

# INOVALIS

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REAL ESTATE INVESTMENT TRUST

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## FOR IMMEDIATE RELEASE

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## INOVALIS REIT ANNOUNCES VANVES PROPERTY SALE

**Toronto, Ontario, February 20, 2020 – Inovalis Real Estate Investment Trust (“Inovalis REIT” or the “REIT”)** (TSX: INO.UN) announced today that the REIT has successfully closed the disposition of its Vanves property (“Vanves” or “Property”) on December 16<sup>th</sup>, 2019 for net proceeds of €95 million (\$138.4 million). The Property was sold for €9 million (\$13.1 million) above the December 31<sup>st</sup>, 2018 asset valuation and represents a capitalization rate near to 6%.

The Property was acquired by the REIT for €78 million (\$113.6 million) in April, 2013, upon closing of the REIT’s initial public offering. Vanves was later refinanced in 2014, allowing the REIT to monetize €19 million (\$27.7 million), which was used to acquire new assets in Germany. The sale crystallizes a substantial increase in the Property’s value for unitholders, with the appreciation largely driven by capitalization rate compression and strong rental rate growth.

Net cash proceeds from the sale, following repayment of property level debt and transaction costs, are approximately €46.6 million (\$67.9 million), equating to an equity IRR close to 15% over a period of 6-years. Cash proceeds available post sale will be used to buy out existing joint venture investments and make new accretive acquisitions.

Khalil HANKACH, CFO and CIO of Inovalis REIT commented, “the sale confirms the significant appreciation in value of our assets since the REIT’s IPO. Furthermore, we are in the process of deploying the proceeds to purchase existing joint venture investments and into new accretive acquisitions. We expect to conclude these transactions over the next few months.”

All amounts have been converted to Canadian dollars (\$) using an exchange rate of \$1.4565 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 interests in office properties in both France and Germany.

## 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. 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 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. 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 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 annual information form and MD&A.

For further information, please contact:

**David Giraud, Chief Executive Officer**

Inovalis Real Estate Investment Trust

Tel: +33 1 56 43 33 23

[david.giraud@inovalis.com](mailto:david.giraud@inovalis.com)

**Khalil Hankach, Chief Financial Officer / Chief Investment Officer**

Inovalis Real Estate Investment Trust

Tel:+33 1 56 43 33 13

[khalil.hankach@inovalis.com](mailto:khalil.hankach@inovalis.com)