

INOVALIS

REAL ESTATE INVESTMENT TRUST

Inovalis Real Estate Investment Trust Announces a \$45 Million Bought Deal Financing to Fund the Acquisition of the Remaining JV Ownership in Paris Property

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TORONTO, Dec. 04, 2019 (GLOBE NEWSWIRE) -- Inovalis Real Estate Investment Trust (the "REIT" or "Inovalis") (TSX: INO.UN) is pleased to announce that it has entered into an agreement with a syndicate of underwriters (the "Underwriters") co-led by Desjardins Capital Markets and BMO Capital Markets to sell on a bought deal basis, 4,225,400 trust units of the REIT (the "Units") at a price of \$10.65 per Unit for gross proceeds of \$45,000,510 (the "Offering"). The REIT has also granted the Underwriters an over-allotment option to purchase up to an additional 633,810 Units on the same terms and conditions, exercisable at any time, in whole or in part, up to 30 days after the closing of the Offering. The Offering is expected to close on or about December 23, 2019 and is subject to customary conditions, including regulatory approval and the approval of the Toronto Stock Exchange.

The REIT owns a 25% interest in an office building in Arcueil, France and has a non-binding agreement in principle in place with the REIT's joint venture co-owner to acquire the remaining 75% interest in the property from such co-owner (the "Potential Acquisition"). The Arcueil property is located in the Vache Noire district of Paris and is fully leased to the Orange Group (mobile division of France Telecom) with the existing lease set to expire in March 2023. The property consists of 9 upper levels and 2 basement levels, with 253 parking spaces (40 outdoor and 213 indoor) with office floor plates of approximately 2,500 sq. m. The transaction is expected to close prior to December 31, 2019.

The REIT intends to use the net proceeds from the Offering to fund the Potential Acquisition and for general trust purposes.

The Units forming part of the Offering will be offered in Canada pursuant to a short form prospectus to be filed with the securities commissions and other similar regulatory authorities in each of the provinces of Canada, pursuant to National Instrument 44-101 - *Short Form Prospectus Distributions*.

"This acquisition opportunity represents the first step in simplifying the ownership structure of the REITs assets. It is the REIT's intention over the next 12 to 18 months to reduce the number of joint-venture properties and crystalize some of the embedded value within the portfolio to provide additional value for unitholders" stated David Giraud, CEO of the REIT.

Acquisition Highlights

- The proposed transaction is expected to provide mid-single digit accretion to 2020 and 2021 AFFO per unit estimates
- The purchase price represents a capitalization rate of approximately 7.7%, while similar properties in the region have transacted for capitalization rates from 6.0% to 6.5%
In excess of €8M spent to date on building improvements and modernizing the property by the previous institutional landlord and existing tenant
- Additional opportunities to generate revenue growth, with current rent at €220 per square metre compared to market at €260 per square metre
- Robust development potential with the site in receipt of planning approvals for an additional 10,000 square metre of office space
- A premium office property located in a desirable region with several high-profile companies relocating to the area over the last decade

Acquisition Funding

The purchase price of the Potential Acquisition will be satisfied using net proceeds of the Offering and a portion of the net proceeds from the previously announced sale of the Vanves property, which was announced in Q3 2019 and expected to close prior to December 31, 2019. Following completion of the Offering and assuming the closing of the Potential Acquisition as currently contemplated, the REIT's Debt to Gross Book Value ratio would be approximately 45%.

There can be no assurance the Potential Acquisition will close. The Offering is not conditional on the closing of the Potential Acquisition, and in the event the Potential Acquisition does not close, the net proceeds are expected to be used to fund future acquisitions. Until deployed for these purposes, the REIT intends to use the funds for general trust purposes.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The Units have not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of applicable securities legislation. Forward-looking information generally can be identified by the use of forward-looking words such as "forecast", "may", "will", "would", "expect", "estimate", "anticipate", "intend", "believe" or "continue" or similar expressions suggesting future outcomes or events. Some of the specific forward-looking information in this press release may include, among other things, the REIT's operations, strategy, financial performance and financial condition, as well as the REIT's expectations regarding the Offering and the acquisition of the 75% interest in the Arcueil property. 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 the REIT's 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; 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. The REIT 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 MD&A.

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 both France and Germany.

David Giraud, Chief Executive Officer

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