



Innovative Industrial Properties Acquires Property in Florida and Enters Into Long-Term Lease with Harvest

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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 the acquisition of a property in Alachua, Florida, which comprises approximately 295,000 square feet of industrial space.

The purchase price for the property was \$23.8 million (excluding transaction costs). Concurrent with the closing of the purchase, IIP entered into a long-term, triple-net lease at the property with a subsidiary of Harvest Health & Recreation Inc. (Harvest) (CSE: HARV, OTCQX: HRVSF), which intends to continue to operate the property as a licensed cannabis cultivation and processing facility. Harvest is expected to complete additional tenant improvements for the property, for which IIP has agreed to provide reimbursement of up to approximately \$10.8 million. Assuming full reimbursement for the tenant improvements, IIP's total investment in the property is expected to be approximately \$34.6 million.

Founded in 2011, Harvest is a leading vertically integrated U.S. multi-state operator with licensed operations in Arizona, California, Colorado, Florida, Maryland, Nevada, North Dakota, Pennsylvania and Utah, including 38 retail locations, 12 cultivation and processing locations and over 1,100 employees across its operations.

"We are thrilled to form our new real estate partnership with Harvest," said Paul Smithers, President and Chief Executive Officer of IIP. "Harvest has established a tremendous footprint in its four core markets of Arizona, Florida, Maryland and Pennsylvania, and continues to execute strongly on its targeted growth and expansion in those markets. We look forward to working closely with Harvest to complete the build out of additional enhancements and productive capacity at the Alachua facility, which will enable their continued expansion in Florida to meet the tremendous demand from the over 460,000 registered patients in the state, the largest registered patient population of the 35 medical-use cannabis programs in the United States."

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.

Florida continues to represent one of the largest and one of the fastest growing medical-use cannabis markets in the United States. Floridians overwhelmingly supported the passage of the medical-use cannabis program in 2016 with 71% voter approval. Qualifying medical conditions for the program include, among others, cancer, epilepsy, PTSD, HIV/AIDS and multiple sclerosis. According to the Florida Office of Medical Marijuana Use (OMMU), as of January 15, 2021, there were over 460,000 qualified patients and over 2,700 qualified physicians in the medical-use cannabis program. Including this property, IIP owns four properties in Florida, comprising approximately 1.0 million rentable square feet (including square footage under development or redevelopment) and representing a total investment, including commitments to fund future development and tenant improvements, of approximately \$151.5 million.

As of January 25, 2021, IIP owned 67 properties located in Arizona, California, Colorado, Florida, Illinois, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New York, North Dakota, Ohio, Pennsylvania, Virginia and Washington, totaling approximately 5.7 million rentable square feet (including approximately 2.1 million rentable square feet under development/redevelopment), which were 100% leased with a weighted-average remaining lease term of approximately 16.6 years. As of January 25, 2021, IIP had committed approximately \$1.4 billion by investing approximately \$1.1 billion in the aggregate (excluding transaction costs) and committing an additional approximately \$296.9 million to reimburse certain tenants and sellers for completion of construction and tenant improvements at IIP's properties.

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 Harvest Health & Recreation Inc.

Headquartered in Tempe, Arizona, Harvest Health & Recreation Inc. is a vertically integrated cannabis company and multi-state operator. Since 2011, Harvest has been committed to expanding its retail and wholesale presence throughout the U.S., acquiring, manufacturing, and selling cannabis products for patients and consumers in addition to providing services to retail dispensaries. Through organic license wins, service agreements, and targeted acquisitions, Harvest has assembled an operational footprint spanning multiple states in the U.S. Harvest's mission is to improve lives through the goodness of cannabis. We hope you'll join us on our journey:

<https://harvesthoc.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 redevelopment of the Florida property, Harvest and the Florida 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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