

Innovative Industrial Properties Acquires Ohio Property and Enters Into Long-Term Lease with Green Thumb Industries (GTI)

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SAN DIEGO--(BUSINESS WIRE)-- Innovative Industrial Properties, Inc. (IIP), the first and only real estate company on the New York Stock Exchange (NYSE: IIPR) focused on the regulated U.S. cannabis industry, announced today that it closed on a sale-leaseback transaction with Green Thumb Industries Inc. (GTI) (CSE: GTII; OTCQX: GTBIF) for its licensed cannabis processing facility in Toledo, Ohio.

The purchase price for the property was \$2.9 million (excluding transaction costs). GTI is also expected to make certain improvements to the property, for which IIP has agreed to provide reimbursement of up to \$4.3 million. Assuming full reimbursement for such improvements, IIP's total investment in the property will be \$7.2 million.

This sale-leaseback transaction marks IIP's second acquisition and lease with GTI, with a prior sale-leaseback transaction for GTI's licensed medical cannabis cultivation and processing facility in Pennsylvania completed in November of last year.

As the pioneering real estate investment trust (REIT) for the medical-use cannabis industry, IIP partners with experienced medical-use cannabis operators and serves as a source of capital by acquiring and leasing back their real estate assets, in addition to offering other creative real estate-based capital solutions.

GTI is a leading national cannabis consumer packaged goods company and owner of Rise™ and Essence retail stores. GTI has 13 manufacturing facilities, licenses for 96 retail locations and operations across twelve U.S. markets. In addition to its cultivation and processing licenses, GTI currently operates four Rise™ medical cannabis dispensaries in Ohio, with locations in Cleveland, Lakewood, Lorain and Toledo.

Medical-use cannabis dispensaries in Ohio made their first sales in 2019, and as of the end of December, nearly 80,000 patients and over 8,000 caregivers had been registered for the state's medical cannabis program, generating approximately \$60 million in its first year of sales, with 50% of those revenues coming in the last quarter of 2019. There exists a broad range of qualifying medical conditions eligible for treatment under Ohio's medical cannabis program, including AIDS / HIV, amyotrophic lateral sclerosis, Alzheimer's disease, cancer, chronic traumatic encephalopathy, Crohn's disease, epilepsy and other seizure disorders, fibromyalgia, glaucoma, hepatitis C,

inflammatory bowel disease, multiple sclerosis, pain that is either chronic and severe or intractable, Parkinson's disease, post-traumatic stress disorder, sickle cell anemia, spinal cord disease or injury, Tourette's syndrome, traumatic brain injury and ulcerative colitis.

"We are proud to team again with Green Thumb as its real estate capital partner for GTI's licensed medical cannabis processing facility in Ohio, having teamed with GTI on its Pennsylvania cultivation and processing facility this past November," said Paul Smithers, President and Chief Executive Officer of IIP. "GTI continues to distinguish itself with its cannabis product offerings and dedication to patient experience and right to well-being, providing safe, high quality cannabis products in a compassionate environment. We also commend them on the strength of their commitment to the communities in which they operate, including their recent announcement that over 200 social equity applicants have participated in GTI's Social Equity Licensing Education Assistance Program (LEAP), providing pro bono mentoring and programming for Illinois craft grower, infuser and transporter licenses."

"IIP provides a flexible real estate capital solution that effectively addresses our expansion needs at the processing facility in Toledo," said GTI Founder and CEO Ben Kovler. "We plan to use the proceeds for strategic initiatives and capacity expansion projects."

As of February 3, 2020, IIP owned 49 properties located in Arizona, California, Colorado, Florida, Illinois, Maryland, Massachusetts, Michigan, Minnesota, New York, Nevada, North Dakota, Ohio, Pennsylvania and Virginia, totaling approximately 3.2 million rentable square feet (including approximately 871,000 rentable square feet under development/redevelopment), which were 98.9% leased (based on square footage) with a weighted-average remaining lease term of approximately 15.6 years. As of February 3, 2020, IIP had invested approximately \$538.0 million in the aggregate (excluding transaction costs) and had committed an additional approximately \$128.5 million to reimburse certain tenants and sellers for completion of construction and tenant improvements at IIP's properties. IIP's average current yield on invested capital is approximately 13.2% for these 49 properties, calculated as (a) the sum of the current base rents, supplemental rent (with respect to the lease with a tenant at one of IIP's New York properties) and property management fees (after the expiration of applicable base rent abatement or deferral periods), divided by (b) IIP's aggregate investment in these properties (excluding transaction costs and including aggregate potential development/redevelopment funding and tenant reimbursements of approximately \$128.5 million). These statistics do not include up to approximately \$15.9 million that may be funded in the future pursuant to IIP's lease with a tenant at one of IIP's Illinois properties, approximately \$35.7 million that may be funded in the future pursuant to IIP's lease with a tenant at one of IIP's Massachusetts properties, or the additional \$4.0 million which may be requested by a tenant at one of IIP's Pennsylvania properties, as the tenants at those properties may not elect to have IIP disburse those funds to them and pay IIP the corresponding base rent on those funds. These statistics also treat IIP's Los Angeles, California property as not leased, due to the tenant's default in its obligation to pay rent at that location in January 2020.

About Innovative Industrial Properties

Innovative Industrial Properties, Inc. is a self-advised Maryland corporation focused on the acquisition, ownership and management of specialized industrial properties leased to experienced, state-licensed operators for their regulated medical-use cannabis facilities. Innovative Industrial Properties, Inc. has elected to be taxed as a real estate investment trust, commencing with the year ended December 31, 2017. Additional information is available at www.innovativeindustrialproperties.com.

About Green Thumb Industries

Green Thumb Industries (GTI), a national cannabis consumer packaged goods company and retailer, is dedicated to providing dignified access to cannabis while giving back to the communities in which they serve. GTI manufactures and distributes a portfolio of branded cannabis products including Beboe, Dogwalkers, Dr. Solomon's, incredibles, Rythm and The Feel Collection. The company also owns and operates rapidly growing national retail cannabis stores called Rise™ and Essence. Headquartered in Chicago, Illinois, GTI has 13 manufacturing facilities, licenses for 96 retail locations and operations across 12 U.S. markets. Established in 2014, GTI employs approximately 1,400 people and serves thousands of patients and customers each year. GTI was named a Best Workplace 2018 by Crain's Chicago Business and MG Retailer magazine in 2018 and 2019. More information is available at GTIgrows.com.

Innovative Industrial Properties Forward-Looking Statements

This press release contains statements that IIP believes to be "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than historical facts, including, without limitation, statements regarding the lease and tenant improvements at the Ohio property, GTI and the Ohio regulated cannabis market, are forward-looking statements. When used in this press release, words such as we "expect," "intend," "plan," "estimate," "anticipate," "believe" or "should" or the negative thereof or similar terminology are generally intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, such statements. Investors should not place undue reliance upon forward-looking statements. IIP disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

GTI Cautionary Note Regarding Forward-Looking Information

This press release contains statements which may constitute "forward-looking information" within the meaning of applicable securities laws, including statements regarding the plans, intentions, beliefs and current expectations of GTI with respect to future business activities. Forward-looking information is often identified by the words "may," "would," "could," "should," "will," "intend," "plan," "anticipate," "believe," "estimate," "expect," or similar expressions and include information regarding the future direction and business objectives of GTI. The forward-looking information in this news release is based upon the expectations, estimates, projections, assumptions and views of

future events which management believes to be reasonable in the circumstances and expectations relating to general economic and market conditions. Any forward-looking information speaks only as of the date on which it is made, and, except as required by law, GTI does not undertake any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise. The forward-looking information in this news release is subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those express or implied. When considering these forward-looking statements, readers should keep in mind the risk factors and other cautionary statements in GTI's public filings with the applicable securities regulatory authorities on SEDAR at www.sedar.com, including the risk factors set out in GTI's annual information form dated July 10, 2018.

The Canadian Securities Exchange does not accept responsibility for the adequacy or accuracy of this release.

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