

INOVALIS REAL ESTATE INVESTMENT TRUST PROVIDES SUPPLEMENTAL INFORMATION IN CONNECTION WITH ITS UPCOMING SPECIAL MEETING OF UNITHOLDERS TO BE HELD ON SEPTEMBER 4, 2024

Toronto, Ontario, August 27, 2024 – Inovalis Real Estate Investment Trust (the “REIT”) (TSX: INO.UN) today announced that, in connection with the upcoming special meeting of unitholders of the REIT to be held on September 4, 2024 (the “**Special Meeting**”), the REIT is providing supplemental disclosure by way of this press release on certain matters related to action to be taken at the Special Meeting.

At the Special Meeting, unitholders will be asked to consider and, if thought advisable, pass an ordinary resolution (the “**Sabliere Sale Resolution**”) approving the sale of a single asset located at 24-26, Rue Bénard – 25, Rue Hyppolite Maindron – 27-29, Rue de la Sablière, Paris, District 14, France (the “**Property**”) to Inovalis S.A. (the “**Purchaser**”), the manager of the REIT, or an affiliated entity controlled by the Purchaser (the “**Sabliere Sale**”). In respect of the Sabliere Sale, the REIT entered into a non-binding letter of intent with the Purchaser pursuant to which the REIT and the Purchaser have agreed in principle to a sale of the Property at a price of €17,500,000 (C\$0.41 per unit on a per unit net of debt basis as of the date hereof), subject to the parties entering into a definitive purchase agreement.

The trustees of the REIT have unanimously determined that the Sabliere Sale is fair to the REIT and is in the best interests of the REIT, and recommends that unitholders vote **IN FAVOUR** of the Sabliere Sale Resolution. The REIT thanks its unitholders who have already voted in connection with the Special Meeting and reminds unitholders to submit their votes in advance of the proxy voting deadline on August 30, 2024 at 5:00 p.m. For additional information on the Special Meeting, the REIT directs unitholders to its management information circular dated August 1, 2024 (the “**Circular**”), which is available on the REIT’s SEDAR+ profile at www.sedarplus.ca.

Prior Offers

Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”) requires disclosure of bona fide prior offers that the REIT received that relate to the Sabliere Sale and which prior offer was received by the REIT during the 24 months prior to the entering into of the Letter of Intent. The REIT began marketing the Property in the fourth quarter of 2022 by engaging a broker (the “**Broker**”) to solicit offers. Pursuant to such marketing efforts, the REIT received four alternative offers prior to entering into the Letter of Intent (the “**Prior Offers**”). Below is a summary of each of the Prior Offers.

	Alternative Offer #1	Alternative Offer #2	Alternative Offer #3	Alternative Offer #4
Occupancy Upon Purchase	Empty	Partially Rented	Empty	Empty
Purchase Price (millions of €)	18.00	19.00	18.10	18.00
Financing Condition	No	Yes, but could be waived if a 4-month	Yes	No

	Alternative Offer #1	Alternative Offer #2	Alternative Offer #3	Alternative Offer #4
		exclusivity period is granted.		
Strategy of Purchaser	Hotel Conversion	School Conversion	Residential Conversion	School Conversion
Building Permit Condition	No	No	Yes	No
Asbestos Clean-Up Condition	No	Yes, asbestos clean-up costs to be deducted from the proposed purchase price, which could lower the offer by between 0.5-1 million euros.	No	No
Data Room Exclusivity	8 weeks	8 weeks	8 weeks	10 weeks
Offer Validity	2/23/2024	2/14/2024	3/15/2024	3/15/2024
Broker Fees	2.5% by seller	2.5% by seller	2.5% by seller	1.5% by seller
Deposit	10%	5%	5%	5%

Below is a comparative summary of the sale proceeds for the offer received from the Purchaser as compared against the Prior Offers. Figures are disclosed in euros.

Sale to:	Inovalis S.A. (Purchaser)	Alternative Offer #1	Alternative Offer #2	Alternative Offer #3	Alternative Offer #4
Sale Price	17,500,000	18,000,000	19,000,000	18,100,000	18,000,000
Sale price deduction (asbestos)	-	(700,000)	(700,000)	(700,000)	(700,000)
Eviction cost (to empty the building)	-	(1,500,000)	-	(1,500,000)	(1,500,000)
Loan Breakage Costs (SWAP) (0.5%)	(44,213)	(44,213)	(44,213)	(44,213)	(44,213)
Broker fees (2.5%)	-	(450,000)	(475,000)	(452,500)	(270,000)
Advisory fees (1.0%)	-	(180,000)	(190,000)	(181,000)	(180,000)
Legal Fees (estimate as % of the disposition price) (0.2%)	(35,000)	(36,000)	(38,000)	(36,200)	(36,000)
Withholding Tax (15%)	(358,555)	(103,555)	(478,555)	(118,555)	(103,555)

Sale to:	Inovalis S.A. (Purchaser)	Alternative Offer #1	Alternative Offer #2	Alternative Offer #3	Alternative Offer #4
Mortgage Loan reimbursement (as of August 27, 2024)	(8,842,500)	(8,842,500)	(8,842,500)	(8,842,500)	(8,842,500)
Deposit (cash reserve)	1,113,580	1,113,580	1,113,580	1,113,580	1,113,580
Net proceed from sale	9,333,312	7,257,312	9,345,312	7,338,612	7,437,312

Based on the foregoing, the trustees determined that the net sale proceeds to be obtained by the REIT from the sale of the Property to the Purchaser was superior to selling the Property pursuant to any of the Prior Offers (which were all expired non-binding offers from third parties), particularly given the deterioration in market conditions, including higher sales costs (broker fees, advisory fees, sale price negotiation and eviction costs) and the uncertainty of the political situation in France. Based on the foregoing and all other factors and considerations fully disclosed in the Circular, the trustees unanimously resolved that the Letter of Intent from the Purchaser is in the best interests of the REIT to pursue.

The “net proceeds from sale” and other financial analysis, information and estimates in respect of the Sabliere Sale and the Property disclosed in this press release are estimates based on the REIT’s current expectations and belief. There is the risk of a possible failure to realize the expected returns of the Sabliere Sale. Sales involve risks that could materially and adversely affect the REIT’s business plan, including the failure of the Sabliere Sale to realize the results the REIT expects. While management of the REIT, based on information deemed appropriate and sufficient for such purposes, believes the Sabliere Sale will be beneficial for the REIT, such determination should not be regarded as a guarantee of future performance or results and includes certain estimates and assumptions, the actual result of which may be different. If the Sabliere Sale fails to realize the results that the REIT expects, the Sabliere Sale could have a material adverse effect on the REIT and its financial results. Please refer to “Risk Factors” in the Circular for a description of certain of the risks related to the Sabliere Sale.

Approval of Sabliere Sale Resolution and Excluded Votes

In order to be approved at the Special Meeting, the Sabliere Sale Resolution must receive the affirmative vote of not less than a majority of the votes cast thereon by unitholders at the Special Meeting (other than certain excluded unitholders as required by MI 61-101). Notwithstanding any disclosure in the Circular to the contrary, as each of the trustees of the REIT are independent of both the Sabliere Sale and the REIT itself, each of the trustees will be entitled to vote any units that they hold on the Sabliere Sale Resolution and such votes will not be excluded from the majority of the minority vote.

For the purposes of the Sabliere Sale Resolution, the Purchaser and its officers, who collectively hold 2,760,856 units and 938,036 special voting units, representing 11.3% of the outstanding units and special voting units, will be excluded from voting, together with (i) any other party that is an “interested party” in respect of the Sabliere Sale; (ii) any other party that is a “related party” of an “interested party”, and (iii) any other party that is a “joint actor” with any of the foregoing with respect to the Sabliere Sale, as determined pursuant to MI 61-101 and subject to the exceptions noted therein (collectively, the “**Excluded Unitholders**”). The Excluded Unitholders are comprised

of: (i) Mr. Stéphane Amine, President and CEO of the REIT, who holds 37,900 units and indirectly exercises control or direction over 1,530,074 units and 938,036 special voting units held by the Purchaser; (ii) Mr. David Giraud, an employee of the Purchaser, who holds 1,151,782 units; and (iii) Ms. Anne Smolen, an employee of the Purchaser, who holds 41,100 units. All of the outstanding special voting units are owned by Excluded Unitholders and, as such, the holders thereof are not entitled to vote at the Special Meeting.

About Inovalis REIT

Inovalis REIT is a real estate investment trust listed on the Toronto Stock Exchange in Canada. It was founded in 2013 by Inovalis and invests in office properties in primary markets of France, Germany and Spain. It holds 13 assets. Inovalis REIT acquires (indirectly) real estate properties via CanCorpEurope, authorized Alternative Investment Fund (AIF) by the CSSF in Luxembourg, and managed by Inovalis S.A.

About Inovalis Group

Inovalis S.A. is a French Alternative Investment fund manager, authorized by the French Securities and Markets Authority (AMF) under AIFM laws. Inovalis S.A. and its subsidiaries (Advenis S.A., Advenis REIM) invest in and manage Real Estate Investment Trusts such as Inovalis REIT, open ended funds (SCPI) with stable real estate focus such as Eurovalys (for Germany) and Elialys (Southern Europe), Private Thematic Funds raised with Inovalis partners to invest in defined real estate strategies and direct Co-investments on specific assets

Inovalis Group (www.inovalis.com), founded in 1998 by Inovalis SA, is an established pan European real estate investment player with EUR 7 billion of AuM and with offices in all the world's major financial and economic centers in Paris, Luxembourg, Madrid, Frankfurt, Toronto and Dubai. The group is comprised of 300 professionals, providing Advisory, Fund, Asset and Property Management services in Real Estate as well as Wealth Management services.

SOURCE Inovalis Real Estate Investment Trust

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