



InnVest

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For Immediate Release

**INNVEST REAL ESTATE INVESTMENT TRUST
ANNOUNCES COMPLETION OF INTERNAL REORGANIZATION**

Toronto, Canada (July 3, 2012) – InnVest Real Estate Investment Trust (the “REIT”) and InnVest Operations Trust (“IOT” and collectively, “InnVest”) (TSX:INN.UN) announced that their internal reorganization to unwind the stapled unit structure (the “Reorganization”), which was approved by InnVest’s unitholders at a special meeting on February 23, 2012, has been successfully completed.

InnVest pursued the Reorganization in response to announced changes to the federal income tax rules applicable to issuers of stapled securities, which were expected to apply to InnVest as of July 20, 2012. The Reorganization has resulted in, among other things, the transfer of substantially all of IOT’s assets and liabilities to the REIT and the unwinding of the stapled structure of InnVest so that IOT became a wholly-owned subsidiary of the REIT.

Prior to the Reorganization, the trust units of the REIT (the “InnVest Units”) and the non-voting trust units of IOT (the “IOT Units”) traded together on the Toronto Stock Exchange (the “TSX”) as stapled units (the “Stapled Units”) under the symbol INN.UN. As a result of the Reorganization, effective as of July 3, 2012, the InnVest Units will continue to trade on the TSX under the symbol INN.UN and the IOT Units have been cancelled and are no longer listed on the TSX. Each unitholder holds the same number of InnVest Units immediately following the Reorganization as the number of Stapled Units held by it immediately prior to the Reorganization. In addition, InnVest’s convertible debentures are now convertible into InnVest Units only, rather than an equal number of InnVest Units and IOT Units. The conversion rate and conversion price of each series of debentures otherwise remain the same.

Additional information about the Reorganization is contained in InnVest’s management information circular dated December 31, 2011, which is available on SEDAR at www.sedar.com.

Trust Profile

InnVest Real Estate Investment Trust is an unincorporated open-ended real estate investment trust which owns a portfolio of 140 hotels across Canada representing approximately 18,400 guest rooms operated under internationally recognized brands. InnVest also owns a 50% interest in Choice Hotels Canada Inc. one of the largest franchisors of hotels in Canada.

InnVest's trust units and outstanding convertible debentures trade on the Toronto Stock Exchange under the symbols INN.UN, INN.DB.B, INN.DB.C, INN.DB.D, INN.DB.E and INN.DB.F.

For further information:

Chantal Nappert
Executive Director, Investor Relations
Tel: (905) 624-7806
Fax: (905) 206-7114
www.innvestreit.com