

# Innovative Industrial Properties Acquires Pennsylvania Property and Enters Into Long-Term Lease with Green Leaf Medical

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Leading REIT for the Medical-Use Cannabis Industry Expands Portfolio to 21 Properties Comprising Approximately 1.6 Million Square Feet in 11 States

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 the acquisition of a property in Saxton, Pennsylvania, which comprises two buildings totaling approximately 266,000 square feet of industrial space.

The purchase price for the Pennsylvania property was \$13.0 million (excluding transaction costs). Concurrent with the closing of the purchase, IIP entered into a long-term, triple-net lease agreement with a subsidiary of Green Leaf Medical, LLC (Green Leaf Medical), which intends to operate the property as a licensed medical-use cannabis cultivation and processing facility. Green Leaf Medical has redeveloped approximately 103,000 square feet of the industrial space for medical-use cannabis cultivation and processing, with the remaining approximately 163,000 square of industrial space available for future redevelopment.

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.

"We are pleased to add multi-state operator Green Leaf Medical to our premier tenant roster," said Paul Smithers, President and Chief Executive Officer of IIP. "Green Leaf Medical has achieved tremendous success in Maryland in a short period of time, and is focused on replicating that model across a number of states, including Pennsylvania. We are thrilled to serve as one of their capital sources to allow them to continue those expansion initiatives and reach an ever-growing number of patients across the Northeast."

Green Leaf Medical conducts licensed medical-use cannabis operations in multiple states, holding cultivation, extraction and retail licenses in Maryland, Pennsylvania, Ohio and Virginia. According to Green Leaf Medical, its cultivation facility in Frederick, Maryland, generated over \$9 million in sales in its first eleven months of operations

under its gLeaf brand, with Green Leaf Medical's consolidated operations achieving positive net operating income in 2018 in excess of 20 percent of sales. Green Leaf Medical has raised \$24 million since its inception in 2014 and holds one of 25 grower / processor licenses in Pennsylvania.

"Our sale leaseback transaction with IIP was an optimal solution for us to unlock the capital we had invested in the facility and redeploy that capital across our multi-state operating platform," said Phil Goldberg, Chief Executive Officer of Green Leaf Medical. "We look forward to launching our cultivation and processing operations to service the tremendous demand from patients in Pennsylvania."

As of May 20, 2019, IIP owned 21 properties located in Arizona, California, Colorado, Illinois, Maryland, Massachusetts, Michigan, Minnesota, New York, Ohio and Pennsylvania, totaling approximately 1.6 million rentable square feet (including approximately 221,000 rentable square feet under development/redevelopment), which were 100% leased with a weighted-average remaining lease term of approximately 15.1 years. As of May 20, 2019, IIP had invested approximately \$213.2 million in the aggregate (excluding transaction costs) and had committed an additional approximately \$45.6 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 14.7% for these 21 properties, calculated as (a) the sum of the current base rents, supplemental rent (with respect to the lease with PharmaCann LLC at one of IIP's New York properties) and property management fees (after the expiration of applicable base rent abatement 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 \$45.6 million).

## 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](http://www.innovativeindustrialproperties.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 of the Pennsylvania property, Green Leaf Medical and the Pennsylvania 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.

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