



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

June 22, 2020

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 a subsidiary of Green Leaf Medical, LLC (Green Leaf) at 135 Horton Drive in Saxton, Pennsylvania, making available \$30.0 million in funding for additional expansion of their cannabis cultivation and processing facilities at the property. The lease amendment also adjusted the base rent under the lease to take into account the additional available funding and extended the term of the lease agreement. Assuming full payment of the additional funding, IIP's total investment in the property will be \$43.0 million.

IIP acquired the property in a sale-leaseback transaction with Green Leaf in May of last year, which comprises two buildings totaling approximately 266,000 square feet of industrial space. Green Leaf previously redeveloped approximately 103,000 square feet of the industrial space for medical-use cannabis cultivation and processing, and this funding is expected to include the build-out of the remaining 163,000 square feet of industrial space.

IIP also owns and leases to Green Leaf an 82,000 square foot medical-use cannabis cultivation, processing and dispensing facility in Richmond, Virginia, which IIP acquired earlier this year.

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 expand our real estate partnership once again with Green Leaf, providing them the capital for this key expansion at their mission-critical facility in Saxton," said Paul Smithers, President and Chief Executive Officer of IIP. "Green Leaf has always taken a thoughtful, long-term view toward expansion, and this second phase is expected to dramatically increase production capacity at the Saxton facility, with an eye toward meeting demand in one of the strongest medical cannabis markets in the United States."

Green Leaf, known for its brand gLeaf, operates medical cannabis cultivation, extraction and retail operations in four contiguous states in the mid-Atlantic region, including Maryland, Pennsylvania, Ohio and Virginia, with pending vertical applications in New Jersey and West Virginia. According to Green Leaf, the company has raised approximately \$27 million from the sale of equity to build its multi-state operation and has generated positive EBITDA since 2018. In April of this year, Green Leaf announced a new debt financing transaction with Chicago Atlantic Group, raising \$10 million to fund the acquisition of additional dispensaries in Virginia and Pennsylvania. Green Leaf has one of 25 medical cannabis cultivation/processor licenses issued by the state of Pennsylvania.

"We appreciate the continued strong support of IIP as our long-term real estate capital partner, and look forward to expanding capacity at our Saxton facility, which provides the enhanced infrastructure elements that are key to growing the highest quality, consistent cannabis products for our patients," said Philip Goldberg, Chief Executive Officer of Green Leaf.

With first sales in 2018, the Pennsylvania medical cannabis market has grown significantly, and according to the Pennsylvania Department of Health's report dated May 15, 2020, over 300,000 patient certifications have been

issued by approved practitioners since the program began. Similar to other states, Pennsylvania has expanded its program over time, adding several new medical conditions eligible for treatment with medical cannabis, including, among others, anxiety disorders and Tourette Syndrome. In addition, according to an April 2020 study by Harper Polling, over 60% of Pennsylvanians support legalizing adult-use cannabis in the state, with strong levels of support throughout the political spectrum. Multiple bills to legalize adult-use cannabis are pending in Pennsylvania's legislature.

As of June 22, 2020, IIP owned 57 properties located in Arizona, California, Colorado, Florida, Illinois, Maryland, Massachusetts, Michigan, Minnesota, New York, Nevada, North Dakota, Ohio, Pennsylvania and Virginia, totaling approximately 4.3 million rentable square feet (including approximately 1.3 million rentable square feet under development/redevelopment), which were 99.2% leased (based on square footage) with a weighted-average remaining lease term of approximately 16.1 years. As of June 22, 2020, IIP had invested approximately \$780.5 million in the aggregate (excluding transaction costs) and had committed an additional approximately \$172.9 million to reimburse certain tenants and sellers for completion of construction and tenant improvements at IIP's properties. These statistics do not include up to \$7.0 million that may be funded in the future pursuant to IIP's lease with a tenant at one of IIP's Illinois properties, or approximately \$19.7 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 being in receivership and its 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.

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, Green Leaf 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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