



**European commercial real estate
managed by a local expert**

2021 Annual General Meeting

May 9, 2022



Key features

INOVALIS REIT



Operates in attractive market for commercial real estate, with large spreads between asset yields and borrowing costs



Maintains a high level of cash distribution through accretive acquisitions and active asset management



Maximizes the long-term value of its properties and the NAV/unit through active and efficient management



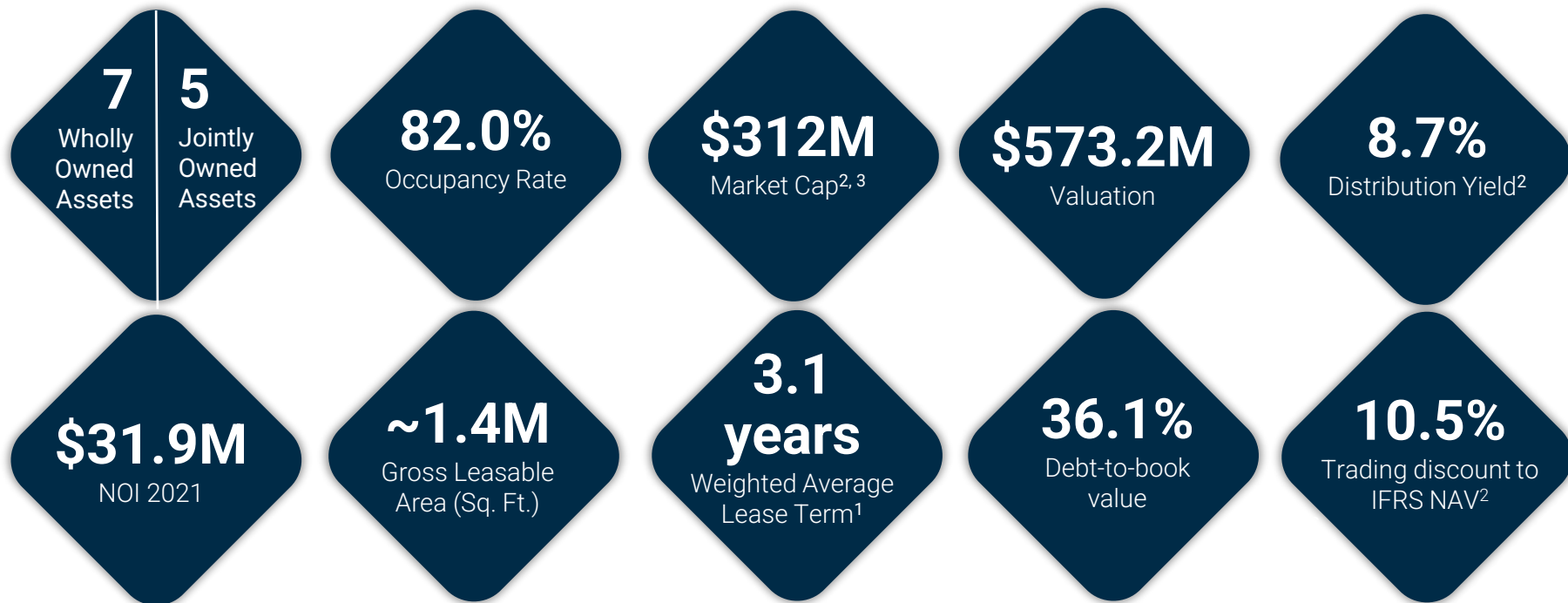
Readily available debt financing from local lenders

A NEW START : CORE+ STRATEGY

- ✓ Capital earmarked during covid / strategic review period deployed as of end Q1 2022, in assets accretive to AFFO/unit on a normalized leverage neutral basis of 50%
- ✓ Investment focus continues to be Paris area and Germany; started expansion to Spain
- ✓ Exit JVs through equity stakes buyback or asset sales, to simplify structure/governance and lower SG&A expense, under advanced discussion with 2 remaining JV partners
- ✓ Capital recycling: sell mature assets where value can be maximized; invest in higher return AFFO accretive opportunities, including mezz financing of REIT assets spin-off for redevelopment
- ✓ Participatory distribution program provides Unitholders 50% of incremental profit upon divestiture of mature assets, over last IFRS fair value (Last November, the Board reviewed the capital redeployment plan and postponed the Participatory distribution program to June 2022, as all new investment opportunities and related capital requirements shall be reviewed).
- ✓ Resumption of DRIP allowing eligible holders of units to reinvest their cash dividends paid in respect of their units into additional units, which, at the REIT's election, will be issued from treasury (with 3% discount) or purchased on the open market.

2021 - Key Performance Indicators

A STEADY AND CONTROLLED GROWTH



Note: Key figures as at Dec 31, 2021. The closing EUR/CAD exchange rate as at this date was 1.4380

1. Represents weighted average lease term for end of lease period. Weighted average lease term including early termination rights equal to 2.8 years.

2. Distribution yield and market cap have been calculated based on the unit price as at December 31, 2021

3. Includes units related to the Inovalis S.A. related promissory notes

Asset recycling program

- November 30, 2021 : **sale of Jeuneurs property** (Paris Central Business District (“CBD”))
Gross sale price of \$103.2m representing a \$68.1m increase over the 2013 acquisition price at the Initial Public Offering, and a \$35.4m premium over the December 2020 fair market value. This transaction confirmed once again, the REIT’s ability to profitably recycle older assets in order to renew the portfolio with more modern and accretive assets.
- **Progress on the sale of Courbevoie** for \$39.1m : the effective sale is contingent on the buyer obtaining a building permit and the REIT vacating the asset.
In Q4 2021, the prospective buyer obtained the building permit and management of the REIT advanced negotiations for the lease terminations
3 termination protocols signed on the 4 tenants in place.
Management expects to finalize a termination protocol for the final tenant in place in Q2 2022 and complete the sale by the end of 2022



Rue des Jeuneurs

A SUCCESSFUL “LONG PLAY”

- A 50,400 sq. ft. property in central Paris, part heritage building on the façade street, part post 80's building in the back courtyard, acquired in 2013 for C\$39.6m
- Single tenant maintained for 8 straight years in the building : successive lease extensions negotiated with the single tenants had secured rental income until August 2023 and upfinancing in Q4 2017
- The manager undertook a redevelopment planning exercise with a developer to assess the potential value of a brand-new asset in the same location, to understand the market potential for an aggressive bidder
- Sold in 2021 for \$103.2m (gross), showing a gain of \$68.1m and an IRR of 18% between 2013 and 2021, inclusive of the steady contribution to coupon distribution over the years

“Inovalis’ deep understanding of the Paris market and its emerging areas, and the factors that developers consider when they price assets, enabled it to position Jeuneurs to a developer focused on repositioning Central Business District assets for an attractive premium.”

Reletting and refinancing

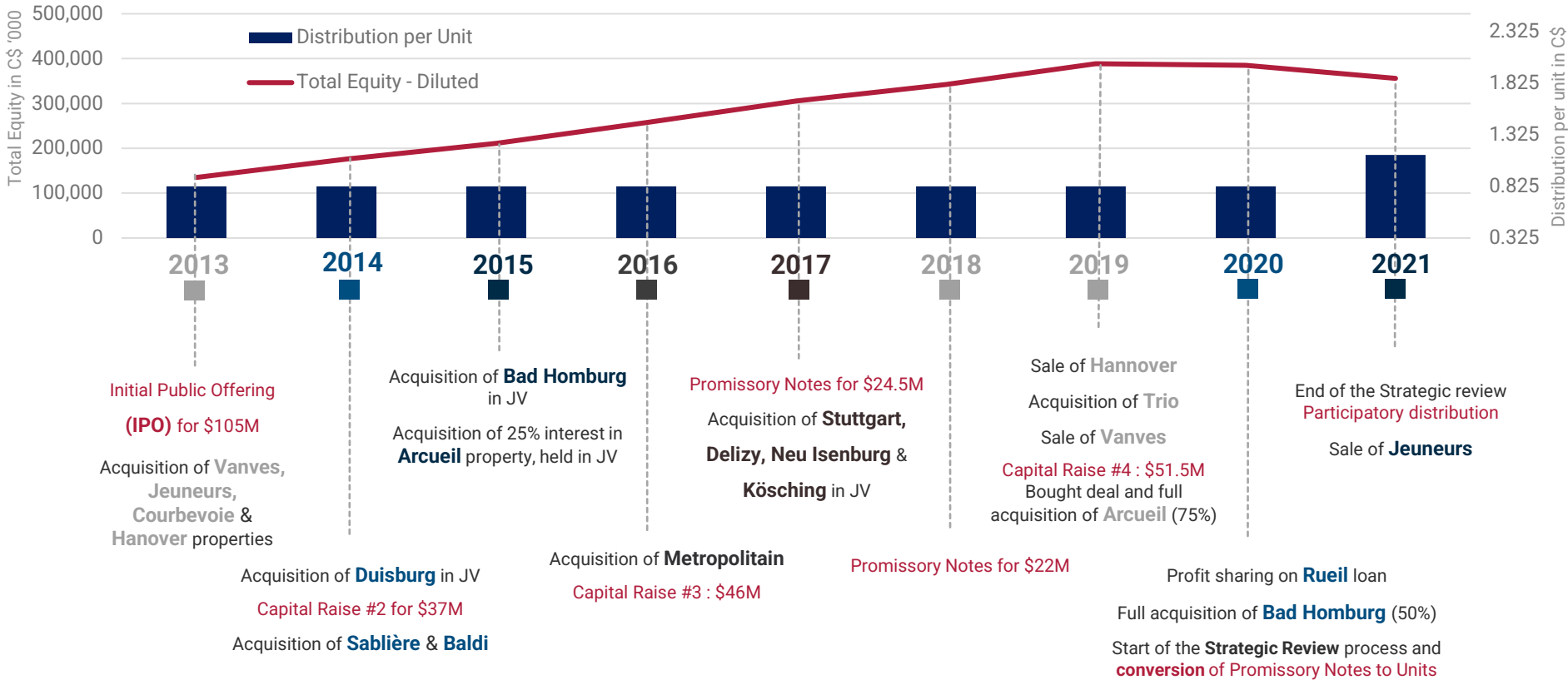
- Management signed a **new 7-firm years lease** with a blue-chip tenant on 18% vacant area in the **Bad Homburg property**, increasing occupancy to 71%.

A **one-year extension** of the in-place financing has been finalized in March 2022 on similar terms. The key operational objective for this property is to lease up to 85% occupancy by March 2023 and arrange longer term financing at that time
- Following a new lease signed on the **Duisburg property** and the 100% occupancy rate, Management has worked on the **refinancing of the in-place \$36,000** bullet mortgage loan agreement, on a five-year basis at 1.02% interest margin with a final repayment in 2027. Closing anticipated for May 2022.
- As a collateral to Jeuneurs sale, the mortgage loan on Baldi property has been over-amortized in Q4 2021, with a \$11.6m loan repayment. As at December 31, Baldi's LTV ratio is only 21%:



A Value and Cash Driven Approach

TOTAL EQUITY & DISTRIBUTION



PARIS AREA

Portfolio

7 Assets

Assets owned entirely by the REIT except where joint venture (JV) is noted, and including GAIA acquired in March 2022

La Défense Periphery

- Véronèse
- Gaia (in 2022)

Northern Inner Rim

- Baldi

Northeastern periphery

- Delizy (JV)

Central Business District

- Métropolitain

Montparnasse Area

- Sablière

Southern inner Rim

- Arcueil

Paris

GERMANY

Portfolio

6 Assets

Assets owned entirely by the REIT except where joint venture (JV) is noted



GOVERNANCE

A renewed and experienced Leadership Team

Trustees



Stéphane Amine
President



Jean-Daniel Cohen
Chairman of the Board



Mike Bonneveld



Marc Manasterski

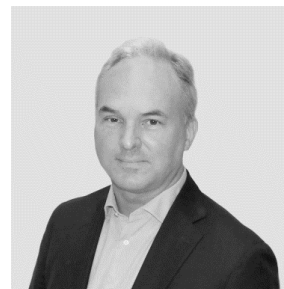


Laetitia Pacaud



Robert Waxman

Management



David Giraud
Chief Executive Officer



Khalil Hankach
CFO and CIO

- A pared-back and renewed Board of Trustees brings institutional knowledge and fresh views to the boardroom
- Extensive real estate experience in the boardroom to complement management's strengths

GAIA – NEW ACQUISITION IN PARIS AREA

- On March 2022, Inovalis REIT acquired its seventh property in Paris area, with the Gaia building near La Defense.
- A high-quality and competitive office property, with 2 high environmental certifications (HQE and BBC Effinergie)
- This \$56.7m asset (including acquisition costs) develops about 120,000 sq.ft. of lettable space over 5 floors..
- The building is 84% let to diversified creditworthy tenants, and the REIT obtained upon acquisition a \$3.4m cash rental guarantee that covers 3-year vacancy.



DELGADO - FIRST ACQUISITION IN MADRID

- On March 2022, Inovalis REIT enters the Spanish real estate market with its first acquisition in Alcobendas, in the North of Madrid.
- A high-quality and competitive office property, from MERLIN Properties, one of the leading Spanish REITs listed on the Spanish Stock Exchange (IBEX-35).
- This \$43.1m asset (including acquisition costs) is made of 2 connected office buildings with approximately 120,000 sq.ft of lettable space, 250 parking spaces.
- The building is fully rented to 2 blue-chip tenants (from the aeronautics sector) with a WALT of 4.9 years.



2022 Outlook

SPAIN

Portfolio

1 Asset

*Figures as at March 31, 2022.*

ASSET	% OWNED	FAIR MARKET VALUE	BANK DEBT	REIT'S TOTAL PORTFOLIO VALUE	GROSS LEASEABLE AREA (GLA) (sq. ft.)	CONTRIBUTION TO TOTAL PORTFOLIO RENTAL REVENUE	# OF TENANTS	OCCUPANCY RATE	WEIGHTED OCCUPANCY RATE
Delgado	100%	42,123	22,011	6%	119,922	6%	2	100%	100%



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Appendices

A STRONG EUROPEAN OFFICE MARKETS

- Inovalis REIT's decision to invest in Spain is driven by its confidence in the strengths of the market, with a balanced risk/reward ratio, a positive outlook and potential for growth. The country's economy is based on solid fundamentals, being **central to Europe and throughout the world** (with strong cultural and economic ties to South America). Under the EU's long-term budget, coupled with NextGenerationEU, Spain is expected to receive up to \$192 billion to be invested until 2026.
- Spain's real estate market is well-developed with significant depth:
 - office stock of more than 140 million sq.ft. for Madrid and almost 75 million sq.ft. for Barcelona.
 - International investors were involved in approximately 80% of all real estate transactions in the country in 2021
 - the market is supported by national, European and international financial institutions.
- Market liquidity continues to grow as both Madrid and Barcelona (top 10 of investment projections in Europe for 2022). Madrid has the fifth highest start-up density across Europe and Barcelona is well-regarded for its digital and innovative talent.
- The Spanish market offers
 - relatively high yields, low capital values and rents compared to other markets in major European cities
 - attractive opportunities in established and mature locations difficult to source elsewhere in Europe when assessing comparable risk and yields.


In Inovalis' experience, short term value creation is also possible by converting properties into prime assets within their micro locations and with a minimal capital effort by improving the ESG compliance of the properties, their visibility and identity.



Getaway to European markets

INVESTMENT DIVERSIFICATION VIA EXPOSURE TO SELECTED EUROPEAN MARKETS, WITH A STRONG LOCAL ASSET MANAGER

 POP : 83,24 m

 GDP : 3,570.62 bn€


 Office Investment : \$42.2 bn

 POP : 67,39 m


 GDP : 2,935.49 bn€


 Office Investment : \$21.7 bn


 POP : 47,35 m


 GDP : 1,202.90 bn€

 Office Investment : \$3.5 bn

 Provides compelling risk/return ratio for commercial real estate, given low rates on 10-year OAT government bonds and low European borrowing costs, compared with Canada.

 These competitive financing terms are fueled by ECB QE policies and the high **competition between local banks**, including on cross border level.

 Provides geographical risk diversification while focusing on the bigger and more stable economies of the EuroZone.

 Benefits from gradual territorial expansion and hard-earned experience of the REIT Manager, as shown by Inovalis SA entry in Spain 3 since 2019 and Inovalis REIT recent acquisition there.