



Innovative Industrial Properties Acquires Pennsylvania Property and Enters Into Long-Term Lease with Green Thumb Industries (GTI)

November 12, 2019

IIP Expands Portfolio to Over 2.9 Million Square Feet in 13 States

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 Danville, Pennsylvania.

The purchase price for the property was \$20.3 million (excluding transaction costs). GTI is also expected to make certain improvements to the property that will significantly enhance production capacity, for which IIP has agreed to provide reimbursement of up to \$19.3 million. Assuming full reimbursement for such improvements, IIP's total investment in the property will be \$39.6 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.

Medical-use cannabis dispensaries in Pennsylvania made their first sales in 2018, and as of August 2019, over 180,000 patients had been registered for the state's medical cannabis program. Similar to other medical-use cannabis states, the DOH has expanded patient access to the program over time, including approving anxiety disorders and Tourette syndrome over the summer to the program's list of medical conditions that qualify for treatment with medical cannabis. GTI announced the opening of its seventh Rise™ store in Pennsylvania in September, and currently has locations opened for patients in Carlisle, Erie, Latrobe, Mechanicsburg, Steelton and York.

"GTI has distinguished itself as one of the preeminent cannabis operators in the United States, and we are thrilled to be a trusted real estate partner for their continued expansion in Pennsylvania to meet the tremendous patient demand there," said Paul Smithers, President and Chief Executive Officer of IIP. "With GTI's breadth and depth of cannabis product offerings and dedication to patient experience and right to well-being, we believe GTI will continue to make a tremendous and growing impact on thousands of patient lives."

"IIP provides a flexible real estate capital solution that effectively addresses our expansion needs at the cultivation and processing facility in Danville," said GTI Founder and Chief Executive Officer Ben Kovler. "This transaction allows us to efficiently raise capital. We plan to use the proceeds for strategic initiatives and capacity expansion projects in Pennsylvania, a high-growth medical cannabis market."

As of November 12, 2019, IIP owned 42 properties located in Arizona, California, Colorado, Florida, Illinois, Maryland, Massachusetts, Michigan, Minnesota, New York, Nevada, Ohio and Pennsylvania, totaling approximately 2.9 million rentable square feet (including approximately 903,000 rentable square feet under development/redevelopment), which were 100% leased with a weighted-average remaining lease term of approximately 15.5 years. As of November 12, 2019, IIP had invested approximately \$431.2 million in the aggregate (excluding transaction costs) and had committed an additional approximately \$157.5 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 13.6% for these 42 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 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 \$157.5 million). These statistics do not include up to \$17.7 million that may be funded in the future pursuant to IIP's lease with GR Companies Inc. (Grassroots) at one of IIP's Illinois properties, \$40.0 million that may be funded in the future pursuant to IIP's lease with Trulieve Cannabis Corp. at one of IIP's Massachusetts properties, the additional \$4.0 million which may be requested by PharmaCann LLC at one of IIP's Pennsylvania properties or \$2.0 million that may be funded in the future pursuant to IIP's lease with Holistic Industries, Inc. 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.

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 Rythm, Dogwalkers, The Feel Collection, incredibles and Beboe, among others. 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 1,200 people and serves thousands of patients and customers each year. GTI was named a Best Workplace 2018 by Crain's Chicago Business. 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, GTI 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.

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 applicable securities regulatory authorities on SEDAR at www.sedar.com, including the risk factors set out in GTI's annual information form dated July 10, 2018.

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

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