 16 officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading agreement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. *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 9.0% Series A Cumulative Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed by the Company on August 6, 2020).
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 9.0% Series A Cumulative Redeemable Preferred Stock) (incorporated by reference to Exhibit 3.1 to the Form 8-K filed by the Company on May 24, 2024).
3.3	Third Amended and Restated Bylaws of Innovative Industrial Properties, Inc. (incorporated by Reference to Exhibit 3.1 to the Form 8-K filed by the Company on December 8, 2022).
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification 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.
101INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Date File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

** 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.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto 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)

Dated May 5, 2026