

# INOVALIS

REAL ESTATE INVESTMENT TRUST

## FOR IMMEDIATE RELEASE

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### **INOVALIS REAL ESTATE INVESTMENT TRUST ANNOUNCES THE SALE OF THE RUEIL PROPERTY LOCATED IN RUEIL MALMAISON PARIS ON A FORWARD PLAN BASIS TO A JOINT-VENTURE PARTNERSHIP BETWEEN SEDCO AND INOVALIS SA**

**Toronto, Ontario, Mai 7, 2020** – Inovalis Real Estate Investment Trust (the “**REIT**”) (TSX: INO.UN) announced today the Rueil property (“**Rueil**” or “**Property**”), located in the Rueil Malmaison business district in Paris, has been disposed of on a forward sale basis to a joint-venture between SEDCO and Inovalis SA (“**Transaction**”) and the repayment of mezzanine financing provided by the REIT for acquisition and redevelopment of the Property in 2016.

The acquisition and redevelopment of the Property was performed in a partnership between Inovalis SA (80%) and a tier-one French real estate developer (20%). The new building complex of approximately 260,000 sq.ft. includes 334 parking spaces and will largely comprise of office space (91% of GLA) with the remaining area occupied by restaurant, retail and storage areas. The property is set for delivery in May 2020 to Danone, a French multi-national food products firm, under a 12-year lease for 100% of GLA.

The mezzanine loan carried an 8.5% interest rate and represented 40% of the equity required for the acquisition and redevelopment of Rueil. Additionally, the REIT is entitled to receive 20% of the profit from the Transaction. The REIT’s overall IRR on the committed €17.2 million (\$24.9 million) should be in the mid to high teens for a period of three and a half years.

Khalil HANKACH, CFO and CIO of Inovalis REIT commented: *“This further evidences Inovalis REIT’s ability to execute on unique value-add opportunities that provide both attractive cash flow profiles and upside profit participation. This transaction continues to illustrate management’s commitment to simplifying the balance sheet and ownership structure of the REIT’s assets”*

All amounts have been converted to Canadian dollars (\$) using an exchange rate of \$1.45 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.

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