



Innovative Industrial Properties Acquires Illinois Property and Expands Real Estate Partnership with Green Thumb Industries (GTI)

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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 a sale-leaseback transaction with Green Thumb Industries Inc. (GTI) (CSE: GTII; OTCQX: GTBIF) for its licensed cannabis cultivation and processing facility in Oglesby, Illinois.

The purchase price for the property was \$9.0 million (excluding transaction costs). GTI is also expected to make certain improvements to the property, for which IIP has agreed to provide reimbursement of up to \$41.0 million. Assuming full reimbursement for such improvements, IIP's total investment in the property will be \$50.0 million.

This sale-leaseback transaction marks IIP's third acquisition and lease with GTI, with prior sale-leaseback transactions for GTI's licensed medical cannabis cultivation and processing facility in Pennsylvania completed in November 2019 and GTI's licensed medical cannabis processing facility in Ohio completed earlier this year. Assuming full reimbursement of tenant improvements under the leases, IIP's total investment in properties leased to GTI is expected to be approximately \$96.8 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.

GTI is a leading national cannabis consumer packaged goods company and owner of Rise™ and Essence retail stores. GTI has 13 manufacturing facilities, licenses for 96 retail locations and operations across twelve U.S. markets. In addition to the cultivation and processing facility in Oglesby, GTI owns a cultivation and processing facility in Rock Island and seven stores throughout Illinois, with licenses to open three additional retail locations.

Illinois, the 11th state to legalize cannabis for adult-use, commenced adult-use cannabis sales on January 1 of this year. In January alone, despite a significant supply shortage at launch, 41 Illinois dispensaries sold 972,045 individual cannabis products in the first month alone, generating nearly \$40 million in sales and \$10 million in tax revenue, according to the Illinois Department of Financial and Professional Regulation. With this acquisition, IIP owns six regulated cannabis cultivation and processing facilities in Illinois, representing a total expected investment of approximately \$182.8 million, which includes commitments by IIP to fund future tenant improvements and construction at certain properties, and includes \$15.9 million that a tenant at one of IIP's Illinois properties may not elect to have IIP disburse those funds to them.

"We are thrilled to expand our relationship with Green Thumb, one of the country's leading regulated cannabis operators," said Paul Smithers, President and Chief Executive Officer of IIP. "This investment enables GTI to significantly expand their consumer products manufacturing capacity and reflects our belief in their continued success in serving the growing demand."

"The highest ROIC in global cannabis today is in wholesale capacity expansion in our home state of Illinois," said GTI Founder and CEO Ben Kovler. "IIP is a proven long-term real estate capital partner and provides us with another flexible real estate capital solution that allows us to put our capital to work in the best way possible. With the introduction of Illinois' adult-use cannabis program this year, we continue to ramp up production to meet the demand from cannabis consumers and patients."

As of March 6, 2020, IIP owned 52 properties located in Arizona, California, Colorado, Florida, Illinois, Maryland, Massachusetts, Michigan, Minnesota, New York, Nevada, North Dakota, Ohio, Pennsylvania and Virginia, totaling approximately 3.4 million rentable square feet (including approximately 1.1 million rentable square feet under development/redevelopment), which were 99.0% leased (based on square footage) with a weighted-average remaining lease term of approximately 15.7 years. As of March 6, 2020, IIP had invested approximately \$575.7 million in the aggregate (excluding transaction costs) and had committed an additional approximately \$160.4 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 13.2% for these 52 properties, calculated as (a) the sum of the current base rents, supplemental rent (with respect to the lease with a tenant at one of IIP's New York properties) and property management fees (after the expiration of applicable base rent abatement or deferral 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 \$160.4 million). These statistics do not include up to approximately \$15.9 million that may be funded in the future pursuant to IIP's lease with a tenant at one of IIP's Illinois properties, or the approximately \$35.7 million that may be funded in the future pursuant to IIP's lease with a tenant at one of IIP's Massachusetts properties, as the tenants at those properties may not elect to have IIP disburse those funds to them and pay IIP the corresponding base rent on those funds. These statistics also treat IIP's Los Angeles, California property as not leased, due to the tenant's ongoing default in its obligation to pay rent at that location.

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 (GTI), a national cannabis consumer packaged goods company and retailer, is dedicated to providing dignified access to cannabis while giving back to the communities in which they serve. GTI manufactures and distributes a portfolio of branded cannabis products including Beboe, Dogwalkers, Dr. Solomon's, incredibles, Rythm and The Feel Collection. The company also owns and operates rapidly growing national retail cannabis stores called Rise™ and Essence. Headquartered in Chicago, Illinois, GTI has 13 manufacturing facilities, licenses for 96 retail locations and operations across 12 U.S. markets. Established in 2014, GTI employs approximately 1,600 people and serves thousands of patients and customers each year. GTI was named a Best Workplace 2018 by Crain's Chicago Business and MG Retailer magazine in 2018 and 2019. More information is available at 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 tenant improvements at the Illinois property, GTI and the Illinois 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.

GTI Cautionary Note Regarding Forward-Looking Information

This press release contains statements which may constitute "forward-looking information" within the meaning of applicable securities laws, including statements regarding the plans, intentions, beliefs and current expectations of GTI with respect to future business activities. Forward-looking information is often identified by the words "may," "would," "could," "should," "will," "intend," "plan," "anticipate," "believe," "estimate," "expect," or similar expressions and include information regarding the future direction and business objectives of GTI. The forward-looking information in this news release is based upon the expectations, estimates, projections, assumptions and views of future events which management believes to be reasonable in the circumstances and expectations relating to general economic and market conditions. Any forward-looking information speaks only as of the date on which it is made, and, except as required by law, GTI does not undertake any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise. The forward-looking information in this news release is subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those express or implied. When considering these forward-looking statements, readers should keep in mind the risk factors and other cautionary statements in GTI's public filings with the U.S. Securities and Exchange Commission at www.sec.gov, including the risk factors set out in GTI's registration statement on Form 10, as amended and the applicable Canadian securities regulatory authorities on SEDAR at www.sedar.com.

The Canadian Securities Exchange does not accept responsibility for the adequacy or accuracy of this release.

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