

INOVALIS

REAL ESTATE INVESTMENT TRUST

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INOVALIS REIT ANNOUNCES THE ACCRETIVE ACQUISITION OF AN OFFICE BUILDING IN GERMANY AND THE REFINANCING OF TWO ASSETS FROM THE PARIS PORTFOLIO

Toronto, April 1, 2019 – Inovalis Real Estate Investment Trust (“Inovalis” or the “REIT”) (TSX: INO.UN), a leading Canadian-listed REIT focused on managing and owning a portfolio of high-quality assets in Germany and France, announced today that it successfully completed the purchase of an office property (the “**Trio Property**”) in Neu-Isenburg, Germany, 8 km south of downtown Frankfurt, as part of a 94/6 joint-venture arrangement with Inovalis SA. The REIT also announced the refinancing of the Metropolitan Property (“**Metropolitan Property**”) in down town Paris, and the Courbevoie Property (“**Courbevoie Property**”) in Courbevoie.

The REIT’s management team will continue to focus its efforts on reducing the significant gap that exists between the current unit price, the underlying market value of the portfolio and consensus NAV. As part of the ongoing process to deliver unitholder value, the REIT will continue to re-evaluate its current portfolio mix and take advantage of opportunities to crystalize value and recycle capital into assets that offer higher long-term returns for the REIT’s unitholders.

Acquisition of the Trio Property

The Trio Property is composed of 3 modern office buildings built in 2007 with a gross leasable area of approximately 19,019 m² (204,718 sq. ft.). The property is currently 93% occupied by 6 different tenants with a weighted average lease term of 5.6 years and is anchored by a solid local tenant, Lorenz Snack-World GmbH, a company which produces and exports food products to 80 countries worldwide with over 2,250 employees in Neu-Isenburg, the historic site of the company.

The property is strategically located less than 10 minutes by train from downtown Frankfurt and at about the same distance to the International Airport. With a growing demand in the Frankfurt area potentially leading over the next 5 years to an increase in market rents.

The property was acquired for approximately €50 million (C\$75 million) and included a senior bank loan of €31.2 million (C\$47 million) with a new 5-year, fixed-rate mortgage at 1.56%. This transaction represents a going-in cap rate on the existing rent of approximately 5.26% and 5.65% on the potential rent. In the period between the start of the due diligence and closing, we managed to rent 769 m², that was assumed as vacant in our pricing.

The REIT’s 94% interest totaled €19.2 million (C\$29 million), was funded by the cash generated from the sale of Hannover and the cash from the re-leveraging of the Metropolitan asset.

Khalil Hankach, Chief Investment Officer of Inovalis, commented: “*By using the proceeds of the Hannover sale as well as the refinancing of Metropolitan, which has a cost of 2.07%, we managed to acquire a new asset in Germany that will contribute positively to the overall cashflow of the REIT. Despite the high prices in Germany, management continues to demonstrate its capability to source quality real estate deals and fund them through cheap money.*”

Up-financing of Metropolitan Property

The Metropolitan Property was constructed in 1993, and is comprised of 7,322 m² (78,813 sq. ft.) of GLA primarily for office use and retail use. The six-storey building is located within the Paris Central Business District. This region is a favoured location for numerous French and international companies as well as public and private institutions. The property is currently leased to five tenants, with the main tenant, “Vortex SA”, occupying 33% of the total GLA.

Since the acquisition of the asset in 2016, the value of the asset increased from €50 million to €63.3 million as of December 2018. The increase was driven by the combination of cap rate compression and rent increase. In order to materialize this increase in value, we approached the existing bank in order to up-finance the property, thus generating cash available for investment, in the amount of circa €8.5 million.

The new loan has an amount of €43 million, for a twelve year loan term, and a 5-year fixed rate of 2.07%, in comparison to the previous loan that was of €34.0 million, for a twelve year loan term, with a fixed rate of 2.43%.

Up-financing of Courbevoie Property

The Courbevoie Property, located in Courbevoie, France, was constructed in 1970 and renovated in 2010, is comprised of 8,929 m² (96,111 sq. ft.) of office space. The property is leased to a total of six tenants, with the main tenant, Smart & Co., occupying 51% of the total space in accordance with a nine year lease.

The outstanding loan on the property was equal to €7.76 million with a maturity date in May 2019. Even though the WALT on the asset is less than 3 years, the REIT has managed to up finance the loan with a new 12-year financing for an amount of €9.5 million. The margin on the financing was secured at 1.90% with a SWAP interest rate at 0.23% for the duration of 5 years.

Khalil Hankach, Chief Investment Officer of Inovalis, commented: *“With the continued increase in values in Europe, the REIT has managed to generate funds through refinancing, allowing for cheap capital to deploy on new acquisitions. Management relationships in the banking sector both in France and Germany has proven beneficial once more, as this refinancing is the latest of many done throughout the past 6 years.”*

All amounts have been converted to Canadian dollars (C\$) using an exchange rate of C\$1.508 per €.

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. Some of the specific forward-looking information may include, among other things, the REIT's expectations regarding the Property, including the extent to which the Property is expected to be accretive to FFO and AFFO per unit. 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' 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; and with respect to the Property referred to in this news release, the failure to realize the expected benefits from the Property, 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. Inovalis 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.

"FFO" and "AFFO" are non-GAAP measures (see below).

Non-GAAP Measures

The REIT's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). This press release contains references to financial measures, which may include "AFFO" and "FFO". These measures do not have a standardized meaning under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. The REIT has presented such non-GAAP measures as management believes they are relevant measures of the REIT's underlying operating performance. Non-GAAP measures should not be considered as alternatives to net income, total comprehensive income or cash generated from (utilized in) operating activities as indicators of the REIT's performance, liquidity, cash flow, and profitability. For a full description of these measures and a reconciliation to the most directly comparable measure calculated in accordance with IFRS, please refer to "Non-GAAP Measures and Other Disclosures" in the REIT's most recent Management's Discussion and Analysis.

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.

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