

INOVALIS REAL ESTATE INVESTMENT TRUST
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS

March 31, 2025

(Unaudited)

Disclosure of non-review of interim condensed consolidated financial statements for the quarters ended March 31, 2025 and 2024

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if the external auditors have not performed a review of the financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by the external auditors.

The accompanying unaudited interim condensed consolidated financial statements of the REIT for the quarters ended March 31, 2025 and 2024 have been prepared in accordance with International Accounting Standard 34, Interim Financial reporting, and are the responsibility of the REIT's management.

The REIT's external auditors, Ernst & Young Audit, have not performed a review of these interim condensed consolidated financial statements in accordance with the standards established by Chartered Professional Accountants Canada for a review of the financial statements by the external auditors of an entity.

Inovalis Real Estate Investment Trust
Interim Consolidated Balance Sheets
(Unaudited)
(All dollar amounts in thousands of Canadian dollars)

Assets	Note	As at March 31, 2025	As at December 31, 2024
Non-current assets			
Investment properties	5	346 696	327 789
Investments in joint ventures	6	39 506	37 047
Other financial assets		444	407
Restricted cash	8	1 686	1 611
Total non-current assets		388 332	366 854
Current assets			
Trade receivables and other financial assets	7	9 957	9 528
Other current assets		2 397	1 873
Restricted cash	8	1 725	1 651
Cash	8	5 331	6 249
Total current assets		19 410	19 301
Asset held for sale	9	27 234	26 061
Total assets		434 976	412 216
Liabilities and equity	Note	As at March 31, 2025	As at December 31, 2024
Liabilities			
Non-current liabilities			
Interest-bearing loan		198	189
Mortgage loans	10	55 722	53 961
Lease liabilities	10	96 914	95 752
Tenant deposits		2 264	2 228
Total non-current liabilities		155 098	152 130
Current liabilities			
Interest-bearing loan		100	83
Mortgage loans	10	62 812	60 488
Lease liabilities	10	7 291	5 035
Tenant deposits		297	255
Exchangeable securities	11	354	385
Trade and other payables	12	12 736	8 668
Income tax payable		2 339	2 238
Deferred income		838	586
Provisions	13	256	243
Total current liabilities		87 023	77 981
Total liabilities		242 121	230 111
Equity			
Trust units	17	296 206	296 206
Deficit		(127 912)	(129 834)
Accumulated other comprehensive income	18	24 481	15 666
Total unitholders' equity		192 775	182 038
Non-controlling interest		80	67
Total equity		192 855	182 105
Total liabilities and equity		434 976	412 216

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

On behalf of the Board of Trustees of Inovalis Real Estate Investment Trust:

Jean-Daniel Cohen
Chairman and Trustee

Robert Waxman
Audit Chair and Trustee

Inovalis Real Estate Investment Trust
Interim Consolidated Statements of Earnings
(Unaudited)

(All dollar amounts in thousands of Canadian dollars, except for per unit amounts)

	<i>Note</i>	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Rental revenue	14	4 238	4 631
Property operating cost recoveries	14	1 352	1 192
Property operating costs	15	(5 274)	(5 104)
Other revenues		26	194
Other property operating expenses		(187)	(1)
Net rental income		155	912
General and administrative expenses	15	(1 317)	(1 782)
Foreign exchange profit		65	-
Share of net profit from joint ventures	6	357	870
Operating earnings loss		(740)	-
Net change in fair value of Investment properties	5	4 156	(11 985)
Net change in fair value of Financial derivatives		-	(405)
Net change in fair value of Exchangeable securities	11	4	385
Finance income	16	727	1 141
Finance costs	16	(2 173)	(2 710)
Income (loss) before income taxes		1 974	(13 574)
Current income tax expense		(42)	(43)
Total income tax expenses		(42)	(43)
Net income (loss)		1 932	(13 617)
Net profit (loss) attributable to:			
Non-controlling interest		10	(38)
Unitholders of the Trust		1 922	(13 579)
		1 932	(13 617)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Inovalis Real Estate Investment Trust
Interim Consolidated Statements of Comprehensive Income
(Unaudited)

(All dollar amounts in thousands of Canadian dollars)

	<i>Note</i>	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Net profit (loss) for the period		1 932	(13 617)
Other comprehensive income (loss)			
Items that may be reclassified subsequently to income :			
Change in cumulative translation adjustment account	18	8 795	(181)
Other comprehensive income		8 795	(181)
Total comprehensive income (loss)		10 727	(13 798)
Total comprehensive loss (income) attributable to:			
Non-controlling interest		(10)	(51)
Unitholders of the Trust		10 737	(13 747)
Total comprehensive income (loss)		10 727	(13 798)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Inovalis Real Estate Investment Trust
Interim Consolidated Statements of Changes in Equity
For the three months ended March 31,
(Unaudited)

(All dollar amounts in thousands of Canadian dollars, unless otherwise stated)

	<i>Note</i>	Number of Units issued and outstanding	Trust Units	Retained earnings (deficit)	Accumulated other comprehensive income	Total attributable to the Unitholders' of the Trust	Non-controlling interest	Total equity
As at December 31, 2023		32 594 711	288 156	(53 230)	11 492	246 418	947	247 365
Issuance of units from conversion of exchangeable securities	11	545 144	503	-	-	503	-	503
Issuance of units from payment of trustee fees	20	66 325	76	-	-	76	-	76
Distributions declared to Unitholders		7 321 963	7 471	(7 471)	-	-	-	-
Consolidation of Units		(7 321 963)	-	-	-	-	-	-
Foreign exchange impact on Non-controlling interest		-	-	-	-	-	16	16
		611 469	8 050	(7 471)	-	579	16	595
Net loss for the year		-	-	(69 133)	-	(69 133)	(898)	(70 031)
Other comprehensive income		-	-	-	4 174	4 174	2	4 176
Comprehensive (loss) income		-	-	(69 133)	4 174	(64 959)	(896)	(65 855)
As at December 31, 2024		33 206 180	296 206	(129 834)	15 666	182 038	67	182 105
Foreign exchange impact on Non-controlling interest		-	-	-	-	-	23	23
		-	-	-	-	-	23	23
Net income for the period		-	-	1 922	-	1 922	10	1 932
Other comprehensive income (loss)		-	-	-	8 815	8 815	(20)	8 795
Comprehensive income (loss)		-	-	1 922	8 815	10 737	(10)	10 727
As at March 31, 2025		33 206 180	296 206	(127 912)	24 481	192 775	80	192 855

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Inovalis Real Estate Investment Trust
Interim Consolidated Statements of Cash Flows
(Unaudited)

(All dollar amounts in thousands of Canadian dollars)

	<i>Note</i>	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Operating activities			
Income (loss) before income taxes		1 974	(13 574)
Interest received		402	465
Interest paid		(2 173)	(2 710)
Income tax paid		(42)	-
Distributions in respect of exchangeable securities paid in cash	11	-	(64)
Adjustments for non-cash items and other reconciling items	22	(3 016)	13 092
		<u>(2 855)</u>	<u>(2 791)</u>
Working capital adjustments	22	3 783	2 675
Net cash flows related to operating activities		<u>928</u>	<u>(116)</u>
Investing activities			
Additions to investment properties and capitalized letting fees	5	3	(276)
Additional loan advances to joint ventures	6	-	(615)
Loan repayments received from joint ventures	6	-	615
Net change in restricted cash	8	-	147
Net cash flows related to investing activities		<u>3</u>	<u>(129)</u>
Financing activities			
Repayment of mortgage loans	22	(547)	(1 032)
Repayment of lease liabilities	22	(1 569)	(1 697)
Issuance of interest bearing loan		26	10
Net cash flows related to financing activities		<u>(2 090)</u>	<u>(2 719)</u>
Decrease in cash		<u>(1 159)</u>	<u>(2 964)</u>
Effects of foreign exchange adjustments on cash		241	(21)
Cash at the beginning of the period	8	<u>6 249</u>	<u>12 489</u>
Cash at the end of the period	8	<u>5 331</u>	<u>9 504</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Inovalis Real Estate Investment Trust
Notes to the condensed interim consolidated financial statements
March 31, 2025

Note 1 – Organization

The Inovalis Real Estate Investment Trust (the “Trust”) is an open-ended real estate investment trust created pursuant to a Declaration of Trust dated February 8, 2013, under the laws of the Province of Ontario, Canada. These condensed interim consolidated financial statements include the accounts of the Trust and its subsidiaries (together the “REIT”). The REIT’s investment property portfolio, owned directly or through joint arrangements, is comprised of office rental properties located in France, Germany, and Spain.

The REIT’s head and registered office is located at 151 Yonge Street, 11th floor, Toronto, Ontario, M5C 2W7. The REIT’s units are listed on the Toronto Stock Exchange (“TSX”) under the symbol INO.UN.TO.

The REIT’s condensed interim consolidated financial statements as at and for the three months ended March 31, 2025, were authorized for issuance by the Board of Trustees on May 13, 2025.

The REIT has hired Inovalis S.A. (“Inovalis SA”), a real estate asset manager having operations in France, Germany, and Spain to manage certain functions. Refer to Note 1 of the 2024 annual consolidated financial statements for more information about the relationship between Inovalis SA and the REIT, and to Note 20 in these condensed interim consolidated financial statements, for information regarding the services provided by Inovalis SA to the REIT.

Inovalis SA is considered as a related party of the REIT as they share the same management. The founder and Chairman of Inovalis SA is the President of the REIT, the Chief Executive Officer (“CEO”) of Inovalis SA is also a part of the management team of the REIT, and the Deputy Chief Executive Officer of Inovalis SA is Chief Investment Officer (“CIO”) and Chief Financial Officer (“CFO”) of the REIT.

Note 2 – Basis of presentation and statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”), and thus do not contain all the disclosures applicable to the annual consolidated financial statements.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. Management considers that there are no material uncertainties that may cast significant doubt over this assumption. In concluding that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period, management has made several significant judgements. See Note 4, section on going concern analysis for further details.

These unaudited condensed interim consolidated financial statements use the same accounting policies and methods of their application as the REIT’s most recent annual consolidated financial statements and should be read in conjunction with the 2024 annual audited consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the IASB.

Note 3 – Recent accounting pronouncement adopted

The REIT has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates - Lack of exchangeability:

In June 2024, the IASB issued amendments to IAS 21 which specify that entities should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments are effective beginning on or after January 1, 2025.

These amendments had no impact on the condensed interim consolidated financial statements of the REIT, as no significant changes in exchangeability occurred after the date of initial application of IAS 21 by the REIT.

Note 4 – Critical accounting judgments and estimates

In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the REIT's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2024.

Going Concern Analysis

The REIT has prepared the financial statements on the assumption that it will continue to operate as a going concern. This implies that the REIT will continue its operations for the foreseeable future, enabling it to realize its assets and settle its obligations in the normal course of business. Management's assessment of the going concern status includes forecasting cash flow requirements under various stress-tested scenarios to identify any material risks to the REIT's ability to continue as a going concern. The significant judgments made in forecasting future cash flows relate to certain financing obligations for the REIT.

Subsequent to the quarter end, on April 30, 2025, the REIT successfully sold the Sabliere property located downtown Paris for a gross sale price of \$28,323 (€18,200) with \$1,328 (€854) transaction costs, for a net cash proceed available of \$13,004 (€8,356).

The REIT's ability to operate as a going concern over the twelve months following the release of the financial statements depends on its ability to successfully negotiate extensions and modifications to its third-party loans to meet cash flow needs and prevent the exercise of early repayment rights by lenders in the event of covenant breaches.

The REIT notes that it could consider the disposition of its Baldi property in France which has a 17% loan to-value (supported by Q4 2024 external valuation report) and on which unsolicited offers are being assessed for a sale before year end 2025.

(a) Breach of Trio Property Loan Covenant

As of March 31, 2025, the Trio property is in breach of the loan-to-value ratio on its \$44.5 million mortgage loans. On March 19, 2025, the senior lender HCOB confirmed a six-month extension of the maturity (initially set on March 15, 2025) and agreed on the timing for a €5,500 (\$8,559) repayment in early May 2025, condition for the waiver of the second mortgage held by HCOB on the Bad Homburg property (see below). The loan repayment would be funded by a €5,600 (\$8,715) mezzanine loan on the Bad Homburg property signed in April 2025 with a drawdown scheduled early May 2025. The 18-month mezzanine loan bears interest at 12% (6% paid quarterly and 6% at maturity). Management's objective is to refinance this loan with conventional financing, depending on progress on the reletting strategy. Given that all of the other terms of the Trio loan have been met and based on the REIT's regular communications with the lender, the REIT does not anticipate receiving an early repayment request from the lender.

Note 4 – Critical accounting judgments and estimates (cont'd)

Going Concern Analysis (cont'd)

(a) Breach of Trio Property Loan Covenant (cont'd)

However, should repayment be requested after September 15, 2025, the liquidity risk associated with this default is confined at the Trio entity level and triggers default interest payments during the default period. If recourse is made to the guarantees provided by the REIT, the risk would entail the loss of Trio's contribution to the REIT's equity, without compromising its liquidity.

(b) Breach of Baldi Loan Covenant

As of March 31, 2025, the SCI Baldi entity is in breach of two covenants on its \$4.1 million mortgage loan due to planned tenant vacancies resulting from the property being held within the REIT's asset recycling plan (See Note 10). The REIT is in communication with the lender regarding the planned future sale of this property. Given that all other terms of the Baldi loan have been met and based on regular communications with the lender, management does not anticipate the bank exercising its repayment right. However, this breach provides the lender with the right to trigger early repayment. If repayment is requested by the lender, it could result in a cash shortfall for the REIT, necessitating additional cash flow strategies to mitigate liquidity risk.

Management has forecasted that the REIT will be able to navigate any remaining cash flow shortages through effective management of working capital and capex requirements. Specifically, management has forecasted that the REIT will be able to defer certain tax payment deadlines and capex schedules as required and manage payment terms for vendor invoices. Management has also considered the REIT's history of employing capital management strategies successfully in making this judgement.

Note 5 – Investment properties

Reconciliations of the carrying amounts of investment properties at the beginning and end of the current financial period are as follow:

	For the three months ended March 31, 2025	For the year ended December 31, 2024
Balance, beginning of the period	327 789	412 967
Capex	3	768
Change in capitalized letting fees	(6)	(39)
Rent free periods	(120)	(318)
Net change in fair value of investment properties	4 156	(66 774)
Foreign currency translation adjustment	14 874	7 246
Asset classified as held for sale	-	(26 061)
Balance, end of the period	346 695	327 789

All of the REIT's investment properties with a fair value of \$346,695 (December 31, 2024 - \$327,789) are pledged as security for an amount of \$222,738 (December 31, 2024 - \$215,236) in mortgage loans and lease liabilities.

Appraisal capitalization and discount rates

The fair value of investment properties is determined by real estate valuation experts using recognized valuation techniques and the principles of IFRS 13. The REIT used the Direct Capitalization Method ("DC") to measure the fair value of its investment property.

Under the Direct Capitalization Method, the cash generated during the term of the lease as well as the cash generated at reversion, as estimated based on the normalized net operating income generated by the property, are capitalized using the same capitalization (discount) rate. The capitalization rates are determined based on recent real estate transactions with similar characteristics and location to those of the REIT assets. The group that determines the REIT's valuation policies and procedures for property valuations comprises the CEO, CIO and CFO. Each year, Inovalis SA appoints an independent real estate valuation expert who is responsible for the valuation of the REIT's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

Note 5 – Investment properties (cont'd)

In addition, the CEO and the CIO are responsible for the internal valuation department in charge of the evaluation of REIT's properties. Inovalis SA's internal valuation department comprises a certain number of employees that hold relevant internationally recognized professional qualifications and are experienced in valuing the types of property in applicable locations. External valuations are obtained every six months for the French properties, German properties, and Spanish property. The REIT's investment properties were last appraised by an external evaluator as of December 31, 2024. The adjusted market-value and stabilized capitalization rates by country are set out in the following table:

	As at March 31, 2025			
	France ²	Germany	Spain	Total
Fair value of investment properties for financial reporting purposes				
Market value (in KEUR) as estimated by external appraisers	178 605	37 700	26 600	242 905
Option costs	(2 589)	-	-	(2 589)
Adjusted market value in EUR	176 016	37 700	26 600	240 316
Exchange adjustment	97 850	20 969	14 795	133 613
Adjusted market value in CAD\$	273 866	58 669	41 395	373 930
Principal method used to value property ¹	DC	DC	DC	
Capitalization rate / discount rate	5.00% to 8.00%	6.10% to 7.30%	6,75%	
Terminal capitalization rate	6,39%	7,10%	6,75%	
Impact on the fair value of investment properties of :				
an increase of 25 bps on the cap rate and/or discount rate	(10 708)	(1 997)	(1 478)	(14 183)
a decrease of 25 bps on the cap rate and/or discount rate	11 656	2 143	1 592	15 390
(1)	<i>"DC" for Direct Capitalization Method</i>			
(2)	<i>Including the fair market value for the Sablière property of €17,500 (\$27,234) that is presented as an asset held for sale.</i>			

	As at December 31, 2024			
	France	Germany	Spain	Total
Fair value of investment properties for financial reporting purposes				
Market value (in KEUR) as estimated by external appraisers	175 900	37 700	26 600	240 200
Option costs	(2 589)	-	-	(2 589)
Adjusted market value in EUR	173 311	37 700	26 600	237 611
Exchange adjustment	84 784	18 443	13 013	116 239
Adjusted market value in CAD\$	258 094	56 143	39 613	353 850
Principal method used to value property ¹	DC	DC	DC	
Capitalization rate / discount rate	5.00% to 8.00%	6.10% to 7.30%	6,75%	
Terminal capitalization rate	6,42%	7,10%	6,75%	
Impact on the fair value of investment properties of :				
an increase of 25 bps on the cap rate and/or discount rate	(10 436)	(1 911)	(1 415)	(13 761)
a decrease of 25 bps on the cap rate and/or discount rate	11 355	2 050	1 524	14 929
(1)	<i>"DC" for Direct Capitalization Method</i>			
(2)	<i>Including the fair market value for the Sablière property of €17,500 (\$ 26,061) that is presented as an asset held for sale.</i>			

Right-of-use assets

The REIT leases various investment properties with a carrying amount of \$162,685 (December 31, 2024 – \$163,083) under leases which begin to expire in approximately 2 years (December 31, 2024: 3 years).

Note 6 – Investments in joint ventures

Outlined below is a breakdown of the carrying amounts of the components of the investments in joint ventures:

	Duisburg	Stuttgart	Delizy ³	Isenburg	Kosching	Total
Balance - December 31, 2023	14 514	11 706	-	7 684	7 728	41 632
Additional investment for the year	-	149	561	477	-	1 187
Share of net (loss) income from investments ¹	(2 167)	148	2 135	(2 930)	(367)	(3 181)
Impairment of loans to joint ventures ²	-	-	(2 729)	-	-	(2 729)
Loan repayments received from joint ventures	-	-	-	-	(626)	(626)
Exchange differences	255	214	33	123	139	764
Balance - December 31, 2024	12 602	12 217	-	5 354	6 874	37 047
Share of net income (loss) from investments ¹	346	226	(414)	89	109	357
Exchange differences	578	556	414	244	311	2 101
Balance - March 31, 2025	13 526	12 999	-	5 687	7 294	39 506

- (1) The share of net income (loss) from investments includes the interest expense in relation to the loans granted to the joint ventures. The interest earned by the REIT in relation to these loans for the three-months ended March 31, 2025 amounts to \$727 (2024 - \$688) and are included in "Finance income" (see note 16).
- (2) The REIT has only recognized a portion of its share of net loss from Delizy joint venture to bring its investment to nil. The REIT has not recognized a liability for any additional losses as it has no legal or constructive obligation to provide any additional funding to the Delizy joint venture as at March 31, 2025.

The balance of investments in joint ventures as at March 31, 2025 includes loans to joint ventures for an amount of \$24,632 which is detailed as follows:

Loans to joint ventures	Duisburg	Stuttgart	Delizy ¹	Isenburg	Kosching	Total
Gross Balance - March 31, 2025	11 599	10 184	12 336	681	(738)	34 062
Less: Cumulative ECL	-	-	(9 430)	-	-	(9 430)
Net Balance - March 31, 2025	11 599	10 184	2 906	681	(738)	24 632
Gross Balance - December 31, 2024	11 100	9 746	11 805	652	(705)	32 598
Less: Cumulative ECL	-	-	(9 430)	-	-	(9 430)
Net Balance - December 31, 2024	11 100	9 746	2 375	652	(705)	23 168

- 1) Net balance for the REIT's loan to Delizy as at March 31, 2025 and December 31, 2024 has been entirely offset by losses from the REIT's investment in joint venture upon inclusion of the loan as part of the REIT's overall investment in the Delizy JV under IAS 28.

Note 7 – Trade receivables and other financial assets

	Note	As at March 31, 2025	As at December 31, 2024
Trade receivables		4 124	3 560
Provision for impairment of trade receivables		(1 097)	(868)
Trade receivables		3 027	2 692
Other receivables		529	676
Other receivables - Inovalis SA	20	437	521
Interest receivable - Joint ventures - current	20	5 964	5 639
Other current financial assets		6 930	6 836
Total trade receivables and other financial assets		9 957	9 528

Note 8 – Cash, cash equivalents and restricted cash

Cash and cash equivalents

	As at March 31, 2025	As at December 31, 2024
Cash on hand	5 331	6 249
Cash and cash equivalents	5 331	6 249

Restricted cash

		As at March 31, 2025	As at December 31, 2024
Capex reserve	Trio property	1 219	1 167
Bank loan reserve	Delgado property	389	372
Others		78	72
Non current		1 686	1 611
Capex reserve	Trio property	387	370
Bank loan reserve	Sablère property	1 338	1 281
Current		1 725	1 651
Restricted cash		3 411	3 262

Note 9 – Asset held for sale

In September 2024, the REIT received an offer from a third-party purchaser (the “Purchaser”) relating to the Sablière property, which it then accepted on September 30, 2024. The Sablière property has a gross leasable area of 3,813 sqm (41,043 sq. ft.) and is located in the 14th District of Paris.

On March 28, 2025, the REIT signed an amendment to the exchange contract of November 2024 for the purchase and sale for the Sablière property. The final closing and disposition occurred subsequent to the quarter end, on April 30, 2025, leading to a \$28,323 sale (€18,200) excluding \$1,328 (€854) transaction costs (see Note 23 Subsequent events).

Given all the criteria related to classification as an asset held for sale were met as of March 31, 2025, the Sablière property remains presented on a separate line in the consolidated balance sheet as “Asset held for sale” as of March 31, 2025.

Note 10 – Mortgage loans and lease liabilities

Mortgage loans and lease liabilities consist of the following:

As at March 31, 2025					
Entity	Interest rate	Maturity	Total	Non-current	Current
Mortgage loan - Sabliere SCI ¹	Euribor 3M + 1.59%	23/06/2026	13 271	-	13 271
Mortgage loan - Cancorp Trio	Euribor 3M + 2.50%	15/09/2025	44 500	-	44 500
Mortgage loan - Baldi SCI	Euribor 3M + 1.75%	26/10/2027	4 098	-	4 098
Mortgage loan - Gaia Nanterre SCI	1.91%	27/03/2027	33 705	33 705	-
Mortgage loan - Cancorp Vegacinco	1.99%	31/03/2027	22 960	22 017	943
Mortgage loans			118 534	55 722	62 812
Lease liabilities - Arcueil SCI	Euribor 3M + 2.20%	08/07/2027	48 857	45 393	3 464
Lease liabilities - Metropolitan SCI	Euribor 3M + 1.84%	18/03/2031	55 348	51 521	3 827
Lease liabilities			104 205	96 914	7 291
Total mortgage loans and lease liabilities			222 739	152 636	70 103

(1) The Sabliere mortgage loan, with a maturity date in June 2026, is presented as current liability due to the classification of the Sabliere Property as an asset held for sale.

As at December 31, 2024					
Entity	Interest rate	Maturity	Total	Non-current	Current
Mortgage loan - Sabliere SCI	Euribor 3M + 1.59%	23/06/2026	12 721	-	12 721
Mortgage loan - Cancorp Trio	Euribor 3M + 2.50%	15/03/2025	42 584	-	42 584
Mortgage loan - Baldi SCI	Euribor 3M + 1.75%	26/10/2027	4 458	-	4 458
Mortgage loan - Gaia Nanterre SCI	1.91%	27/03/2027	32 191	32 191	-
Mortgage loan - Cancorp Vegacinco	1.99%	31/03/2027	22 495	21 770	725
Mortgage loans			114 449	53 961	60 488
Lease liabilities - Arcueil SCI	Euribor 3M + 2.20%	08/07/2027	47 159	45 832	1 327
Lease liabilities - Metropolitan SCI	Euribor 3M + 1.84%	18/03/2031	53 628	49 920	3 708
Lease liabilities			100 787	95 752	5 035
Total mortgage loans and lease liabilities			215 236	149 713	65 523

The aggregate principal repayments and balances maturing on the mortgage loans during the period indicated, are as follows:

	As at March 31, 2025		As at December 31, 2024	
	Carrying value	Minimum payments	Carrying value	Minimum payments
Within 1 year	62 812	53 239	60 488	50 817
After 1 year, but not more than 5 years	55 722	68 175	53 961	66 683
More than 5 years	-	-	-	-
	118 534	121 414	114 449	117 500
Less : future interest costs	-	(2 880)	-	(3 051)
Total mortgage loans	118 534	118 534	114 449	114 449

The aggregate principal repayments and balances maturing on the lease liabilities during the period indicated, are as follows:

	As at March 31, 2025		As at December 31, 2024	
	Carrying value	Minimum lease payments	Carrying value	Minimum lease payments
Within 1 year	7 291	11 176	5 035	8 794
After 1 year, but not more than 5 years	56 113	67 403	56 036	67 235
More than 5 years	40 801	42 626	39 716	41 993
	104 205	121 205	100 787	118 022
Less : future interest costs	-	(17 000)	-	(17 235)
Total lease liabilities	104 205	104 205	100 787	100 787

Note 10 – Mortgage loans and lease liabilities (cont'd)

Trio Property - Loan Extension

In March 2025, the REIT formally requested to extend the Final Repayment Date to September 15, 2025. On March 19, 2025, the senior lender, HCOB, confirmed the six-month extension of financing and agreed to a €5,500 loan repayment, which should be completed on May 15, 2025, along with the waiver of the second mortgage on the Bad Homburg property. This repayment was funded by a €5,600 mezzanine loan on the Bad Homburg property, signed on April 16, 2025. The 18-month mezzanine loan bears interest at 12% (6% paid quarterly and 6% at maturity). Management plans to refinance this mezzanine loan with conventional financing, depending on progress with the re-letting strategy.

Baldi SCI - Loan Covenants

The mortgage loan within the SCI Baldi entity is subject to two loan covenants, requiring the debt service coverage ratio (“DSCR”) to be over 115% and the loan to value (“LTV”) ratio to be less than 70%. These covenants are tested annually for compliance on June 30th, at which date if either of the covenants are not met, the mortgage loan becomes payable on demand. As at the most recent reference date, June 30th, 2024, the REIT was in breach as a result of planned tenant vacancies within this entity in preparation for the future sale of the Baldi property. The REIT is in negotiation with the senior lender to redesign the debt service scheme of this mortgage loan, but as there is no formal waiver in place as at March 31, 2025, the total carrying amount of the loan remains classified as a current liability due to the lender’s right to repayment.

Note 11 – Exchangeable securities

Exchangeable securities issued and outstanding	Exchangeable securities	
	Number of Exchangeable securities	Carrying amount of Exchangeable securities
Balance - December 31, 2023	938 036	1 595
Conversion of exchangeable securities into units of the REIT	(545 144)	(503)
Net change in fair value of exchangeable securities	-	(735)
Impact of foreign exchange	-	28
Balance - December 31, 2024	392 892	385
Net change in fair value of exchangeable securities	-	4
Impact of foreign exchange	-	(35)
Balance - March 31, 2025	392 892	354

Distribution in respect of Exchangeable Securities:

The Exchangeable Securities entitle the holder, Inovalis SA, to cash distributions from CCEU equal, on a per unit basis to the distributions paid to holders of units by the REIT. Since the suspension of distribution, Inovalis SA received interest on promissory notes from CCEU based on the contractual agreement, in the same way that the REIT received the interests on promissory notes from CCEU.

The following table breaks down distribution payments for distributions on exchangeable securities:

	Note	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Amount payable at the beginning of the period		-	236
Distribution on exchangeable securities paid in cash		-	(64)
Amount payable at the end of the period		-	172

Note 12 – Trade and other payables

	Note	As at March 31, 2025	As at December 31, 2024
Trade payables		10 037	6 321
Trade payables		10 037	6 321
Other payables		740	1 092
Other payables - Joint ventures	20	353	-
VAT payable		1 606	1 255
Other payables		2 699	2 347
Total trade and other payables		12 736	8 668

The year-on-year increase of trade payable is mainly due to IFRIC 21 (recognition of property taxes).

Note 13 – Provisions

As at March 31, 2025, the provisions include €165 (\$256) related to the Arcueil property. Following a court judgment in November of 2024, the REIT settled the case with a final payout agreed upon of €229 (\$356). This amount has been recognized in trade and other payables as at March 31, 2025 and was paid subsequent to the quarter-end, in May of 2025.

Note 14 – Revenue from investment properties

Revenue from investment properties consists of the following:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Regular rents	4 334	4 776
Rent free periods (lease incentives)	(96)	(145)
Rental income	4 238	4 631
Property operating cost recoveries	1 352	1 192
Total revenue	5 590	5 823

The property operating cost recoveries were as follows:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Property taxes	380	380
Insurance	16	104
Property management fees	163	123
Utilities and other cost recoveries	793	585
Property operating cost recoveries	1 352	1 192

Note 15 – Expenses

Property operating costs consist of the following:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Property tax expenses	(3 728)	(3 557)
Insurance expenses	(88)	(187)
Property management fees	(211)	(149)
Utilities and other costs	(1 247)	(1 211)
Total property operating costs	(5 274)	(5 104)

In accordance with IFRIC 21, the REIT recognizes the full amount of annual property tax liabilities at the point in time when the realty tax obligation is imposed. For the three months ending March 31, 2025, the amount recognized is \$2,810 (2024 - \$2,607).

General and administrative expenses consist of the following:

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Asset management fees	(462)	(499)
Less : amount invoiced to joint ventures	300	291
	(162)	(208)
Professional fees for accounting, tax and audit	(558)	(782)
Legal expenses	(153)	(151)
Trustee fees	(64)	(59)
Travel expenses	(105)	(84)
Governance expenses	(77)	(94)
Bank and depositary fees	(51)	(76)
Listing, transfer agent and publication fees	(19)	(14)
Other general and administrative expenses	(128)	(314)
Total general and administrative expenses	(1 317)	(1 782)

Note 16 – Finance costs and finance income

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Interest costs related to mortgage loans	(1 042)	(1 634)
Interest costs related to lease liabilities	(887)	(1 465)
Interest SWAP and CAP	-	471
Other finance costs	(172)	(19)
Amortization of transaction costs on mortgage loans	(72)	(63)
Finance costs	(2 173)	(2 710)
Finance income from joint venture loans	727	688
Other finance income	-	453
Finance income	727	1 141

Note 17 – Trust units

The REIT is authorized to issue an unlimited number of units and an unlimited number of Special Voting Units.

The beneficial interests of the REIT are comprised of a single class of units which represent unitholders proportionate undivided beneficial interest in the REIT. No unit has any preference over any other unit. Each unit confers the right to one vote at any meeting of unitholders and to participate on a pro rata basis in any distributions by the REIT and, in the event of the termination of the REIT, in the net assets of the REIT remaining after the settlement of all liabilities of the Trust. The units of the Trust are redeemable at the demand of the unitholders at the fair market value of the units at that time.

Special Voting Units have no economic entitlement in the REIT but entitle the holder to one vote per Special Trust Unit at any meeting of the unitholders of the REIT. Special Voting Units may only be issued in connection with or in relation to Exchangeable Securities (see Note 11 – Exchangeable Securities) for the purpose of providing voting rights with respect to the REIT to the holders of such securities. As of March 31, 2025, 392,892 Special Voting Units were issued and outstanding (December 31, 2024 – 392,892).

Note 18 – Accumulated other comprehensive income

	As at March 31, 2025	As at December 31, 2024
Net unrealized gain on derivatives designated as a hedge of the net investment in foreign entities	2 816	2 816
Cumulative translation adjustment account	21 665	12 850
Accumulated other comprehensive income	24 481	15 666

Change in cumulative translation adjustment account is \$8,815 attributable to the Unitholders of the Trust of which \$80 is attributable to minority interest.

Note 19 - Unit-based compensation plan

The REIT through its Deferred Share Unit (“DSU”) Plan, grants DSU’s to its trustees and senior officers as non-cash compensation. These DSU’s are measured at fair value at the grant date and compensation expense is recognized consistent with the vesting features of the plan. The DSU plan is accounted for as a cash-settled award as the underlying REIT units are redeemable at the sole discretion of the unitholders for cash at market value of the units. For cash-settled awards, the REIT recognizes a liability measured at its fair value. At each reporting date until the liability is settled, the fair value of the liability is remeasured, with any changes in fair value recognised as compensation expense for the same period. Upon settlement of a DSU, the liability balance is reduced and the resulting Trust Unit is recorded in equity.

Effective May 15, 2019, the REIT’s unitholders approved a DSU Plan to grant DSUs to its trustees and senior officers and reserved a maximum of 200,000 units for issuance under the plan. A DSU is a unit equivalent in value to one trust unit of the REIT. The DSU Plan permits the REIT’s trustees to defer receipt of all or a portion of their trustee fees until termination of the trustee service and to receive such fees in the form of trust units at that time (“Elected DU”). Elected DU will vest immediately upon grant.

The DSU Plan allows the Board of Trustees to grant DSUs to its senior officers at the Board’s discretion (“Granted DU”). The Granted DU will vest 1/3 over each anniversary date from date of grant over three years. The cost of Granted DU is recognized in the interim consolidated statement of earnings consistent with the vesting feature of each grant.

In addition, whenever cash distributions are paid on the REIT’s Trust Units, additional deferred units (“ADU”) shall be granted based on aggregate number of vested DSUs as at the same date.

	As at March 31, 2025	As at December 31, 2024
Outstanding at beginning of period	157 240	58 595
Elected DU	20 109	70 222
Exercised	-	(66 325)
ADUs earned	-	92 125
Forfeited	-	2 623
Outstanding at end of period	177 349	157 240

As of March 31, 2025, 177,349 DSUs are outstanding and 22,651 DSUs are available for grant under the DSU Plan.

Note 20 – Transactions with related parties

Inovalis SA – Asset manager

Pursuant to the Management Agreement, Inovalis SA is the asset manager of the REIT and provides the strategic, advisory, asset management, project management, construction management, property management and administrative services necessary to manage the operations of the REIT and its subsidiaries.

Unless otherwise stated, none of these transactions incorporated special terms and conditions. The amended management agreement allows for the management fees to be settled quarterly through the issuance of either exchangeable securities or in cash. During the three months ended March 31, 2025, the management fees were settled fully in cash.

Inovalis and its subsidiaries	Financial statement line item	Note	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Expenses				
Asset management fees	Administration expenses	A	(162)	(208)
Facilities management fees	Service charge expenses		(119)	(54)
Property management fees	Service charge expenses	B	(211)	(146)
Reimbursement of travel expenses	Administration expenses		(105)	(84)
Trustee fees	Administration expenses		(64)	(59)
			<u>(662)</u>	<u>(551)</u>

- (A) Asset management fees of \$462 and \$499 for the three-months ending March 31, 2025, and 2024 respectively, correspond to the asset management fees earned for the entire portfolio, including \$300 and \$291 attributable to assets held through joint ventures. Fees are payable in cash and/or exchangeable securities, the exact composition of which is determined by the Board annually.
- (B) An annual property management fee in an amount between 3.0% and 3.5% of the gross revenue of the properties, approximately 90% of which is rebilled to tenants.

		Due from (to) Inovalis SA	
Inovalis and its subsidiaries	Note	As at March 31, 2025	As at December 31, 2024
Assets			
Trade and other receivables	7	437	521
		<u>437</u>	<u>521</u>
Liabilities			
Interest-bearing loan		298	272
Distributions payable	11	-	(5)
Exchangeable securities	11	354	385
		<u>652</u>	<u>652</u>

Note 20 – Transactions with related parties (cont'd)

Joint ventures

The transactions and balances with joint ventures entities are summarized below:

	Financial statement line item	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Management fees invoiced to joint ventures	Administration expenses	(300)	(291)
Facilities management fees	Service charge expenses	(19)	-
Property management fees	Service charge expenses	(105)	(44)
Finance income	Finance income	727	688
		<u>303</u>	<u>353</u>
		<u>Due from joint ventures</u>	
	Financial statement line item	As at March 31, 2025	As at December 31, 2024
Assets			
Loan receivable	Investments accounted for using the equity method	24 632	23 168
Interest receivables	Other financial assets - current	5 964	5 639
		<u>30 596</u>	<u>28 807</u>
Liabilities			
Balance of sale payable	Trade and other payables	353	249
		<u>353</u>	<u>249</u>

For more information on joint ventures, please refer to Note 6 – Investments in joint ventures.

Remuneration of key management personnel

The following table presents the remuneration of key management personnel, which for the purposes of this note are defined as the members of the board of trustees as well as the officers of CCEU. The appointed officers of the REIT are employed and remunerated by Inovalis SA rather than the REIT, and the costs of their services are not invoiced distinctly from the overall asset management fees.

	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Wages, fees and other benefits	(64)	(59)
	<u>(64)</u>	<u>(59)</u>

Note 21 – Financial instruments and risk management

The following table shows an analysis of the fair values of financial instruments and non-financial assets measured at fair value on a recurring basis recognized on the consolidated balance sheet by the level of the fair value hierarchy. There are currently no items valued using Level 1 of the fair value hierarchy.

As at March 31, 2025			
	Level 2	Level 3	Total
Investment properties	-	346 696	346 696
Investment property - classified as held for sale	-	27 234	27 234
Exchangeable securities	(354)	-	(354)
As at December 31, 2024			
	Level 2	Level 3	Total
Investment properties	-	327 789	327 789
Investment property - classified as held for sale	-	26 061	26 061
Exchangeable securities	(385)	-	(385)

The REIT's financial assets and liabilities comprise cash, trade receivables, trade payables and accrued liabilities, mortgages loans and exchangeable securities. Fair values of financial assets and liabilities and discussion of risks associated with financial assets and liabilities are presented as follows.

Fair value of financial assets and liabilities

The fair values of cash, trade receivables, trade payables and accrued liabilities approximate their carrying values due to the short-term maturities of these instruments.

(a) Mortgage loans

Mortgage loans are carried at amortized cost using the effective interest rate method of amortization. The estimated fair values of long-term borrowings are based on market information, where available, or by discounting future payments of interest and principal at estimated interest rates expected to be available to the REIT as at March 31, 2025.

The fair value of the mortgage loans has been determined by discounting the cash flows of these financial obligations using March 31, 2025, market rates for debts of similar terms (Level 2). Based on these assumptions, the fair value as of March 31, 2025 of the mortgage loans has been estimated at \$116,909 (December 31, 2024 – \$113,145) compared with the carrying value before deferred financing costs of \$118,534 (December 31, 2024 – \$114,449). The fair value of the mortgages payable varies from the carrying value due to fluctuations in interest rates since their issue.

(b) Exchangeable Securities

The fair value of the Exchangeable Securities is based on the quoted price of the REIT's own units, on the basis that they are exchangeable on a one-to-one basis throughout their life at the request of the unit holders. Other features of the Exchangeable Securities have no significant impact on their fair value.

Note 21 – Financial instruments and risk management (cont'd)

Risks associated with financial assets and liabilities

The REIT is exposed to financial risks arising from its financial assets and liabilities. The financial risks include interest rate risk, credit risk and liquidity risk. The REIT's overall risk management program focuses on establishing policies to identify and analyze the risks faced by the REIT, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the REIT's activities. The REIT aims to develop a disciplined control environment in which all employees understand their roles and obligations.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of interest rate risk and currency risk.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The REIT's exposure to the risk of changes in market interest rates relates to the long-term debt obligations with floating interest rates related to leases and mortgage loans. The interest rate risk is mitigated by the REIT's strategy using derivative financial instruments on mortgage loans and on the lease liabilities.

Currency risk

The REIT operates in France, Germany and Spain, and the functional currency for these operations is the Euro. The REIT's distributions are paid to unitholders in Canadian dollars. Thus, the cash available for distribution to unitholders could be adversely impacted by currency variations. To ensure the predictability of distributions to unitholders, the REIT enters into foreign currency forward contracts to offset its exposure to currency risk.

Liquidity Risk

The REIT's objective is to maintain a balance between continuity of funding and flexibility using bank deposits and loans. Liquidity risk inherent to the financial structure of the business is mainly managed through quarterly updates of short-term cash flow forecasts, follow-up of availability of funding through an adequate amount of committed credit facilities, as well as the status of the maturity of financial assets and liabilities.

Management has determined that there are no material uncertainties as to the REIT's ability to operate as a going concern and sustain its operations for the twelve months following the date of the consolidated balance sheet. See Note 2 for key judgements made by management on arriving at this conclusion.

Specifically, as of March 31, 2025, current liabilities for the REIT exceeded current assets by \$67,612 (December 31, 2024 - \$58,680). This shortfall is as a result of the loans for Trio, Baldi & Sabliere being classified as current. The REIT is actively managing its liquidity risk with respect to these loans as follows:

- A. **Trio Loan** – The Trio loan has been classified as current due to its upcoming maturity in Q3 of 2025. The REIT is in active negotiations with the lender (HCOB) to sign a long-term loan extension beyond Q3 2025, after exercising its 6-month extension option in Q1 of 2025. Prior success in negotiating extensions with HCOB, as well as current progress towards negotiating the long-term extension support the REIT's ability to extend the loan beyond its upcoming maturity.
- B. **Baldi Loan** – The Baldi loan has been in breach of a covenant since Q2 of 2022, and as such has been classified as current due to the lender's (SOCFIM) right to repayment. The REIT has kept the lender regularly informed about the ongoing work to prepare the Baldi property for disposition and redevelopment, at which time repayment will occur. Since the 2021 deleveraging of the Baldi mortgage loan of \$12 million, the lender exposure is down to a 17% loan-to-value (supported by Q4 2024 external valuation report of \$25,912). Given that all the other terms of the Baldi loan have been met and based the status of the REIT's regular communications with the lender, management has determined that there is no material risk of the bank exercising its repayment right.
- C. **Sabliere Loan** – As an offer to purchase Sabliere has been accepted, the Sabliere loan has been classified as a current liability associated with an asset held for sale. The REIT fully repaid the loan immediately upon disposition of the Sabliere property on April 30, 2025 (see Notes 9 and 23).

Note 21 – Financial instruments and risk management (cont'd)

Management also notes that the REIT has the ability to unlock liquidity as required through the disposal of other marketable and in-demand assets (Metropolitan and Delgado). The sale of either of these assets would generate significant positive working capital that the REIT could use to minimize any existing liquidity risk.

Fair value of financial assets and liabilities

The following table provides a comparison of the carrying amounts and fair value of the REIT's financial assets and liabilities that are not carried at fair value in the Consolidated Financial Statements.

As at March 31, 2025	Fair value hierarchy level	Carrying amount	Fair value
Financial assets			
Loans to joint ventures	3	24 632	24 632
Financial liabilities			
Mortgage loans	2	118 534	116 909
Tenant deposits	2	2 561	2 561
As at December 31, 2024	Fair value hierarchy level	Carrying amount	Fair value
Financial assets			
Loans to joint ventures	3	23 168	23 168
Financial liabilities			
Mortgage loans	2	114 449	113 145
Tenant deposits	2	2 483	2 483

Note 22 – Cash flow information

	Note	For the three months ended March 31, 2025	For the three months ended March 31, 2024
Adjustments for non-cash items and other reconciling items:			
Decrease in rent-free period	5	120	74
Net change in fair value of investment properties	5	(4 156)	11 985
Change in classification of finance costs in relation to mortgage loan		-	50
Net change in fair value of financial derivatives		-	405
Net change in fair value of exchangeable securities		(4)	(385)
Finance income	16	(727)	(1 141)
Finance costs	16	2 173	2 710
Share of net loss from investments in joint venture	6	(357)	(606)
Foreign exchange gain		(65)	-
		(3 016)	13 092
Working capital adjustments			
Increase (decrease) in trade and other receivables		482	(281)
Decrease in tenant deposits		(43)	(105)
Increase in trade and other payables		3 269	3 061
		3 708	2 675

Cash and non-cash changes in liabilities arising from financing activities:

Liabilities	As at December 31, 2024	Cash flows - repayment	Foreign exchange movement	Fair value changes	As at March 31, 2025
Exchangeable securities	385	-	(35)	4	354
Mortgage loans	114 449	(547)	4 632	-	118 534
Lease liabilities	100 787	(1 569)	4 987	-	104 205

Note 23 – Subsequent events

Sale of Sabliere Property

Subsequent to the quarter-end, on April 30, 2025, the REIT signed the anticipated disposition of the Sabliere property for a sale price of \$28,323 (€18,200), excluding transaction and eviction costs of \$1,328 (€854). Of these costs, broker and advisory fees have been paid to related parties (Inovalis S.A and affiliated company) for an amount of \$637 (€410). These broker fees were paid to secure the transaction and ensure that all parties involved were adequately compensated for their services. These transactions were considered related party transactions due to the affiliation between the REIT and Inovalis SA.

Walpur – inception of a new mezzanine loan

On April 16, 2025, the REIT engaged in a new mezzanine financing for the Bad Homburg property. The 18-month mezzanine loan of €5,600 (\$8,715) bears interest at 12% (6% paid quarterly and 6% at maturity) is dedicated to fund the partial repayment of the Trio mortgage loan (see below). Management's objective is to refinance this mezzanine loan with conventional financing, depending on progress on the reletting strategy.

Corporate information

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Investor relations

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Website: www.inovalisreit.com

Stock exchange listing

The Toronto Stock Exchange

Listing symbol: INO.UN.TO

Distribution Reinvestment Plan

On August 15, 2022, the REIT announced the suspension of its Distribution Reinvestment and Unit Purchase Plan (the “DRIP”) effective as of its September Distribution. The DRIP will remain suspended until further notice and commencing with the September 2022 Distribution, distributions of the REIT will be paid only in cash. The DRIP allowed eligible holders of units to reinvest their cash dividends paid in respect of their units in additional units, which, at the REIT’s election, were issued from treasury or purchased on the open market. If the REIT elected to issue units from treasury, such units were purchased under the DRIP at a three percent discount to the volume weighted average of the closing price for the units on the Toronto Stock Exchange (the “TSX”) for the five trading days immediately preceding the relevant dividend payment date. The REIT could, from time to time, in its sole discretion, change or eliminate the discount applicable to units issued from treasury.



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