

INOVALIS

REAL ESTATE INVESTMENT TRUST

INOVALIS REAL ESTATE INVESTMENT TRUST ANNOUNCES MODIFICATIONS TO ITS MANAGEMENT AGREEMENT

Toronto, Ontario, March 15, 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 that its Board of Trustees has approved the extension of, and modifications to, the external asset and property management agreement with Inovalis S.A. (the “Manager”).

The Board of Trustees and the Manager agree that, given the REIT’s relative size, it is in the REIT’s best interest to not internalize the asset and property management function at this time. The management agreement (the “Agreement”) maturing in April 2018 will be extended with the terms amended as outlined below.

- **Term:** The initial term will be for three (3) years, not to exceed April 1, 2021. The Agreement shall be automatically renewed for an additional two (2) years if the REIT’s AFFO per unit for the year ended December 31, 2020 is greater than 115% of the AFFO per unit of the REIT as at December 31, 2017. The AFFO calculation shall be consistently applied and approved by the audit committee. Internalization can occur at any time at the discretion of the Board of Trustees.
- **Asset Management Fees:** Will be reduced from 0.75% to 0.50% and calculated based on the book value of assets. Fees will be payable in cash. Based on the REIT’s cash resources and the projected AFFO the Board will propose to the unitholders whether the Asset Management fees should be paid fully or partially in exchangeable securities, the exact composition of which will be determined by the Board annually. Any issuance of exchangeable securities shall be subject to TSX approval. If TSX approval is not obtained for the issuance of exchangeable securities, the Asset Management fees shall be payable in cash only.
- **Acquisition Fees:** 1.00% of the purchase price of properties acquired that are not currently owned or managed by the Manager and paid 100% in cash.

Reasons for Modifications to Agreement

The independent trustees considered a number of factors in recommending the modifications to the Agreement, including the key reasons set forth below:

- Reduces the G&A expense and is expected to be immediately accretive to the REIT’s FFO per unit by \$0.045 if the management fees are fully paid in cash. Should the fees be fully paid in exchangeable securities, it is expected to be accretive to the REIT’s AFFO per unit by \$0.022
- Given the REIT’s size, external asset management fees are less than what would be paid for an experienced, internalized management team;

- The Asset Manager has indicated, subject to TSX approval, its willingness to continue to be paid in exchangeable securities, creating greater alignment of interests between the REIT and the senior management team; and
- Results in the REIT continuing to benefit from the Manager's expertise, platform and industry relationships while operating under a more cost efficient structure.

Stéphane Amine, Chairman of Inovalis, commented: *"Inovalis has generated a total return of ~47% since its IPO in April 2013, and we believe the modifications to the Agreement will continue to deliver unitholder value through immediate AFFO per unit accretion. A significant portion of the management fees, subject to TSX approval, are expected to continue to be paid in exchangeable securities, which demonstrates Inovalis S.A.'s continued alignment with the REIT. Inovalis REIT will continue to benefit from an experienced, local asset and property management team with significant expertise investing and managing office properties in the deepest real estate markets in Europe on secured high quality assets which are still offering gaps superior to 3% between the asset cap rate and cost of the senior loan."*

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.

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 Property, including the extent to which the Property 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 Property referred to in this news release, the failure to realize the expected benefits from the Property, 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.

For further information, please contact:

David Giraud, Chief Executive Officer, Inovalis Real Estate Investment Trust, Tel: 011 33 1 5643 3323, david.giraud@inovalis.com;

Anne Smolen, Chief Financial Officer, Inovalis Real Estate Investment Trust, Tel: 011 33 1 56 43 33 14, anne.smolen@inovalis.com.