

COMPENSATION COMMITTEE CHARTER
of the Compensation Committee
of Innovative Industrial Properties, Inc.

This Compensation Committee Charter was adopted by the Board of Directors (the “Board”) of Innovative Industrial Properties, Inc. (the “Company”) on November 30, 2016.

I. Purpose

The purpose of the Compensation Committee (the “Committee”) of the Board is to assist the Board in discharging its responsibilities relating to compensation of the Company’s executives, including by designing (in consultation with management or the Board), evaluating and approving the compensation plans, policies and programs of the Company. The Committee shall ensure that compensation programs are designed to encourage high performance, promote accountability and assure that employee interests are aligned with the interests of the Company’s stockholders.

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company’s bylaws and applicable law. The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without requirement of Board approval (except as required by law), and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the powers delegated to the Committee hereunder) shall be at the Committee’s sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have and may exercise all the powers and authority of the Board. To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.

II. Membership

The Committee shall be composed of at least two directors as determined by the Board, none of whom shall be an employee of the Company and each of whom shall (1) satisfy the independence requirements of the New York Stock Exchange, (2) be a “non-employee director” within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the “1934 Act”), and (3) be an “outside director” under the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”).

The members of the Committee, including the Chair of the Committee, shall be appointed by the Board. Committee members may be removed from the Committee, with or without cause, by the Board. Any action duly taken by the Committee shall be valid and effective, whether or not the members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership provided herein.

III. Meetings and Procedures

The Chair (or in his or her absence, a member designated by the Chair or the Committee) shall preside at each meeting of the Committee and set the agendas for Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company’s bylaws that are applicable to the Committee.

The Committee shall meet on a regularly scheduled basis at least two times per year and more frequently as the Committee deems necessary or desirable.

All non-management directors that are not members of the Committee may attend and observe meetings of the Committee, but shall not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event shall not be entitled to vote. The Committee may, at its discretion, include in its meetings members of the Company's management, representatives of the independent auditor, the internal auditor, any other financial personnel employed or retained by the Company or any other persons whose presence the Committee believes to be necessary or appropriate. Notwithstanding the foregoing, the Committee may also exclude from its meetings any person it deems appropriate, including but not limited to, any non-management director that is not a member of the Committee.

The Committee shall have the sole authority, in accordance with applicable securities laws, rules and regulations and New York Stock Exchange rules, to retain and/or replace, as needed, any independent counsel, compensation and benefits consultants and other outside experts or advisors ("compensation advisors") as the Committee believes to be necessary or appropriate. The Committee shall be responsible for the appointment, compensation and oversight of the work of any compensation advisors retained by the Committee. Subject to any exceptions under New York Stock Exchange rules, prior to selection and engagement of any compensation advisor, the Committee shall undertake an analysis of the independence of each such compensation advisor under the independence factors specified in the applicable requirements of the 1934 Act and the New York Stock Exchange rules. The Committee may utilize the services of the Company's regular legal counsel or other advisors to the Company and is not required to retain compensation advisors who are independent of the Company. The Company shall provide for appropriate funding, as determined by the Committee in its reasonable discretion, for payment of compensation to any compensation advisors retained by the Committee.

The Chair shall report to the Board following meetings of the Committee and as otherwise requested by the Chairman of the Board.

IV. Duties and Responsibilities

1. The Committee shall, at least annually, review the compensation philosophy of the Company.

2. The Committee shall, at least annually, review and approve corporate goals and objectives relating to the compensation of the chief executive officer, evaluate the performance of the chief executive officer in light of those goals and objectives and determine and approve the compensation of the chief executive officer based on such evaluation. The Committee shall have sole authority to determine the chief executive officer's compensation.

3. The Committee shall, at least annually, review and approve all compensation for all executive officers, other officers (as such term is defined in Rule 16a-1 promulgated under the 1934 Act) and all other employees of the Company or its subsidiaries with a base salary greater than or equal to \$250,000. The Committee shall also review and approve all officers' employment agreements and severance arrangements.

4. The Committee shall review and recommend to the Board all compensation of any non-management director.

5. The Committee shall have the authority to manage and periodically review and approve all annual bonus, long-term incentive compensation and stock option plans (including the 2016 Omnibus Incentive Plan and others), and with respect to each plan shall have the authority to:

(i) conduct general administration;

(ii) set performance targets under all annual bonus and long-term incentive compensation plans as appropriate, including, as and when required, committing to writing any and all performance targets for all executive officers who may be “covered employees” under Section 162(m) of the Code within the first 90 days of the performance period to which such target relates or, if shorter, within the period provided by Section 162(m) of the Code in order for such target to be “pre-established” within the meaning of Section 162(m);

(iii) certify that any and all performance targets used for any performance-based equity compensation plans have been met before payment of any executive bonus or compensation or exercise of any executive award granted under any such plan(s), which certification shall be in accordance with the requirements under Section 162(m) of the Code, as and when required;

(iv) approve all amendments to, and terminations of, all compensation plans and any awards under such plans;

(v) grant, set the terms of and modify any awards under any performance-based annual bonus, long-term incentive compensation and equity compensation plans to executive officers or current employees with the potential to become the chief executive officer or an executive officer, including stock options and other equity rights (e.g., restricted stock and stock purchase rights);

(vi) make recommendations to the Board with respect to awards for the Company’s directors under the Company’s equity incentive plan(s); and

(vii) make determinations as to whether to repurchase securities from terminated employees, other than ordinary course repurchases of shares in connection with the termination of an employee’s employment.

The Committee’s authority to conduct plan reviews may include reviewing the plan’s administrative costs, reviewing current plan features relative to any proposed new features, and assessing the performance of the plan’s internal and external administrators if any duties have been delegated.

6. The Committee shall have the authority to establish and periodically review policies concerning perquisite benefits.

7. The Committee shall have the authority to periodically review the need for a Company policy regarding compensation paid to the Company’s executive officers in excess of limits deductible under Section 162(m) of the Code.

8. The Committee shall have the authority to determine the Company’s policy with respect to change of control or “parachute” payments.

9. The Committee shall have the authority to review and approve executive officer and director indemnification and insurance matters.

10. The Committee shall review and approve any employee loans; provided that no such review or approval shall be necessary in the case of ordinary course loans under the any 401(k) or similar employee savings plans; provided, however, that all loans to executive officers and directors shall be prohibited at any time the Company is subject to Section 402 of the Sarbanes-Oxley Act of 2002.

11. The Committee shall (a) review and discuss with management the Company's compensation discussion and analysis to be included in the Company's annual proxy statement or Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC") and, based on the review and discussion, make a recommendation to the Board whether to include the compensation discussion and analysis in the Company's annual proxy statement or Annual Report on Form 10-K, (b) review and discuss with management the disclosure included in the Company's annual proxy statement related to the engagement of advisors to the Committee, and (c) prepare and approve the Compensation Committee report to be included in the Company's annual proxy statement.

12. The Committee shall oversee the Company's compliance with SEC rules and regulations regarding stockholder approval of certain executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, and the requirement for stockholder-approved equity compensation plans. The Committee shall also review the results of advisory votes and consider any implications.

13. The Committee shall support the Board's risk oversight responsibilities by reviewing and evaluating the Company's risk management processes with respect to the Company's compensation plans and arrangements. The Committee shall discuss with management the Company's policies with respect to compensation risk assessment and risk management, the Company's significant compensation risk exposures and the actions management has taken to limit, monitor or control such exposures.

14. The Committee shall review and approve the establishment of stock ownership guidelines for executive officer and non-employee directors, if the Committee deems advisable. The Committee shall annually monitor the progress in meeting applicable ownership guidelines.

15. The Committee shall adopt policies regarding the adjustment or recovery of incentive awards or payments if the performance measures upon which such incentive awards or payments were based on restated financials or otherwise adjusted in a manner that would reduce the size of the applicable incentive award or payment.

16. The Committee shall evaluate its own performance on an annual basis, including its compliance with this Charter. The Committee shall conduct such evaluation and review in such manner as it deems appropriate.

17. The Committee shall review and reassess this Charter at least annually and submit any recommended changes to the Board for its consideration.

V. Delegation of Duties

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee, except that it shall not delegate to a

subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole or any matters that involve executive compensation or any matters where it has determined such compensation is intended to comply with Section 162(m) of the Code by virtue of being approved by a committee of “outside directors” or is intended to be exempt from Section 16(b) under the 1934 Act pursuant to Rule 16b-3 by virtue of being approved by a committee of “non-employee directors.”