



Innovative Industrial Properties Acquires Pennsylvania Property and Enters Into Long-Term Lease with Maitri Genetics

April 24, 2019

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 Pittsburgh, Pennsylvania, which comprises approximately 51,000 square feet of industrial space.

The purchase price for the Pennsylvania property was approximately \$6.3 million (excluding transaction costs). Concurrent with the closing of the purchase, IIP entered into a long-term, triple-net lease agreement with Maitri Genetics, LLC (Maitri), which intends to operate the property as a licensed medical-use cannabis cultivation and processing facility upon completion of redevelopment. Maitri is expected to complete tenant improvements for the building, for which IIP has agreed to provide reimbursement of up to \$10 million. Assuming full reimbursement for the tenant improvements, IIP's total investment in the property will be approximately \$16.3 million.

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 thrilled to partner with Maitri," said Paul Smithers, President and Chief Executive Officer of IIP. "The Maitri team has quickly distinguished itself in Pennsylvania as an industry leader with their dedication to compassionate care for their patients and commitment to the local communities where they operate. We look forward to supporting the Maitri team in their redevelopment of this property into a state-of-the-art medical cannabis cultivation and processing facility, and helping them in the expansion of their platform to address serious patient needs."

Maitri operates licensed medical-use cannabis dispensaries in Uniontown and Pittsburgh, Pennsylvania, and expects to be issued its permanent medical-use cannabis cultivation and processing license at the property upon completion of the property redevelopment. Maitri has raised \$12 million over the past two years to launch and support its operations.

"We worked collaboratively with the IIP team to structure a transaction that provides us with the funding and support necessary to redevelop our property into an advanced cultivation and processing facility," said Corinne Ogrodnik, Chief Executive Officer of Maitri. "IIP is a market leader with sophisticated insight into this dynamic industry and we look forward to continuing our close work with them. Redevelopment of this facility will provide us with the highly controlled, specialized environment needed to produce the best quality medical cannabis products for our patients."

The Pittsburgh property marks IIP's second acquisition in Pennsylvania. Dispensaries in Pennsylvania began selling medical-use cannabis to patients and caregivers in February 2018. As of April 2019, nearly 102,000 patients had received their patient certification and more than 1,500 physicians had registered for the program. Similar to other states with licensed medical-use cannabis operations, the Pennsylvania Department of Health made adjustments to the program after its launch, including expansion of qualifying medical conditions to include substitute therapy for opiate addiction and cancer remission therapy, and allowing patient access to medical cannabis flower. In addition,

Pennsylvania governor Tom Wolf has indicated serious consideration for legalizing cannabis for adult-use generally, citing polls showing that a significant majority of state residents support such a measure and the potential tax revenue that could be utilized to improve residents' lives, citing greater access to opioid treatment and better health care access for veterans and children.

As of April 24, 2019, IIP owned 19 properties located in Arizona, California, Colorado, Illinois, Maryland, Massachusetts, Michigan, Minnesota, New York, Ohio and Pennsylvania, totaling approximately 1.3 million rentable square feet (including approximately 210,000 rentable square feet under development/redevelopment), which were 100% leased with a weighted-average remaining lease term of approximately 14.9 years. As of April 24, 2019, IIP had invested approximately \$197.5 million in the aggregate (excluding transaction costs) and had committed an additional approximately \$44.7 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 14.8% for these 19 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 \$44.7 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.

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, Maitri 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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