



Innovative Industrial Properties Acquires Property in Maryland and Expands Real Estate Partnership With Harvest

August 16, 2021

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 Hancock, Maryland, and entered into a long-term lease with a subsidiary of Harvest Health & Recreation Inc. (Harvest) (CSE: HARV, OTCQX: HRVSF).

The purchase price for the property was approximately \$16.6 million (excluding transaction costs). Harvest is expected to complete additional tenant improvements for the property as a regulated cannabis cultivation and processing facility, for which IIP has agreed to provide reimbursement of up to \$12.9 million. Assuming full reimbursement for the tenant improvements, IIP's total investment in the property is expected to be approximately \$29.5 million. Earlier this year, IIP acquired a Florida property and executed a long-term lease with Harvest, which comprises approximately 295,000 square feet and for which IIP expects its total investment to be approximately \$41.7 million, assuming full reimbursement for tenant improvements.

Founded in 2011, Harvest is a leading vertically integrated U.S. multi-state operator with licensed operations in Arizona, California, Colorado, Florida, Maryland, Nevada and Pennsylvania, including 44 retail locations, 11 cultivation and processing locations and over 1,600 employees across its operations. In May 2021, Trulieve Cannabis Corp., another IIP tenant partner in Florida and Massachusetts, announced that it had entered into an agreement to acquire Harvest, subject to the satisfaction of certain conditions.

"We are excited to further expand our long-term real estate partnership with Harvest in Maryland," said Paul Smithers, President and Chief Executive Officer of IIP. "Harvest continues to execute well on its business plan, with a tremendous vertically integrated footprint across some of the strongest regulated cannabis markets in the United States. We look forward to working closely with Harvest as they further build out their production capacity in Maryland to meet the continued strong growth in demand from patients across the state, as well as potential for expansion of the current program to regulated adult-use in the nearer term."

As the pioneering real estate investment trust (REIT) for the regulated cannabis industry, IIP partners with experienced, regulated 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.

Maryland implemented its medical-use cannabis program in 2017, with limited licenses to cultivate, process and dispense cannabis. Qualifying medical conditions for the program include, among others, anorexia, conditions resulting in a patient receiving hospice or palliative care, PTSD, seizures, chronic pain, severe nausea and severe or persistent muscle spasms, as well as other chronic, severe medical conditions if other treatments have been ineffective and the recommending healthcare professional believes medical cannabis can provide some relief. Similar to other states, state regulatory authorities have expanded the program over time, including allowing physician assistants to make recommendations for medical cannabis patients and expanding the forms by which medical cannabis can be consumed. According to the Maryland Medical Cannabis Commission, there were approximately \$140 million in medical cannabis sales during the three months ended June 30, 2021. In addition, according to a Goucher College poll conducted in February of this year, approximately two-thirds of Maryland residents support the legalization of adult-use cannabis. Last month, Maryland House Speaker Adrienne Jones

pledged that lawmakers would pass a bill to put the question of legalization of cannabis for adult use to voters as a referendum on the 2022 ballot. Including this property, IIP owns two properties in Maryland, comprising approximately 184,000 rentable square feet (including square footage under redevelopment) and representing a total investment, including commitments to fund future tenant improvements, of approximately \$51.9 million.

As of August 16, 2021, IIP owned 74 properties located in Arizona, California, Colorado, Florida, Illinois, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New York, North Dakota, Ohio, Pennsylvania, Texas, Virginia and Washington, representing a total of approximately 6.9 million rentable square feet (including approximately 2.5 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 August 16, 2021, IIP had committed approximately \$1.7 billion across its portfolio, including capital invested to date (excluding transaction costs) and additional capital commitments to fund future construction and tenant improvements at IIP's properties, but excluding 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 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://harvesthdc.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 Maryland property, Harvest and the Maryland 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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