

INOVALIS

REAL ESTATE INVESTMENT TRUST

FOR IMMEDIATE RELEASE

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INOVALIS REAL ESTATE INVESTMENT TRUST ANNOUNCES A C\$22 MILLION PRIVATE PLACEMENT, AND THE EXTENSION OF ITS HEDGING PROGRAM AT A SIGNIFICANTLY MORE FAVOURABLE RATE

Toronto, Ontario, April 25, 2018 – Inovalis Real Estate Investment Trust ("Inovalis" or the "REIT") (TSX: INO.UN), a leading Canadian-listed REIT focused on managing and owning a portfolio of high quality assets in Germany and France, is pleased to announce the extension of its foreign exchange hedging program at more favourable rates in comparison to its existing program resulting in immediate accretion to AFFOPU and NAVPU and a C\$22.0 Million private placement to institutional investors.

Extension of the Foreign Exchange Hedging Program

The Euro has continued to significantly outperform relative to the Canadian dollar, and the REIT has capitalized on the foreign exchange movement by extending its EUR/CAD hedging program at a more favorable rate than the existing rate for an additional 18 months, expiring in October 2020. As at December 31, 2017, the REIT's EUR/CAD hedging program was at an average rate of C\$1.4776/€. The new hedging program will be based on an average rate of C\$1.6414/€, and will be accretive to AFFOPU and NAVPU.

Khalil Hankach, Chief Investment Officer of Inovalis commented: *"Since our IPO, the Euro has appreciated ~19% relative to the Canadian dollar and we believe that the REIT has not benefitted from the positive currency movement. The impact of this currency movement alone, on a leverage neutral basis, should have resulted in a 13% increase in the unit price since our IPO in 2013. We continue to believe there is a significant discount between our current unit price and our underlying asset values. The extension of the foreign exchange hedging program at a more favorable rate, is one of many initiatives we will be executing on during 2018 that we are confident will have a positive impact on our unit price."*

Issuance of a Private Placement to a Non-Canadian Investor

Inovalis continues to creatively source equity capital for growth through its private placements initiatives. In June and October 2017, the REIT successfully completed two separate private placements and raised ~C\$24.5 Million, avoiding the dilutive impact of brokerage fees and issuing equity at a discount to the market price.

The REIT has announce that it has raised an additional €13,584,352 (C\$21,997,196) private placement, paying interest at 7.95%. The Note matures on April 19, 2021. Similar to previous private placements, the investment has been structured as a convertible note that converts into equity at any time after April 19, 2019 and pays interest at 7.95%. The REIT intends to use the proceeds from the private placements to fund imminent acquisitions that would provide immediate accretion to AFFO and NAV.

Concurrent with the issuance of the Note, the Investor and the REIT entered into a put/call agreement pursuant to which the REIT can satisfy its obligation to the Investor by delivering 2,121,008 REIT units (“REIT Units”).

Khalil Hankach, Chief Investment Officer of Inovalis commented: “Management and the board are the largest unitholders of the REIT, and we will continue to seek out creative ways to improve our cost of capital. As such, this private placement has allowed us to raise equity at a lower cost of capital, as it is not issued at a discount to the market unit price. This will be our third private placement and the previous two private placements provided us with capital to execute on the Neu-Isenburg and Kosching acquisitions completed in the first quarter of 2018. We have a number of other exciting acquisition opportunities in the pipeline and this private placement provides us with further capacity to execute on our growth strategy. The REIT will pay an effective yield of approximately 7.95% on this placement, an improvement compared to the 8.18% and the 8.12% paid on the June and October 2017 private placements, respectively.

Since our IPO, we have witnessed significant cap rate compression in our core markets of 150bps to 200bps and the demand for European real estate, especially in France and Germany by foreign investors, is still very strong. More importantly, it is very clear that non-European investors are lowering their return expectations in order to get a foothold in these markets and they view Inovalis as an attractive investment opportunity to gain a position in the 2 largest and deepest markets in Europe. s.

Our portfolio has experienced significant cap rate compression since the IPO and when coupled with the currency appreciation, the data further highlights the significant discount which exists between the REIT’s units price and the underlying NAV. Reducing this significant valuation gap is the #1 focus of the Management team and we will be vigilant in our efforts to achieve this objective in 2018.”

Forward-Looking Information

This news release contains forward-looking information within the meaning of applicable securities legislation. Forward-looking information generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans", or "continue", or similar expressions suggesting future outcomes or events. Some of the specific forward-looking information may include, among other things, the REIT's expectations regarding the Hedge, including the extent to which the Hedge is expected to be accretive to FFO and AFFO per unit. Forward looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond Inovalis' control that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, global and local economic and business conditions; the financial condition of tenants; our ability to refinance maturing debt; leasing risks, including those associated with the ability to lease vacant space; and interest and currency rate functions; and with respect to the Hedge referred to in this news release, the failure to realize the expected benefits from the Hedge, as well as the risk that the properties may not perform as anticipated. The REIT's objectives and forward-looking statements are based on certain assumptions, including that the Canadian and European economies remain stable, interest rates remain stable, conditions within the real estate market remain consistent, competition for acquisitions remains consistent with the current climate and that the capital markets continue to provide ready access to equity and/or debt. All forward-looking information in this news release speaks as of the date of this news release. Inovalis does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise except as required by law. Additional information about these assumptions and risks and uncertainties is contained in the REIT's filings with securities regulators, including its latest annual information form and MD&A.

(1) "FFO" and "AFFO" are non-GAAP measures (see the end of this news release).

Non-GAAP Measures

The REIT's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). This press release contains references to financial measures, including "AFFO" and "FFO". These measures do not have a standardized meaning under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. The REIT has presented such non-GAAP measures as management believes they are relevant measures of the REIT's underlying operating performance. Non-GAAP measures should not be considered as alternatives to net income, total comprehensive income or cash generated from (utilized in) operating activities as indicators of the REIT's performance, liquidity, cash flow, and profitability. For a full description of these measures and a reconciliation to the most directly comparable measure calculated in accordance with IFRS, please refer to "Non-GAAP Measures and Other Disclosures" in the REIT's most recent Management's Discussion and Analysis.

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 interests in office properties in France and Germany.

For further information, please contact:

Anne Smolen,

Chief Financial Officer

Inovalis Real Estate Investment Trust

anne.smolen@inovalis.com

Tel: +33 1 56 43 33 14