



Michigan's Green Peak Innovations Enters Into \$13 Million Deal with Innovative Industrial Properties

LANSING. August 6, 2018— Innovative Industrial Properties, Inc. (IIP) the leading provider of creative real estate capital solutions to the medical-use cannabis industry, closed last week on the acquisition of Green Peak Innovation's property located at 10070 Harvest Park in Michigan's Windsor Township. The property is currently under development and expected to comprise approximately 56,000 square feet upon completion.

The initial purchase price for the property was approximately \$5.5 million, and Green Peak Innovations is responsible for completing certain development milestones, for which IIP is expected to be reimbursed approximately \$5.3 million. Green Peak Innovations is also expected to complete tenant improvements for the building, for which IIP has agreed to provide reimbursement of up to \$2.2 million. Assuming full payment for each step of the development and reimbursement for tenant improvements, IIP's total investment in the property will be \$13 million.

The State of Michigan Medical Marihuana Licensing Board unanimously voted in July to pre-qualify Green Peak Innovations for large scale medical cannabis licenses for cultivation, processing and provisioning centers (retail), including 12 class C cultivation licenses, one processor license and 19 provisioning center licenses. Green Peak Innovation's seasoned management team, led by its Chief Executive Officer, Jeff Radway, has extensive experience in founding and operating successful businesses across a number of industries.

Concurrent with the closing of the purchase, IIP entered into a long-term, triple-net lease agreement with Green Peak Innovations, which intends to utilize the facility for medical cannabis cultivation and processing upon completion of development.

Michigan represents one of the largest medical cannabis markets in the country, having originally passed the Michigan Marijuana Act in 2008. In September 2016, Michigan signed

legislation to establish a licensing framework for medical cannabis operators, with Green Peak Innovations being one of the very first companies to receive pre-approval for vertical integration.

ArcView Research Group estimates 2018 spending on medical cannabis to reach approximately \$869 million, and total regulated cannabis sales to grow to nearly \$1.4 billion by 2022.

"We are very pleased to enter into this long-term relationship with Green Peak Innovations and its strong management team, and to bring our platform to Michigan, a state that we see as presenting a tremendous opportunity," said Paul Smithers, IIP's president and Chief Executive Officer. "With this acquisition, we have acquired nine properties across seven states, continuing our diversification and growth, while remaining focused on executing in line with our rigorous underwriting standards."

"Partnering with IIP allows us to deploy our capital into our operations and to ramp up our provisioning centers, to meet the tremendous existing demand and anticipated growth of medical cannabis for the hundreds of thousands of patients throughout the state of Michigan," said Jeff Radway, Green Peak Innovation's Chief Executive Officer. "We look forward to completing development of this property, which is being built to provide medical cannabis of the highest standards and specifications for our patients."

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ABOUT GREEN PEAK INNOVATIONS

Green Peak Innovations uses nature, science and agricultural best practices to raise cannabis industry standards. We're building state-of-the-art facilities and using advanced technology to cultivate high-quality medicine that is safe for our patients, our communities and our state. Green Peak Innovations' Global Headquarters will be located in Windsor Township, Michigan, and will be led by CEO Jeff Radway. For more information, visit greenpeakinnovations.com.

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. intends to elect to be taxed as a real estate investment trust. Additional information is available at www.innovativeindustrialproperties.com.

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