

# INOVALIS

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## REAL ESTATE INVESTMENT TRUST

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**INOVALIS REAL ESTATE INVESTMENT TRUST ANNOUNCES IT HAS ENTERED INTO AN EXCLUSIVITY AGREEMENT TO PURCHASE AN OFFICE PROPERTY IN GERMANY WITH JOINT-VENTURE PARTNER**

**Toronto, Ontario, September 15, 2015** – Inovalis Real Estate Investment Trust (the “**REIT**”) (TSX: INO.UN) announced today that it has entered into an exclusivity agreement to purchase, on a 50-50 joint-venture basis, an office property (the “**Property**”) located in Cologne, Germany, for an all-in-cost of approximately €22.7 million (C\$ 34.0 million).

The Property, located in Cologne, Germany (in North-Rhine Westfalia region), is a five-storey 65,530 square feet building completed in 2015 with 61,494 square feet of office space, 4,036 square feet of storage and 111 parking spaces.

The REIT has the ability to acquire the property at a going-in cap rate of 5.0%. The Property is fully let to an affiliate of an investment grade company under a lease expiring in 2025 with no break option.

The REIT will be acquiring the Property in a 50-50 co-ownership arrangement with one of the REIT’s existing partners, Injazzat Real Estate Development.

The acquisition of the Property will be financed with a combination of senior mortgage debt for €13.7 million (C\$ 20.5 million) and equity from both parties for a total of €9.0 million (C\$ 13.5 million). For the financing of its equity share of €4.5 million (C\$ 6.75 million), the REIT has the ability to deploy existing cash and to optimize its balance sheet, while maintaining a debt to gross book value below 55%.

Following the acquisition of the Property, the French properties and the German properties will represent 79% and 21% respectively of Inovalis REIT next twelve months rental income.

The transaction is expected to close in the fourth quarter of 2015.

David Giraud, Chief Executive Officer of Inovalis REIT’s, commented: “*The proposed acquisition is a brand new property in a well located and stable market that will further strengthen the quality of Inovalis REIT’s portfolio. This property is the tenth acquisition by the REIT since its inception and the fourth being completed on a partnership basis. In the context of historically low interest rates in Europe, we continue to see similar investment opportunities in the REIT’s targeted European markets, and we will keep on doing our best to capture them in our Unitholders’ best interest*”.

All amounts have been converted to Canadian dollars (C\$) using an exchange rate of 1.50 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 nine office properties in France and Germany, comprising approximately 971,000 square feet of gross leasable area (taking into account the interests in the properties owned in joint-ventures).

### **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.

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