


INOVALIS REAL ESTATE INVESTMENT TRUST ANNOUNCES THE FINANCIAL RESULTS FOR Q1 2026

Toronto, Ontario, May 12, 2026 – Inovalis Real Estate Investment Trust (the “REIT”) (TSX: INO.UN) today reported financial results for the quarter ended March 31, 2026. The unaudited Consolidated Financial Statements and Management’s Discussion and Analysis (“MD&A”) for Q1 2026 and 2025 are available on the REIT’s website at www.inovalisreit.com and at www.sedarplus.ca. All amounts except rental rates, square footage and per unit amounts are presented in thousands of Canadian dollars or Euros, or as otherwise stated.



 Stephane Amine, CEO and President of the REIT, commented *“The past year has brought into focus, structural changes in the REIT sector that have been building for years. We have taken decisive steps to simplify the portfolio and improve liquidity in response. The focus now shifts to leasing execution and operational stability, underpinned by a disciplined approach to capital”.*

Net Rental Income

For the portfolio that includes assets owned entirely by the REIT (“IP Portfolio”), Q1 2026 Net Rental Income (“NRI”) was \$739 (€460), compared to \$155 (€103) NRI for Q1 2025. The decrease was primarily attributable to the sale of the Trio property in January 2026, which largely offset the positive contributions from the Sabliere and Baldi properties that were included in the IP portfolio during Q1 2025 prior to their dispositions in April and December, 2025, respectively.

In Q1 2026, Net Rental Income, adjusted for IFRIC 21 for the portfolio that includes the REIT’s proportionate share in joint ventures (“Total Portfolio”), was \$4,149 (€2,584), compared to \$5,000 (€3,310) for Q1 2025, a decrease related to the same factors as for the IP Portfolio.

Leasing Operations

As of March 31, 2026, following the disposition of the Trio property (73% occupancy) at the end of January, the REIT’s IP Portfolio occupancy was 39.3%, compared to 57% for the REIT’s Total Portfolio. Strategic vacancy has been maintained in the Arcueil and Delizy properties in support of the dispositions which, for Arcueil, is currently under exchange contract as outlined in the Asset Recycling Plan. Excluding Arcueil and Delizy, the Total Portfolio occupancy rate was 83% at March 31, 2026.

During the fourth quarter of 2025, management signed a long-term extension of the main tenant’s lease at the Metropolitan property bringing occupancy to 100%, effective February 2026. At the Gaia property, negotiations are advancing to secure a lease with a public hospital and medical center for approximately ten percent of the space in 2026.

Asset Recycling Plan

Arcueil is the remaining property in the Asset Recycling Plan. Management is progressing toward closing the sale before the end of the year which is conditional to issuance of the building permit. The sale of 87.5% of the property for \$60,345 (€37,540) is still evolving according to plans. Marketing efforts are ongoing for the remaining 12.5% interest in the property.

Sale of the Trio Property

The REIT closed the disposition of the Trio property on January 30, 2026 for \$15,798 (€9,800). Concurrently with the closing of the sale, the senior lender agreed to waive the \$17,020 (€10,600) portion of its loan that could not be repaid from the proceeds of the sale, strengthening the REIT's overall financial position. The REIT incurred a \$517 (€322) loss on disposition representing sale costs, including \$318 (€198) paid to related parties.

Capital Market Considerations

European real estate markets remain compressed, weighed down by persistent inflation pressure, structurally higher financing costs, and continued geopolitical uncertainty.

Unitholders' equity stood at \$151,399 (€101,665) at March 31, 2026. Book value per Unit was \$4.53 (\$4.49 fully diluted). The TSX closing price of \$0.86 per Unit reflects continued investor caution toward the office REIT sector and current capital market conditions.

In the current market, the REIT remains focused on balance sheet resilience. At March 31, 2026, debt to gross book value, net of cash, stood at 56.9% for the Total Portfolio and 46.4% for the IP Portfolio.

Management continues to evaluate capital allocation decisions through the lens of value per transaction and sustainable leverage reduction.

Liquidity and Capital Position

As at March 31, 2026, REIT's cash position was \$20.1 million, reflecting proceeds from recent asset dispositions. Available liquidity is expected to be used to support senior debt service, including interest and amortization, fund tenant improvements to advance leasing activity, and address tax-related obligations, subject to the outcome of an ongoing appeal.

In addition to this available cash, the REIT held \$1,366 of restricted cash, which may be applied toward partial deleveraging in advance of loan extensions or upon property dispositions. The REIT also held \$5,369 of cash within assets held in joint venture, including \$2,616 of restricted cash established in connection with debt refinancing and intended to support lender requirements, capital expenditures and leasing incentives.

Funds From Operations and Adjusted Funds From Operations¹

Management has excluded from the Q1'26 FFO calculation the \$17,020 non-recurring finance income obtained in relation to the Trio disposition. FFO and AFFO per Unit for Q1 2026 were nil, in line with the current occupancy level and borrowing costs.

Financing Activity

The REIT is financed almost exclusively with asset-level, non-recourse financing with an average term to maturity of 1.9 years for the Total Portfolio (2.3 years for the IP Portfolio). In February 2026, Management obtained a six-month extension of the mortgage loans financing the Stuttgart, Neu-Isenburg and Kosching properties, held in joint-venture, now maturing in August 2026. Several maturities are expiring in the next 12 months following the reporting date, notably the Gaia, Delgado and Duisburg financing. Management is confident in obtaining an extension at maturity without massive deleverage.

¹ FFO and AFFO are non-GAAP measures. See the section "Non-GAAP Financial measures and Other Measures" for more information on the REIT's Non-GAAP financial measures. A reconciliation of FFO and AFFO to Net Income can be found under the "Non-GAAP Financial measures and Other Measures".

For the three-month period ended March 31, 2026, the weighted average interest rate across the Total Portfolio was 3.30%. As at March 31, 2026, 63% of the REIT's Total Portfolio debt was subject to variable interest rates, primarily associated with short-term financing on properties currently being marketed for sale.

Environmental, Social and Governance (ESG)

Integration of ESG objectives and strategies into the REIT's business reflects the growing importance of these factors among many of our key stakeholders. The REIT is working to improve its long-term environmental performance, and also to invest in "human capital" for the implementation and monitoring of all ESG initiatives.

FORWARD-LOOKING INFORMATION

Certain statements contained, or contained in documents incorporated by reference, may constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to the REIT's future outlook and anticipated events or results and may include statements regarding the future financial position, business strategy, budgets, occupancy rates, rental rates, productivity, projected costs, capital investments, development and development opportunities, financial results, taxes, plans and objectives of or involving the REIT. Particularly, statements regarding the REIT's future results, performance, achievements, prospects, costs, opportunities, and financial outlook, including those relating to the sale of the Arcueil property, acquisition and capital investment strategies and the real estate industry generally, are forward-looking statements. In some cases, forward-looking information can be identified by terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or the negative thereof, or other similar expressions concerning matters that are not historical facts. Forward-looking statements are based on certain factors and assumptions regarding expected growth, results of operations, performance, and business prospects and opportunities.

Although management believes that the expectations reflected in the forward-looking information are reasonable, no assurance can be given that these expectations will prove to be correct, and since forward-looking information inherently involves risks and uncertainties, undue reliance should not be placed on such information.

Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such forward-looking statements. The estimates and assumptions, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth in this press release as well as the following:

- (i) the ability to complete the sale of Arcueil;
- (ii) the ability to continue to receive financing on acceptable terms;
- (iii) the future level of indebtedness and the REIT's future growth potential will remain consistent with current expectations;
- (iv) there will be no changes to tax laws adversely affecting the REIT's financing capability, operations, activities or structure;
- (v) the REIT will retain and continue to attract qualified and knowledgeable personnel to manage the portfolio and business;
- (vi) the impact of the current economic and political climate and the current global financial conditions on operations, including the REIT's financing capability and asset value, will remain consistent with current expectations;

- (vii) there will be no material changes to government and environmental regulations that could adversely affect operations;

- (viii) conditions in the international and, in particular, the French, German, Spanish and other European real estate markets, including competition for acquisitions and the market for dispositions, will be consistent with past conditions; and
- (ix) the demand for the REIT's properties and global supply chains and economic activity in general.

The REIT cautions that this list of assumptions is not exhaustive. Although the forward-looking statements contained in this press release are based upon assumptions that management believes are reasonable based on information currently available to management, there can be no assurance that actual results will be consistent with these forward-looking statements.

When relying on forward-looking statements to make decisions, the REIT cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties. Forward-looking statements should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not, or the times at or by which, such performance or results will be achieved. A number of factors could cause actual results to differ, possibly materially, from the results discussed in the forward-looking statements, including, but not limited to:

- the REIT's ability to execute its asset recycling and capital deployment strategies;
- the impact of changing conditions in the European office market;
- the marketability and value of the REIT's portfolio;
- changes in the attitudes, financial condition and demand in the REIT's demographic markets;
- the political environment in the REIT's demographic markets;
- fluctuation in interest rates and volatility in financial markets;
- the geopolitical conflict around the world on the REIT's business, operations and financial results;
- general economic conditions, including any continuation or intensification of the current economic conditions;
- developments and changes in applicable laws and regulations; and
- such other factors discussed under "Risk and Uncertainties" in the MD&A).

If any risks or uncertainties with respect to the above materialize, or if the opinions, estimates or assumptions underlying the forward-looking statements prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking statements. The opinions, estimates or assumptions referred to above and described in greater detail under "Risks and Uncertainties" in the MD&A should be considered carefully by readers. Although management has attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other risk factors not presently known or that management believes are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking statements.

Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans relating to the future. Certain statements included in this press release may be considered a "financial outlook" for purposes of applicable Canadian securities laws, and as such, the financial outlook may not be appropriate for purposes other than this press release. All forward-looking statements are based only on information currently available to the REIT and are made as of the date of this press release. Except as expressly required by applicable Canadian securities law, the REIT assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All forward-looking statements in this press release are qualified by these cautionary statements.

Non-GAAP Financial Measures and Other Measures

There are financial measures included in this MD&A that do not have a standardized meaning under IFRS. These measures include funds from operations, adjusted funds from operations, and other measures presented on a proportionate share basis. These measures have been derived from the REIT's financial statements and applied on a consistent basis as appropriate. Management includes these measures as they represent key performance indicators to management, and it believes certain investors use these measures as a means of assessing relative financial performance. These measures, as computed by the REIT, may differ from similar computations as reported by other entities and, accordingly, may not be comparable to other such entities. These measures should not be considered in isolation or used as a substitute for other measures of performance prepared in accordance with IFRS.

USE OF OPERATING METRICS

The REIT uses certain operating metrics to monitor and measure the operational performance of its portfolio. Operating metrics in this press release include GLA, committed occupancy, Weighted Average Lease Term and average term to maturity. Certain of these operating metrics, may constitute supplementary financial measures as defined in National Instrument 52-112 - Non-GAAP and Other Financial Measures Disclosure. These supplementary measures are not derived from directly comparable measures contained in the REIT's financial statements but may be used by management and disclosed on a periodic basis to depict the historical or future expected financial performance, financial position or cash flow of the REIT.

"Adjusted Funds From Operations" or **"AFFO"** is a meaningful supplemental measure that can be used to determine the REIT's ability to service debt, fund expansion capital expenditures, fund property development, and provide distributions to Unitholders after considering costs associated with sustaining operating earnings.

AFFO calculations are reconciled to net income, which is the most directly comparable IFRS measure. AFFO should not be construed as an alternative to net income or cash flow generated from operating activities, determined in accordance with IFRS.

AFFO is defined as FFO subject to certain adjustments, including adjustments for: (i) the non-cash effect of straight-line rents, (ii) the cash effect of the rental guarantee received, (iii) amortization of fair value adjustment on assumed debt, (iv) capital expenditures, excluding those funded by a dedicated cash reserve or capex financing, and (v) amortization of transaction costs on mortgage loans.

"Adjusted Funds From Operations / Unit" or **"AFFO / Unit"** is AFFO divided by the issued and outstanding Units, plus Exchangeable Securities (fully diluted basis).

"AFFO Payout Ratio" is the value of declared distributions on Units and Exchangeable Securities, divided by AFFO.

"Average term to maturity" refers to the average number of years remaining in the lease term.

"Book value per Unit" refers to the REIT's total equity divided by the Weighted Average number of Units and Exchangeable Securities (on a fully diluted basis).

"Debt-service covenant ratio calculation" or **"DSCR"** refers to the rental income divided by the debt service, including interest and amortization.

"Debt-to-Gross-Book Value" refers to the REIT's apportioned amount of indebtedness respectively in the IP Portfolio and the Total Portfolio. Indebtedness on an IP and Total Portfolio basis is calculated as the sum of (i) lease liabilities, (ii) mortgage loans, (iii) other long-term liabilities, and (iv) deferred tax liabilities. Indebtedness

does not include certain liabilities as is the case for the Exchangeable Securities and at the joint venture level for the contribution from the REIT and its partners.

“**Exchangeable Securities**” means the exchangeable securities issued by CanCorpEurope, in the form of interest bearing notes, non-interest bearing notes and variable share capital.

“**Fully diluted basis**” refers to a nominal value divided by the issued and outstanding Units, plus Exchangeable Securities.”

“**Funds From Operations**” or “**FFO**”¹ follows the definition prescribed by the Real Estate Property Association of Canada publication on Funds From Operations & Adjusted Funds From Operations, dated January 2023 with one exception.

Management considers FFO to be a meaningful supplemental measure that can be used to determine the REIT’s ability to service debt, fund capital expenditures, and provide distributions to Unitholders.

FFO is reconciled to net income, which is the most directly comparable IFRS measure. FFO should not be construed as an alternative to net income or cash flow generated from operating activities, determined in accordance with IFRS.

FFO for the REIT is defined as net income in accordance with IFRS, subject to certain adjustments including adjustments for: (i) acquisition, eviction and disposal costs (if any), (ii) net change in fair value of investment properties, (iii) net change in fair value of derivative financial instruments at fair value through profit and loss, (iv) net changes in fair value of Exchangeable Securities, (v) finance costs related to distribution on Exchangeable Securities, (vi) adjustment for property taxes accounted for under IFRIC 21 (if any), (vii) loss on exercise of lease option (if any), (viii) adjustment for foreign exchange gains or losses on monetary items not forming part of an investment in a foreign operation (if any), (ix) gain or loss on disposal of investment properties or an interest in a subsidiary (if any), (x) finance income earned from loans to joint ventures (if any), (xi) loss on extinguishment of loans (if any), (xii) deferred taxes, (xiii) non-controlling interest, (xiv) goodwill / bargain purchase gains upon acquisition, (xv) income taxes on sale of investment properties and provision for tax reassessment and (xvi) non-recurring finance income related to bank debt waiver correlated with a sale.

Exchangeable Securities are recorded as liabilities. Exchangeable Securities are recorded at fair value through profit and loss in accordance with IFRS. However, both are considered as equity for the purposes of calculating FFO and AFFO, as they are economically equivalent to the REIT’s Units, with the same features and distribution rights, that are economically equivalent to the distribution received by Unitholders.

“**Funds From Operations / Unit**” or “**FFO / Unit**”¹ is FFO divided by the issued and outstanding Units, plus Exchangeable Securities (fully diluted basis).

“**Gross book value**” refers to the total consolidated assets for the IP Portfolio and Total Portfolio.

“**Interest Coverage Ratio**” or “**ICR**” covenant refers to a financial metric used to assess a REIT’s ability to meet its interest obligations on outstanding debt. It indicates how many times the operating profit can cover the REIT’s interest expenses over a given period.

“**Investments in Joint Ventures**” refers to the REIT’s proportionate share of the financial position and results of operation of its investment in joint ventures, which are accounted for using the equity method under IFRS in the consolidated financial statements, are presented below using the proportionate consolidation method at the REIT’s ownership percentage of the related investment. Management views this method as relevant in

demonstrating the REIT's ability to manage the underlying economics of the related investments, including the financial performance and the extent to which the underlying assets are leveraged, which is an important component of risk management.

For the purpose of the proportionate consolidation, the initial investment of both partners in the joint ventures were considered as being equity investments as opposed to a combination of equity and loans and accordingly, the related proportionate consolidation balance sheet items were eliminated as well as the associated finance income and finance costs. As the loans to the joint ventures were considered equity for proportionate consolidation purposes, any impairment recorded on the loans in accordance with IFRS 9 has been reversed for MD&A purposes. As such, any impairment recorded for IFRS purposes results in a difference in equity when reconciling IFRS and proportionate consolidation reporting.

"Investment Properties Portfolio" or **"IP Portfolio"** refers to the six wholly owned properties of the REIT.

"Net Rental Income Adjusted for IFRIC 21" refers to Net Rental Income excluding property taxes recorded under IFRIC 21 rules.

"Net Rental Income" or **"NRI"** refers to the rental income plus operating cost recoveries income plus other property revenue, less property operating costs and other costs.

"Total Portfolio" refers to the six properties referred to as the IP Portfolio and the five properties of the REIT held in joint-ownership with other parties.

"Weighted average lease term" or **"WALT"** is a metric used to measure a property portfolio's risk of vacancy and refers to the average period in which all leases in a property or portfolio will expire. It is calculated as the sum of the percentages of rentable area multiplied by the number of years in each remaining lease term.

"Weighted Average number of Units" refers to the mean of periodic values in the number of issued and outstanding Units over a specific reporting period.

FFO and AFFO Calculation¹

The reconciliation of FFO and AFFO for the three-month periods ended March 31 2026 and 2025, based on proportionate consolidation figures including REIT's interest in joint ventures is as follows:

	Three months ended March 31,	
	2026	2025
Net income attributable to the Trust (including share of net earnings from investments in joint ventures)	12 768	1 972
Add/(Deduct):		
Net change in fair value of investment properties	220	(4 743)
Loss on sale of investment properties	517	-
Adjustment for property taxes accounted for under IFRIC 21	2 588	3 043
Net change in fair value of Exchangeable securities	(49)	(4)
Foreign exchange (gain)	-	(65)
Non-recurring finance income from bank debt waiver	(17 020)	-
Deferred income tax recoveries	-	(40)
Non-controlling interest	818	10
FFO	(158)	173
Add/(Deduct):		
Non-cash effect of straight line rents	200	192
Cash effect of the rental guarantee	-	184
Amortization of transaction costs on mortgage loans	70	72
Capex	(151)	-
AFFO	(39)	621
FFO / Units (diluted) (\$)	(0,00)	0,01
AFFO / Units (diluted) (\$)	(0,00)	0,02

FFO calculation for the quarter ended March 31, 2026 excludes a \$17,020 (€10,600) non-recurring finance income related to the bank debt waiver obtained upon closing the Trio property sale.

Overview – GAAP and Non-GAAP

The REIT has identified specific key performance indicators to measure the progress of its long-term objectives. These are set out below:

	March 31, 2026		December 31, 2025	
	IP Portfolio	Total Portfolio	IP Portfolio	Total Portfolio
Operating metrics				
Number of properties	5	10	6	11
Gross leasable area (sq. ft.)	759 222	1 182 859	953 136	1 376 773
Occupancy rate - end of period	39,3%	57,0%	47,7%	60,9%
Weighted average lease term	5,6 years	4,1 years	4,3 years	3,7 years
Average initial yield ⁽¹⁾	2,2%	4,2%	3,6%	4,6%
Capital management metrics				
Available cash ⁽³⁾	\$20 100	\$22 853	\$25 057	\$27 431
Fair value of investment properties ⁽³⁾	\$274 628	\$398 738	\$291 713	\$415 829
Debt-to-gross book value ⁽²⁾	49,6%	59,1%	56,3%	64,0%
Debt-to-gross book value, net of cash ⁽²⁾	46,4%	56,9%	53,0%	61,7%
Weighted average loan term to maturity	2,3 years	1,9 years	2,2 years	1,8 years
Weighted average interest rate ⁽²⁾	3,31%	3,30%	3,46%	3,40%
Interest coverage ratio ⁽²⁾	0,0 x	0,8 x	0,6 x	1,1 x

(1) Calculated on annualized Net Rental Income (based on Net Rental Income for the year-to-date period).

(2) As defined in the section "Non-GAAP Financial Measures and Other Financial Measures" in the Q1 MD&A.

(3) See the section "Capital Management" in the Q1 MD&A for further discussion on the composition and usefulness of this metric.

	Three months ended March 31,	
<i>(thousands of \$ except per Unit and other data)</i>	2026	2025
Financial performance metrics		
Rental revenue	2 813	4 238
Rental revenue - Total Portfolio ⁽¹⁾	5 416	6 541
Net rental income	(739)	155
Net rental income - Total Portfolio ⁽¹⁾	1 561	1 957
Net income, attributable to the Trust	12 768	1 922
Funds from Operations (FFO) ^{(1) (2)}	(158)	173
Adjusted Funds from Operations (AFFO) ^{(1) (2)}	(39)	621
FFO per Unit (diluted) ^{(1) (2)}	(0,00)	0,01
AFFO per Unit (diluted) ^{(1) (2)}	(0,00)	0,02

(1) See the section "Non-GAAP Financial Measures" in the Q3 MD&A for more information on the REIT's non-GAAP financial measures and reconciliations thereof.

(2) The reconciliation of FFO and AFFO to Net Income can be found under the section "Non-GAAP Reconciliation (FFO and AFFO)" in the Q1 MD&A.

About Inovalis REIT

Inovalis REIT is a real estate investment trust listed on the Toronto Stock Exchange in Canada. It was founded in 2013 by Inovalis and invests in office properties in primary markets of France, Germany and Spain. It holds 10 assets. Inovalis REIT acquires (indirectly) real estate properties via CanCorpEurope, authorized Alternative Investment Fund (AIF) by the CSSF in Luxemburg, and managed by Inovalis S.A.

About Inovalis Group

Inovalis S.A. is a French Alternative Investment fund manager, authorized by the French Securities and Markets Authority (AMF) under AIFM laws. Inovalis S.A. and its subsidiaries (Advenis S.A., Advenis REIM) invest in and manage Real Estate Investment Trusts such as Inovalis REIT, open ended funds (SCPI) with stable real estate focus such as Eurovalys (for Germany) and Elialys (Southern Europe), Private Thematic Funds raised with Inovalis partners to invest in defined real estate strategies and direct Co-investments on specific assets

Inovalis Group (www.inovalis.com), founded in 1998 by Inovalis SA, is an established pan European real estate investment player with EUR 7 billion of AuM and with offices in all the world's major financial and economic centers in Paris, Luxembourg, Madrid, Frankfurt, Toronto and Dubai. The group is comprised of 300 professionals, providing Advisory, Fund, Asset and Property Management services in Real Estate as well as Wealth Management services.

SOURCE Inovalis Real Estate Investment Trust

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