

# INOVALIS

---

REAL ESTATE INVESTMENT TRUST

---

**FOR IMMEDIATE RELEASE**

*Not for distribution to U.S. news wire services or dissemination in the United States*

**INOVALIS REAL ESTATE INVESTMENT TRUST ANNOUNCES IT HAS COMPLETED THE ACQUISITION OF AN OFFICE PROPERTY IN GREATER PARIS IN A JOINT-VENTURE WITH IGIS' FUND**

**Toronto, Ontario, July 9, 2015** – Inovalis Real Estate Investment Trust (the “**REIT**”) (TSX: INO.UN) announced today that it has completed the acquisition, on a joint-venture basis, of an office property (the “**Property**”) located in Greater Paris, for an all-in-cost of approximately €90 million (C\$ 125 million), representing a going-in capitalization rate of 7.2% (before leverage). The addition of the Property will be immediately accretive to the REIT’s AFFO per unit. The joint venture is an acquisition with IGIS’ Fund, which is subscribed by Samsung Securities, a highly reputable international partner and is managed by IGIS Asset Management of South Korea.

David Giraud, Chief Executive Officer of Inovalis REIT, commented that this investment is “*in keeping with our expansion and partnership strategy for Inovalis REIT. Samsung Securities is an important global real estate player, wanting real estate opportunities that take advantage of the macro improvements in the French economy.*”

The Property, located in Arcueil (Paris’ first Southern periphery), France, is a freehold, ten-storey 330,681 square feet office building with 253 parking spaces and is fully let under a lease expiring in March 2023 to an investment grade rating tenant.

The REIT is acquiring a 25% equity interest in the Property while IGIS’Fund is acquiring the balance 75% equity interest. The REIT will have the option to purchase IGIS’Fund’s participation from July 2<sup>nd</sup>, 2018. If eventually the asset is sold, the REIT will receive 75% of the profit generated by the transaction.

Following this acquisition, the debt to gross book value of the REIT remains below 55%.

The Property has been acquired from Curzon Capital Partners II, a fund managed by AEW Europe.

“*As with our past transactions, Inovalis REIT has proven to be an excellent investment partner and Inovalis a high quality full service real estate funds management solution for international investors,*” said David Giraud. “*We will continue to seek out similar investment opportunities in the REIT’s targeted European markets and work with our international investment partners to expand profitably the REIT’s asset base*”.

All amounts have been converted to Canadian dollars (C\$) using an exchange rate of 1.39 C\$ per €.

## **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. 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).

## **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 swap, amortization of fair value adjustments on assumed debt and the non-cash portion of the asset management fees paid in Exchangeable Securities. 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 and in the REIT's short form prospectus dated October 30, 2014 under the section "Risk Factors" a copy of which can be obtained at [www.sedar.com](http://www.sedar.com). Actual results could differ materially from those projected herein. The REIT disclaims any obligation to update these forward-looking statements.

For further information, please contact:

**Antoine Tronquoy,**  
***Chief Financial Officer***  
Inovalis Real Estate Investment Trust  
[antoine.tronquoy@inovalis.com](mailto:antoine.tronquoy@inovalis.com)  
Tel: +1 416 845 1483