

INOVALIS

REAL ESTATE INVESTMENT TRUST

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INOVALIS REAL ESTATE INVESTMENT TRUST ANNOUNCES IT HAS COMMITTED TO FUND AN ACQUISITION AND REDEVELOPMENT LOAN RELATED TO AN OFFICE PROPERTY LOCATED IN PARIS WESTERN PERIPHERY

Toronto, Ontario, November 11, 2016 – Inovalis Real Estate Investment Trust (the “**REIT**”) (TSX: INO.UN) announced today that it has committed to fund a €21.7 million (\$32.1 million acquisition and redevelopment loan related to an office property (the “**Property**”) located in Rueil, in Paris Western periphery.

Today, the Property is owned 1/3rd by Inovalis SA and 2/3rd by a large institutional french investor (“**the Seller**”). The price of the Inovalis portion was determined on the same basis as the one for the sale price imposed by the Seller.

The acquisition and redevelopment of the Property will be performed in a partnership between Inovalis SA (80%) and a tier-one French real estate developer (20%).

The Property in its current state will be completely demolished and a new building complex will be built with a total lettable area of approximately 260,000 sq.ft. The new building complex will be dedicated mainly to office use (91% of total areas). Other areas will be used as intercompany restaurant, retail and storage areas. The Property will also accommodate 334 parking spaces.

The building permit is expected to be obtained within 12 months post acquisition and the total redevelopment duration is expected to be 36 months (including building permit). Total project costs are estimated at €116 million (\$171 million), of which €33 million (\$49 million) for the purchase price, €78 million (\$115 million) for development costs and the balance for acquisition and miscellaneous costs.

The REIT will provide a mezzanine loan representing 40% of the total equity required in the deal. The facility amount will be drawn in several installments until completion of the project in 2019. The loan will bear a fixed annual interest rate of 8.50% and will give the REIT 16% of the overall profit generated by the transaction. The REIT will also benefit from an option to purchase up to 50% of the property once it meets the REIT’s investment criteria. To date, €1.0 million (\$1.5 million) was funded by the REIT as a deposit.

David Giraud, Chief Executive Officer of Inovalis REIT's, commented: *“This is another evidence of Inovalis REIT's ability to position itself on future potential transactions while receiving an attractive interest rate on the loan it grants. Last, we are very confident on the fact that once redeveloped, this Property will be extremely attractive in its sub-market and we expect quality tenants to move into it”*.

All amounts have been converted to Canadian dollars (\$) using an exchange rate of 1.4741 \$ 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 eleven office properties in France and Germany, comprising approximately 1,082,000 square feet of gross leasable area (taking into account the interests in the properties owned in joint-ventures).

For further information, please contact:

Khalil Hankach
Chief Investment Officer
Inovalis Real Estate Investment Trust
khalil.hankach@inovalis.com
Tel: +33 1 56 43 33 23

Anne Smolen,
Chief Financial Officer
Inovalis Real Estate Investment Trust
anne.smolen@inovalis.com
Tel: +33 1 56 43 33 23