

INOVALIS

REAL ESTATE INVESTMENT TRUST

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INOVALIS REAL ESTATE INVESTMENT TRUST PROVIDES TRANSACTION UPDATE – COMPLETION OF THE PREVIOUSLY ANNOUNCED ACQUISITION OF AN OFFICE PROPERTY IN BAD HOMBURG (GERMANY) WITH JOINT-VENTURE PARTNER

Toronto, Ontario, April 14, 2015 – Inovalis Real Estate Investment Trust (the “**REIT**”) (TSX: INO.UN) announced today that it has completed the acquisition, on a 50-50 joint-venture basis, of an office property (the “**Property**”) located in Germany, for purchase price of \$23.1 million (the REIT’s share being \$11.5 million), representing a going-in capitalization rate of 7.0%. The addition of the Property will be immediately accretive to the REIT’s AFFO per unit.

The Property, located in Bad Homburg (15km North of Frankfurt), is a five-storey multi-tenanted office building developed in 2004 with 77,662 square feet of office space. The Property also comprises 31,442 square feet of storage and service space as well as 204 parking spaces. Largest tenants include Microsoft and healthcare company Fresenius.

The Property has an occupancy rate of 77% with a weighted average lease term of 6.0 years and offers additional revenue potential through the lease-up of vacancy. The purchase price of \$23.1 million comprises a \$0.8 million reserve set aside for future capex or tenant improvement’s expenses. Net of this reserve, the going-in capitalization rate at acquisition is 7.0%.

The REIT is acquiring the Property in a 50-50 co-ownership arrangement with Strategia Investment Company, a strategic, global institutional investor that has had a long-standing relationship with Inovalis SA, the manager of the REIT.

The acquisition has been financed with a first mortgage of \$15.0 million and equity investments of approximately \$9 million (including acquisition costs). The REIT’s share of the equity investment (approximately \$4.5 million) is coming from existing cash on hand.

The \$15.0 million first mortgage was granted by a German mortgage bank. It is an interest only 4-year term facility at an all-in fixed interest rate of 1.53%. The Property was valued by Jones Lang LaSalle as at December 31, 2014 at \$25.1 million, reflecting a loan to value of 59.7%.

Following the acquisition of the REIT's share of the Property, the French properties and the German properties will represent 80% and 20% respectively of Inovalis REIT's rental income for the next twelve months.

David Giraud, Inovalis REIT's Chief Executive Officer, commented: *"We are excited because this high-quality Property is purchased at an attractive relative valuation with rental income from tenants of strong credit quality. We will focus on actively managing the Property in order to benefit from the additional revenue growth potential. The REIT continues to see similar investment opportunities in its targeted European markets, and thanks to the possibility of pursuing JVs with global institutional investors, we will have sufficient liquidity to continue buying assets through out 2015"*.

All amounts have been converted to Canadian dollars (\$) using an exchange rate of 1.35 Canadian \$ per €.



Non-GAAP Measures

The REIT's consolidated financial statements are prepared in accordance with international financial reporting standards ("IFRS"). However, in this press release a number of measures which do not have a meaning recognized under IFRS or Canadian Generally Accepted Account Principles ("GAAP") are presented. AFFO is a non-GAAP financial measure widely used in the real estate industry as a measure of operating performance. AFFO is calculated by adjusting FFO for non-cash items such as: straight-lining of contractual rent, the cash effect of the lease equalization agreements, amortization of fair value adjustments on assumed debt, the non-cash portion of the asset management fees paid in Exchangeable Securities, capital expenditures and amortization of transaction costs on mortgage loans. Non-recurring costs that impact operating cash flow may be adjusted, and capital and tenant expenditures incurred and capitalized in the period by the REIT are deducted. There is no standard industry definition of AFFO.

Non-GAAP financial measures should not be construed as an alternative to financial measures calculated in accordance with GAAP. Further the REIT's method of calculating supplemental non-GAAP financial measures may differ from the methods of other real estate investment trusts or other issuers, and accordingly, these measures may not be comparable to those measures presented by other real estate investment trusts or issuers.

Forward-Looking Information

This news release contains forward-looking statements which reflect the REIT's current expectations regarding future events. The forward-looking statements involve risks and uncertainties, including those set forth in the REIT's initial public offering prospectus dated March 28, 2013, in our short-form equity offering prospectus dated October 30, 2014, in the 2014 annual report dated March 27, 2015 under the sections "Risk Factors" a copy of which can be obtained at www.sedar.com. Actual results could differ materially from those projected herein. The REIT disclaims any obligation to update these forward-looking statements.

About Inovalis Real Estate Investment Trust

Inovalis Real Estate Investment Trust is an unincorporated, open-ended real estate investment trust established pursuant to a declaration of trust under the laws of the Province of Ontario. The REIT has been created for the purpose of acquiring and owning office properties primarily located in France and Germany but also opportunistically in other European countries where assets meet the REIT's investment criteria. Further to the above-mentioned acquisition, the REIT currently owns an interest in eight office properties in France and Germany, comprising approximately 889,000 square feet of gross leasable area (taking into account the 50% interests in the Duisburg and in the Bad Homburg properties). For further information, please contact:

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