



Innovative Industrial Properties Expands Real Estate Partnership with Green Thumb Industries at Pennsylvania Property

June 30, 2022

IIP Funds Additional \$55.0 Million for a New 152,000-Square-Foot Industrial Facility

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 entered into an amendment of the lease with [Green Thumb Industries Inc.](#) (Green Thumb) (CSE: GTII; OTCQX: GTBIF), a leading national cannabis consumer packaged goods company and owner of [RISE dispensaries](#). The lease amendment in Danville, Pennsylvania, provided \$55.0 million in reimbursement to Green Thumb for the recently completed development of a 152,000-square-foot industrial building for cultivation and processing, in addition to a new electric substation on the property to enhance electrical load capacity. The lease amendment also adjusted the base rent under the lease to take into account the additional available funding for the development. IIP funded in full the reimbursement, making IIP's total investment in the 300,000-square-foot property \$94.6 million. This lease amendment was made pursuant to the exercise of an option by Green Thumb for IIP to provide reimbursement of these improvements, with this option originally included in a lease amendment executed in 2021.

"We are grateful for the continued partnership with IIP at our Danville facility," said Green Thumb Founder and Chief Executive Officer Ben Kovler. "Having negotiated the lease and terms last year, we are pleased to have waited to draw the remaining funds until now when the facility is complete. We are excited about the future of cannabis in Pennsylvania."

Details of the IIP Pennsylvania property are as follows:

- IIP originally acquired the property for \$20.3 million and entered into a long-term lease with Green Thumb in 2019 and under the lease made available \$19.3 million for qualifying improvements to the property. At the time, the facility consisted of approximately 148,000-square-feet of industrial space, about half of which was operational.
- Improvements included build-out of the remainder of the facility, consisting of new grow rooms, production rooms, processing rooms and the construction of additional mezzanine space to house new mechanical, plumbing and electrical infrastructure.
- IIP's \$55.0 million additional capital commitment was utilized as reimbursement to Green Thumb for costs incurred in the ground-up development of an additional approximately 152,000-square-foot indoor cultivation and processing facility.
- Eligible direct costs for the project for which IIP reimbursed Green Thumb included site planning and preparation, base building construction and the enhanced HVAC, electrical, mechanical, fertigation and other building systems required for indoor cannabis cultivation and processing, in addition to the construction of the new electrical substation located on the property.

- The new facility contains flower rooms, veg rooms, mother rooms, dry rooms, processing, storage, office and supporting spaces.

In addition to this facility in Pennsylvania, IIP owns and leases two regulated cannabis cultivation and processing facilities in Illinois and Ohio to Green Thumb, comprising a total of approximately 606,000 square feet. IIP's total investment in properties leased to Green Thumb is approximately \$176.8 million. Green Thumb is IIP's fourth largest tenant partner in terms of capital investment.

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 proud to have supported Green Thumb as their long-term real estate partner since 2019," said Paul Smithers, IIP's President and Chief Executive Officer. "Since that time, Green Thumb has grown from \$216 million in revenues in 2019 to nearly \$900 million in revenues in 2021, demonstrating the strength of Green Thumb's operational footprint and their ability to execute and produce high quality products for patients and customers at scale throughout the United States."

Medical-use cannabis dispensaries in Pennsylvania made their first sales in 2018; as of March 2022, the Pennsylvania Department of Health reported that over 740,000 patients and caregivers had been registered for the state's medical cannabis program. Marijuana Business Daily projects regulated medical-use cannabis sales to reach \$1.6 - \$2.0 billion for 2022. The current program provides for the issuance of up to 25 cultivation and processing licenses and 150 dispensary licenses, in addition to nine clinical registrant licenses, each of which may have a cultivation and processing facility and a dispensary. In March 2022, Pennsylvania's Senate Law and Justice Committee concluded the last of three hearings examining issues regarding potential adult-use legalization, marking the first hearings by a legislative panel on the issue of adult-use cannabis in the Republican-controlled Pennsylvania General Assembly. The neighboring states of New York and New Jersey recently legalized cannabis for adult-use.

As of June 30, 2022, IIP owned 111 properties located in Arizona, California, Colorado, Florida, Illinois, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nevada, New Jersey, New York, North Dakota, Ohio, Pennsylvania, Texas, Virginia and Washington, representing a total of approximately 8.6 million rentable square feet (including approximately 2.5 million rentable square feet under development / redevelopment). As of June 30, 2022, IIP had committed approximately \$2.4 billion across its portfolio, including capital invested to date (excluding transaction costs) and additional capital commitments to fund future construction and improvements at IIP's properties. These statistics do not include an \$18.5 million loan from IIP to a developer for construction of a regulated cannabis cultivation and processing facility in California.

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 Inc. ("Green Thumb"), a national cannabis consumer packaged goods company and retailer, promotes well-being through the power of cannabis while giving back to the communities in which it serves. Green Thumb manufactures and distributes a portfolio of branded cannabis products including Beboe, Dogwalkers, Doctor Solomon's, Good Green, incredibles and RYTHM. The company also owns and operates rapidly growing national retail cannabis stores called RISE. Headquartered in Chicago, Illinois, Green Thumb has 17 manufacturing facilities, 77 open retail locations and operations across 15 U.S. markets. Established in 2014, Green Thumb employs approximately 4,000 people and serves millions of patients and customers each year. The company was named to Crain's Chicago Business, Fast 50 list in 2021 and 2022 and a Best Workplace by MG Retailer magazine in 2018, 2019 and 2021. More information is available at www.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 development of the Pennsylvania property, Green Thumb 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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