

INOVALIS

REAL ESTATE INVESTMENT TRUST

Annual Information Form

For the year ended December 31, 2020

March 24, 2021

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GLOSSARY OF TERMS USED IN THIS ANNUAL INFORMATION FORM

As used in this Annual Information Form, the following acronyms and terms have the respective meanings set out below:

“**Affiliate**” has the meaning given to that term in NI 45-106;

“**AFFO**” has the meaning given to adjusted funds from operations;

“**Adjusted funds from operations**” 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 lease equalization loans (iii) amortization of fair value adjustment on assumed debt, (iv) the non-cash portion of the asset management fees paid in exchangeable securities, (v) capital expenditures, (vi) amortization of transaction costs on mortgage loans.

“**Annual Asset Management Fee**” has the meaning given to that term in the section “*Description of the Business*” – *Management Fees*”.

“**Asset Manager**” means Inovalis SA;

“**Assets Under Management**” means the value of the assets of the REIT managed by the Manager, as determined at the end of each fiscal year by an external valuator selected by the REIT. For assets acquired during any given fiscal year, such assets’ contribution to Assets Under Management during the year of acquisition shall be calculated based on Historical Gross Purchase Price.

“**Bad Homburg Property**” means the REIT’s wholly owned property located in Bad Homburg, Germany in which, prior to October 2020, the REIT held a 50% interest.

“**Board of Trustees**” means the board of Trustees of the REIT;

“**CanCorp Duisburg**” means CanCorp Duisburg 1 S.à r.l., a Luxembourg private limited liability company having a share capital of € 12.500, with its registered office located at 23 rue Jean Jaurès, L-1836 Luxembourg, Grand Duchy of Luxembourg, and duly registered with the Luxembourg Trade and Corporate Register under the number B 182.184.

“**CanCorp Europe**” means CanCorp Europe SA, a public limited liability company pursuant to the laws of Luxembourg, which is a Subsidiary of the REIT;

“**Closing Market Price**” has the meaning given to that term in the Declaration of Trust’

“**Cologne Investment**” means the REIT’s 6% interest in an entity that owns a property located in Cologne, Germany.

“**Conversion Price**” for Note 1 means \$10.08 per Unit, which represents the market price of the Units based on the five-day weighted-average closing price on June 9, 2017; for Note 2 means \$10.15 which represents the market price of the Units based on the five-day weighted-average closing price on October 4, 2017; and for Note 3 means \$10.37 which represents the market price of the Units based on the five-day weighted-average closing price on April 19, 2018.

“**Declaration of Trust**” means the amended and restated declaration of trust of the REIT dated February 8, 2013 as amended and restated on April 20, 2013, January 20, 2016 and April 9, 2020, governed by the laws of the province of Ontario, pursuant to which the REIT was created and is governed, as may be amended, supplemented or varied from time to time;

“**Distribution Date**” means a date on which the Trustees have determined that a distribution will be made by the REIT to the Unitholders;

“Duisburg Property” means the property located in Duisburg, Germany in which the REIT has an interest.

“Exchangeable Securities” means the exchangeable securities issued by CanCorp Europe, in the form of interest bearing notes, non-interest bearing notes, share premium and common shares;

“FFO” has the meaning given to funds from operations;

“Fourth Amended and Restated Management Agreement” means the fourth amended and restated management agreement effective April 1, 2021 between the REIT, affiliates of the REIT and Inovalis SA;

“France Telecom” means France Telecom S.A.;

“French ICC” means the French “indice du cout de la construction” or the French ICC construction cost index;

“French SPV” means an indirect, wholly-owned subsidiary of CanCorp Europe formed under French law for the purpose of acquiring one of the French Leaseholds;

“Full REIT Internalization” has the meaning given to that term under “*Asset and Property Management Services – REIT Finance Functions*”.

“Funds from Operations” or FFO is defined as net earnings in accordance with IFRS, subject to certain adjustments including adjustments for: (i) acquisition costs, (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 and promissory notes, (v) finance costs related to distribution on exchangeable securities and promissory notes (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, (ix) gain on disposal of an interest in a subsidiary and the non-cash portion of earnings from investments accounted for using the equity method, (x) finance income earned from loans to joint-ventures (if any), (xi) loss on refinancing of debts and other non-recurring finance costs, (xii) deferred taxes and (xiii) gains or losses from non-recurring items, (xiv) additional non-recurring income (loss) from JVs, (xv) minority interest, (xvi) goodwill / badwill upon acquisition. These distributions are recognized in profit and loss consistent with the classification of the exchangeable securities as a liability. However, they are not to be considered when determining distributions for the Unitholders as indeed they are subordinated to the distributions to the Unitholders.

“GLA” means gross leasable area, but excludes gross leasable area resulting from parking space, where applicable;

“Gross Book Value” has the meaning given to that term in the Declaration of Trust’

“Gross Revenue” means all revenue received or receivable from the real properties owned directly or indirectly by the REIT;

“Historical Gross Purchase Price” means the historical price of the real estate plus taxes and legal and administrative costs;

“Holder” means a holder of Units who, for the purposes of the Tax Act and at all relevant times is resident in Canada, deals at arms-length with and is not affiliated with the REIT and holds the Units as capital property;

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the Canadian Professional Accountants (“CPA”) in Part I of The CPA Canada Handbook – Accounting, as amended from time to time;

“IFRIC 21” has the meaning given to it by the IFRS Interpretations Committee.

“Indebtedness” has the meaning given to that term in the Declaration of Trust’

“Independent Trustee” means a Trustee who, in relation to the REIT, is “independent” within the meaning of National Instrument 58-101 – Disclosure of Corporate Governance Practices, as replaced or amended from time to time (including any successor rule of policy thereto);

“Inovalis SA” means Inovalis S.A. and its subsidiaries;

“Investment Criteria” means office properties outside of Canada with an occupancy level above 80%, secured rental cash flow, a property value between €20 million to €60 million and potential future upside with respect to matters including rent and area development;

“Investment Guidelines” has the meaning given to that term under “Investment Guidelines and Operating Policies”;

“Investment Properties Portfolio” refers to the seven wholly owned properties of the REIT.

“Investor” has the meaning given to that term under “Debt Profile – Promissory Notes”.

“IPO” means the initial public offering of the REIT;

“Joint arrangements” means the REIT's participation in jointly controlled entities and co-ownerships with third parties.

“Kösching Investment” means the REIT’s 50% interest in an entity that owns a property located in Ingolstadt, Germany.

“Lead Trustee” means the lead trustee of the Board of Trustees;

“License Agreement” means the license agreement between Inovalis SA and the REIT dated April 10, 2013 pursuant to which Inovalis SA has granted the REIT a royalty-free license to, among other things, use the Inovalis SA name, trademark and related marks, logos and designs on an exclusive basis within Canada and on a non-exclusive basis elsewhere;

“Luxembourg” means the Grand Duchy of Luxembourg;

“Management Agreement” means the management agreement dated April 10, 2013 between the REIT, affiliates of the REIT and Inovalis SA, as amended and restated effective May 15, 2018, as amended and restated by the Fourth Amended and Restated Management Agreement;

“Management Fees” has the meaning given to that term under “Management of the REIT”;

“Market Price” has the meaning given to that term in the Declaration of Trust;

“Neu-Isenburg Investment” means the REIT’s 50% interest in an entity that owns a property located in Neu-Isenburg, Germany.

“Non-Resident” means a non-resident of Canada or a partnership that is not a “Canadian partner” for purposes of the Income Tax Act;

“Note 3” means the Euro denominated Promissory Note issued to the Investor in April 2018 in the amount of \$22.0 million, bearing interest at 7.95%.

“Pantin Investment” means the REIT’s 50% interest in SCI Delizy Diamants, a legal entity owning real estate located in Paris, France.

“Plans” means, collectively, trusts governed by registered retirement savings plans, registered

retirement income funds, deferred profit-sharing plans, registered disability savings plans, tax-free savings accounts and registered education savings plans under the Tax Act;

“Promissory Notes” means the Euro denominated promissory notes designated as “Note 1”, “Note 2”, and “Note 3” (each, a **“Promissory Note”**) issued by a subsidiary of the REIT to the Investor.

“Redemption Notes” means unsecured subordinated promissory notes of the REIT having a maturity date and interest rate to be determined at the time of issuance by the Trustees, such promissory notes to provide that the REIT shall at any time be allowed to prepay all or any part of the outstanding principal without notice or bonus;

“REIT” means Inovalis Real Estate Investment Trust and or its affiliates where the context requires;

“REIT Finance Functions” has the meaning given to that term under *“Asset and Property Management Services – REIT Finance Functions”*.

“REIT Finance Function Internalization” has the meaning given to that term under *“Asset and Property Management Services – REIT Finance Functions”*.

“REIT Subsidiaries” has the same meaning as the definition of “Subsidiary” as it applies to the REIT properties.

“REIT Units” means, collectively, Units, Special Voting Units and Exchangeable Securities;

“Related Party” means, with respect to any person, a person who is a “related party”, as that term is defined in Multilateral Instrument 61-101 – *Take-Over Bids and Special Transactions*, as such rule may be amended from time to time (and including any successor rule or policy thereto);

“Rights Plan” means the unitholder rights plan approved by the Board of Trustees on April 13, 2020 and ratified by Unitholders on May 13, 2020.

“SEDAR” means the System for Electronic Documents Analysis and Retrieval;

“Special Committee” means the committee of independent Trustees that was formed in October 2020 to consider strategic alternatives available to the REIT to enhance Unitholder value;

“Special Voting Unit” means a unit representing an interest in the REIT (other than Units) authorized and issued under the Declaration of Trust to a holder of Exchangeable Securities which have no economic interest but which provide the Exchangeable Securities holder with the same voting rights in the REIT as a Unit;

“Subsidiary” has the meaning given to that term in NI 45-106;

“Tax Act” means the *Income Tax Act (Canada)*, as amended from time to time, and the *Income Tax Regulations (Canada)*, as amended from time to time, as applicable;

“Total Portfolio” refers to the seven properties referred to as the Investment Properties and the seven properties of the REIT held in joint-ownership with other parties;

“Trio Investment” means the REIT’s 95% interest in an entity that owns the Trio property located near Frankfurt, Germany.

“Trustees” means the trustees of the REIT from time to time;

“TSX” means the Toronto Stock Exchange;

“Units” means the Units of the REIT;

“Unitholders” means holders of Units, but “unitholders”, when used in lower case type, refers

to holders of REIT Units;

“**U.S.**” or “**United States**” means the United States of America;

“**VWAP**” means the volume weighted average price and defined as the ratio of the value traded to total volume traded over a particular time horizon;

FORWARD-LOOKING INFORMATION

Although we believe that the expectations reflected in the forward-looking information are reasonable, we can give no assurance that these expectations will prove to have been 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 document as well as the following: (i) we will continue to receive financing on acceptable terms; (ii) our future level of indebtedness and our future growth potential will remain consistent with our current expectations; (iii) there will be no changes to tax laws adversely affecting our financing capability, operations, activities, structure or distributions; (iv) we will retain and continue to attract qualified and knowledgeable personnel as we expand our portfolio and business; (v) the impact of the current economic climate and the current global financial conditions on our operations, including our financing capability and asset value, will remain consistent with our current expectations; (vi) there will be no material changes to government and environmental regulations adversely affecting our operations; (vii) conditions in the international and, in particular, the French and German real estate markets, including competition for acquisitions, will be consistent with the current climate; and (viii) capital markets will provide us with readily available access to equity and/or debt financing and (ix) the impact the COVID-19 virus will have on the REIT's operations, the demand for the REIT's properties and global supply chains and economic activity in general.

The forward-looking statements are subject to inherent uncertainties and risks, including, but not limited to, the factors listed under the *Risk Factors* section of this AIF. Consequently, actual results and events may vary significantly from those included in, contemplated or implied by such statements.

MARKET AND INDUSTRY DATA

This AIF includes market and industry data and forecasts that were obtained from third-party sources, industry publications and publicly available information as well as industry data prepared by Inovalis SA based on its knowledge of the commercial real estate industry in which we operate (including Inovalis SA estimates and assumptions relating to the industry based on that knowledge). Inovalis SA's knowledge of the real estate industry has been developed through its 20 years of experience and participation in the industry. Inovalis REIT believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness of this data. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although Inovalis REIT believes it to be reliable, Inovalis REIT has not verified any of the data from third-party sources referred to in this AIF, or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying assumptions relied upon by such sources.

CORPORATE STRUCTURE

Business Overview

Inovalis REIT is an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario. Inovalis REIT was founded and sponsored by Inovalis SA, the asset manager, a company that was incorporated in Paris, France. Inovalis REIT Units have been listed on the Toronto Stock Exchange under the trading symbol INO.UN since April 10, 2013. The head and registered office is located at 151 Yonge Street, 11th floor, Toronto, Ontario, M5C 2W7.

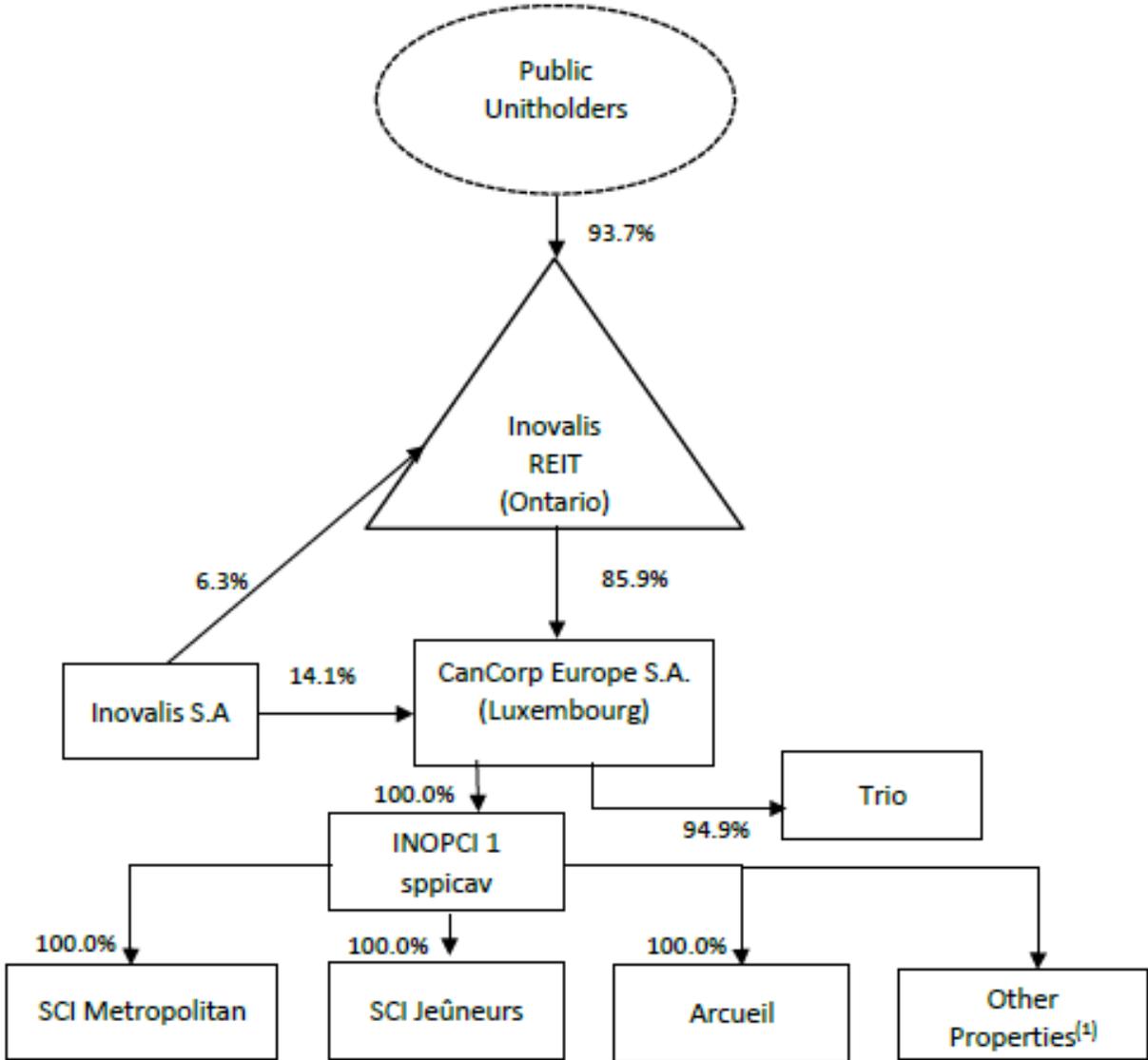
The REIT's long-term objectives are to:

- generate predictable and growing cash distributions on a tax-efficient basis from investments in income-producing office properties;
- maximize the long-term value of both our properties and Units through active and efficient management;
- grow the asset base, primarily in France and Germany, but also opportunistically in other European countries where assets meet our investment criteria; and
- increase the cash available for distribution to holders of Units ("Unitholders"), through an accretive acquisition program that successfully leverages Inovalis SA's extensive relationships and depth with respect to commercial property and financing.

The REIT's Investment criteria encompasses office properties outside of Canada with an occupancy level above 80% (unless AFFO accretive), secured rental cash flows, a property value between €20 million and €60 million (unless AFFO accretive) and a potential future upside with respect to matters including rent and area development. According to management, this target investment size falls within a very liquid segment of the real estate market in Europe, and debt financing for such acquisitions is readily available from local lenders.

ORGANIZATIONAL STRUCTURE

**Corporate Structure
at December 31, 2020**



(1) other subsidiaries of the REIT holding an interest in the remaining properties in which the REIT has an interest, none of which individually represent 10% of assets or revenue of the REIT.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

2018

In February 2018, the REIT completed the acquisition of its 50% interest in the Kösching Investment via a joint venture for total cash consideration of \$9.1 million.

In March 2018, the Board of Trustees of the REIT approved the extension of the Management Agreement between the REIT and Inovalis SA which was approved by a majority of Unitholders at the May 9, 2018 Annual and Special Meeting. See *Description of the Business - Asset and Property Management Services*.

In April 2018, the REIT completed a private placement pursuant to which a subsidiary of the REIT issued Note 3. See “*Debt Profile – Promissory Notes*” in this AIF.

2019

In January 2019, the REIT sold its interest in the Hanover property to a third party for \$17.6 million, based on the asset value of \$40.2 million.

In April 2019, the REIT acquired a 94.9% interest in the Trio Investment, based on the asset value of \$69.1 million. Inovalis S.A. owns the remaining 5.1%.

In December 2019, the REIT closed a “bought deal” public offering of 5,444,820 Units, at a price of \$10.65 per Unit for total gross proceeds to the REIT of \$51,493,921. The net proceeds of the offering were used to fund the purchase price for the remaining 75% interest in the Arcueil office property located in Greater Paris, France in which the REIT currently has a 25% interest as part of a joint venture. In December the REIT also closed the disposition of its Vanves property based on the asset value of \$140.9 million.

In December 2019, the sale agreement for the underlying asset relating to the Rueil Development Loan was executed. See “*Debt Profile – Acquisition Loan to Inovalis S.A.*” in this AIF.

In December 2019 the REIT sold the Vanves property for net cash proceeds of \$67.9 million.

2020

In January 2020, the REIT completed the winding up of its joint venture partner’s 75% ownership interest in the Arcueil property.

In March, 2020 the REIT implemented its business continuity plan to address the effect of the French and German government-mandated closure of workplaces due to the COVID-19 pandemic. See “*Description of the Business – COVID-19 pandemic*” in this AIF.

In April 2020, the REIT’s Normal Course Issuer Bid was approved by the TSX. Between May and November, 2020, the REIT bought back and cancelled 989,275 Units at prices ranging between \$6.41 and \$8.50 per Unit. See “*Normal Course Issuer Bid*” in this AIF.

In April 2020, the Board of Trustees approved housekeeping amendments to the Second Amended and Restated Declaration of Trust dated January 20, 2016 to allow the REIT to hold electronic or virtual meetings of Unitholders. The REIT’s Annual and Special Meeting on May 13, 2020 was held virtually. See “*Declaration of Trust – Updates to the Declaration of Trust*” in this AIF.

In May, 2020, the REIT suspended its Dividend Reinvestment Plan effective as of the distribution payable on May 15, 2020. See “*Dividend Reinvestment Plan*” in this AIF.

At the REIT's Annual and Special Meeting held on May 13, 2020, Unitholders approved the Rights Plan. See "*Rights Plan*" in this AIF.

In October, 2020, the REIT completed the buy-back of its joint-venture partner's 50% stake in the Bad Homburg asset for a total purchase price of \$10.8 million, which was previously announced in August 2020.

On October 28, 2020, the REIT announced the formation of a Special Committee formed of all independent members of the Board of Trustees to consider strategic alternatives available to the REIT. The Special Committee is reviewing and evaluating a wide range of strategic alternatives to enhance Unitholders' value. The REIT will continue to evaluate the possible acquisition or disposition of certain portfolio assets throughout this process.

In November 2020, following the exercise of its put option, the REIT repaid the entire outstanding principal amount of all three Promissory Notes, by delivering a total of 4,489,127 Units to the Investor. See "*Debt Profile – Promissory Notes*" in this AIF.

In November 2020, the REIT launched a sale process for the Courbevoie (Veronese) asset.

At December 31, 2020, the REIT had 32,400,585 issued and outstanding Units, including 1,113,663 Exchangeable Securities.

Sequence of Property Acquisitions

The table below summarizes the REIT's proportionate ownership and date of acquisition of properties

Date of Acquisition	Property name	Location	REIT's % Ownership at Acquisition	REIT's Ownership at Dec. 31, 2020
April 2013	Courbevoie	Courbevoie, France	100%	100%
	Jeûneurs	Paris, France	100%	100%
July 2014	Duisburg	Duisburg, Germany	50%	50%
October 2014	Sablrière	Paris, France	100%	100%
	Baldi	Saint Ouen, France	100%	100%
April 2015	Bad Homburg	Bad Homburg, Germany	50%	100%
July 2015	Arcueil	Arcueil, France	25%	100%
December 2015	Cologne	Cologne, Germany	49%	6%
March 2016	Metropolitan	Paris, France	100%	100%
June 2017	Stuttgart	Stuttgart, Germany	50%	50%
August 2017	Pantin	Paris, France	50%	50%
December 2017	Neu-Isenburg	Frankfurt, Germany	50%	50%
February 2018	Kösching	Ingolstadt, Germany	50%	50%
April 2019	Trio	Neu-Isenburg, Germany	95%	95%

In addition to the above-noted properties, the REIT recently completed the three-year investment in the Rueil development project which is more fully described under "*Debt Profile – Acquisition Loan to Inovalis S.A.*".

DESCRIPTION OF THE BUSINESS

General

At December 31, 2020, the portfolio of fourteen properties in France and Germany in which the REIT has an interest was comprised of approximately 1.5 million square feet of gross leasable area. As of that date, the portfolio occupancy was 89.3% (Investment Properties) and 90.37% (Total Portfolio) and had a weighted average remaining lease term of 3.1 years (Investment Properties) and 3.6 years (Total Portfolio). Seven of the REIT properties are located in France and seven are located in Germany.

The REIT properties are strategically located in major cities and town centers, generally in close proximity to public transit. Given their central and strategic locations, these properties are attractive to office, commercial, industrial and retail tenants.

Asset and Property Management Services

On March 23, 2021, the Board of Trustees approved the Fourth Amended and Restated Management Agreement, which amended and restated the management agreement originally entered into by the REIT, Inovalis SA and certain other entities on April 10, 2013, as amended and restated on April 1, 2018 and May 15, 2018 (such management agreement, as amended and restated by the Fourth Amended and Restated Management Agreement, is referred to as the “**Management Agreement**”).

Pursuant to the Management Agreement, Inovalis SA acts as the manager of the REIT and provides strategic, advisory, asset management, project management, construction management and administrative services necessary to manage the operations of the REIT. For purposes of the Management Agreement, a reference to the REIT includes its subsidiaries, as applicable. The address of the REIT is 52 rue de Bassano, 75008 Paris, France. Inovalis SA has over 350 employees as of December 31, 2020.

The Management Agreement has a term of two years commencing on April 1, 2021 and ending March 31, 2023, and may be renewed for an additional term of one year upon the mutual agreement of the parties. If the REIT intends not to renew the Management Agreement, it must provide Inovalis SA with at least three months’ prior written notice to this effect prior to the expiration of the term.

REIT Finance Functions

The Management Agreement provides for the internalization of the finance functions of the REIT (the “**REIT Finance Functions**”), which is targeted to occur on or before April 1, 2022 (the “**REIT Finance Function Internalization**”).

Until the REIT Finance Function Internalization has been completed, Inovalis SA will provide all REIT Finance Functions. After the completion of the REIT Finance Function Internalization, all of the REIT Finance Functions shall be performed by the REIT, except for the role of CFO which shall continue to be performed by Inovalis SA.

Furthermore, the REIT has the option to internalize all management functions (the “**Full REIT Internalization**”) at any time, in consultation with Inovalis SA, or at the REIT’s sole option upon the REIT achieving a market capitalization of \$750,000,000. In any case, the REIT must provide at least six months’ prior written notice to Inovalis SA if it wishes to effect the Full REIT Internalization.

Services of the Manager

In connection with the Management Agreement, Inovalis SA provides the services of a senior management team to the REIT, including the following: assisting the REIT in selecting providers of property management services; advising the Board of Trustees on strategic matters (including potential acquisitions, dispositions, financings, development and redevelopment); providing services of management and executive personnel, including CEO and CFO; providing guidance to property managers on operating and capital expenditures; assisting the REIT with respect to investor relations strategies and activities; advising the REIT on regulatory compliance requirements, risk management policies and certain litigation matters, and coordinating with legal counsel in all jurisdictions to this end; providing all required documentation necessary for the REIT's continuous disclosure requirements; supervising and conducting all leasing services; providing construction management services; supervising property expansions, capital projects and development and redevelopment projects; identifying, evaluating, negotiating and assisting in structuring acquisitions, disposition and other transactions; supervising property management services provided by third-party providers; providing advisory, consultation and investment management services and monitors the financial performance of the REIT; advising and assisting with borrowings, issuances of securities and other capital requirements; making recommendations with respect to the payment of distributions; establishing and maintaining internal controls over financial reporting of the REIT; preparing all reports reasonably requested by the REIT; and providing any additional services as may from time to time be agreed to in writing by the REIT and Inovalis SA for which Inovalis SA will be compensated on terms to be agreed upon between Inovalis SA and the REIT prior to the provision of such services.

Notwithstanding the foregoing, it may at times be prudent for Inovalis SA to delegate certain of its responsibilities under the Management Agreement to a third party provider. As a result, Inovalis SA is entitled to subcontract certain of its obligations under the Management Agreement where it is appropriate to do so, except for its responsibility for ensuring the proper functioning of internal controls over financial reporting of the REIT, which cannot be delegated. Any such subcontracting will be done at the expense of Inovalis SA and will not relieve Inovalis SA of its obligations or liability under the Management Agreement.

Costs and Expenses

The Management Agreement has provisions for the allocation of costs and expenses as between Inovalis SA and the REIT. The REIT is obligated to reimburse Inovalis SA for all reasonable actual out-of-pocket costs and expenses incurred by Inovalis SA in connection with the performance of the services set out in the Management Agreement, except for any costs and expenses that have been specifically identified as being the responsibility of Inovalis SA.

The Management Agreement provides that the REIT and Inovalis SA will agree to a budget for general and administrative expenses on an annual basis (the "**G&A Budgeted Amount**"), with any additional proposed expenditures to be approved by the REIT. Inovalis SA will be obligated to reimburse the REIT for amounts in excess of the G&A Budgeted Amount based on the following scale:

Percentage of Excess over G&A Budgeted Amount	Percentage of Excess G&A to be reimbursed by the Manager to the REIT
0% - 10%	Nil
10% - 15%	20%
15% - 20%	30%
20% - 25%	50%
25%+	100%

In addition, from January 1, 2021 until the completion of the REIT Finance Function Internalization, Inovalis SA shall reimburse the REIT for 50% of all costs related to the REIT Finance Functions.

Management Fees

In performing its obligations under the Management Agreement, Inovalis SA is entitled to receive the following fees from the relevant subsidiary of the REIT:

- a) an annual asset management fee (the “**Annual Asset Management Fee**”), payable quarterly in arrears, based on the percentage of assets under management in accordance with the following scale, provided that the Annual Asset Management Fee will be reduced by \$500,000 upon completion of the REIT Finance Function Internalization:

Assets Under Management	Annual Asset Management Fee
On the first \$1.0 billion	0.5%
From \$1.0 billion to \$2.0 billion	0.4%
On \$2.0 billion and over	0.3%

- b) a leasing fee (the “**Leasing Fee**”) in an amount equal to 10% of the first year annual rent for lease renewals signed by existing tenants, payable on the signing of a binding lease, extension, renewal or amending document; provided that Inovalis SA is responsible for the fees of any external real estate agent retained to assist with a lease renewal or to find a new tenant;
- c) a construction management fee (the “**Construction Management Fee**”) payable on capital projects in an amount equal to 5% of all hard construction costs incurred on a project excluding work done on behalf of tenants or any maintenance capital expenditures, which will be invoiced and paid together with the costs of the applicable capital project;
- d) an acquisition fee (“**Acquisition Fee**”) in the amount of 1.0% of the purchase price of any property acquired by the REIT or its subsidiaries payable on completion of each acquisition in cash, provided that no such acquisition fee will be payable in respect of the acquisition of properties owned or managed by Inovalis SA;
- e) a disposition fee (the “**Disposition Fee**”) in the amount of (a) 1.0% of the gross sale proceeds of any disposition completed by Inovalis SA or (b) 0.5% of assets under management in the event there is a change of control of the REIT which results in the termination of the Management Agreement, a sale of all or substantially all of the assets of the REIT, or the sale or disposition of Luxco. In any case, a Disposition Fee will only be payable where the net proceeds of such sale or disposition are paid or distributed to Unitholders; and
- f) a savings fee (the “**G&A Savings Fee**”), which shall be payable in the event that the actual G&A expenses of the REIT are significantly less than the G&A Budgeted Amount in accordance with the following scale:

Percentage of Excess over G&A Budgeted Amount	Percentage of Excess G&A to be reimbursed by the Manager to the REIT
0% - 10%	Nil
10% - 15%	20%
15% - 20%	30%
20% - 25%	50%
25%+	100%

The Annual Asset Management Fee, Leasing Fee, Construction Management Fee, Acquisition Fee, Disposition Fee and G&A Savings Fee are collectively referred to as the “**Management Fees**”.

At the discretion of the Board of Trustees, the Annual Asset Management Fee may be paid through the issuance of a note, which will be contributed by Inovalis SA to Luxco in exchange for Exchangeable Securities, in the form of Luxco Common Shares, Luxco Notes and NIB Notes in the same relative proportion of Luxco Common Shares, Luxco Notes and NIB Notes held by Inovalis SA immediately prior to the issuance of such Exchangeable Securities, subject to any required unitholder or regulatory approvals (including the approval of the Toronto Stock Exchange); provided that no less than 50% of the Annual Asset Management Fee will be paid to Inovalis SA in cash.

A copy of the Fourth Amended and Restated Management Agreement may be obtained by contacting the REIT at the address set forth under the section “Additional Information”. It is also available on the REIT’s website at www.inovalisreit.com and on SEDAR at www.sedar.com.

Management Fees Paid In 2020

In 2020, Inovalis SA was compensated under the terms of Management Agreement dated April 10, 2013, the Second Amended and Restated Management Agreement dated March 15, 2018 and the Third Amended and Restated Management Agreement dated May 15, 2018.

All Management Fees in between 2018 and 2020 were incurred as follows:

Management Fees	Total Value (million)			Cash (million)			Exchangeable Securities and Equivalent # of Special Voting Units		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Asset Management Fee ⁽¹⁾	\$3.1	\$3.1	\$3.5	\$1.8	\$1.6	\$1.3	216,581	142,909	217,609
Acquisition Fee	\$0	\$1.4	\$0.1	\$0	\$1.4	\$0.05	0	0	4,595
Property Management ⁽²⁾	\$1.4	\$1.3	\$1.3	\$1.4	\$1.3	\$1.3	n/a	n/a	n/a

(1) A portion of the Asset Management fees are invoiced to joint venture entities. In 2020, (\$1.3 million), 2019 (\$1.5 million) and 2018 (\$1.5 million).

(2) This fee does not include the Property Management Fees paid for properties owned in partnership.

For 2019, Inovalis SA funded the approximate \$400,000 expense related to the REIT’s employment of an internal Chief Financial Officer out of the above-noted fees.

COVID-19 Pandemic

COVID-19 and the related government restrictions continue to have a significant impact on the global and Canadian economy since the onset of the pandemic in March 2020. During the first and second waves of the pandemic, governments in France and Germany introduced new or restored restrictive measures that resulted in many businesses closing or reducing their hours of operation of their own volition or to comply with government mandates. Challenges regarding vaccine distribution and the emergence of new variants of the COVID-19 virus persist and the duration and the impact of the pandemic remain uncertain.

In its response to the onset of the COVID-19 pandemic in March 2020, the REIT immediately implemented its business continuity plan. Management engaged with and provided

assistance to tenants facing financial hardship as a result of the pandemic by providing rental abatements and deferrals to tenants facing financial hardship as a result of the pandemic. French banks provided generous penalty-free loan payment deferrals and the REIT participated in those programs to conserve cash.

Rent for the French assets is invoiced and collected on a quarterly basis and 94% of rent had been received for Q4 2020. This is generally in line with the timing and percentage of pre-COVID-19 rent collection levels with a few minor exceptions. For the REIT's German properties, rents are collected on a monthly basis and nearly 100% of rent was received in Q4 2020.

The REIT's investment strategy was also put on hold throughout 2020 to give the Board of Trustees and management the opportunity to better understand the long-term effects of COVID-19 on local economies.

Real Estate Portfolio

Portfolio

At December 31, 2020, the REIT had an interest in fourteen properties . Seven of the properties were entirely owned by the REIT (six are in France: Jeûneurs, Courbevoie, Sablière, Baldi, Metropolitan and Arcueil, and one in Germany, Bad Homburg); one property is 94.9% owned by the REIT and is in Germany (Trio); six were held in partnerships with various global institutional funds (Pantin in France; Cologne, Duisburg, Neu-Isenburg, Kösching and Stuttgart in Germany).

Property table as at December 31, 2020

	Property	Class	Date completed /renovated	Approximate GLA (000 SF)	# of Tenants	Weighted Average Occupancy Rate
FRANCE	Jeûneurs	Office	1890/ 2006	50.4	1	100.0%
	Courbevoie	Office	1970	95.9	5	45.0%
	Sablière	Office	1985	41.0	7	100.0%
	Baldi	Office/Mixed use	1991	123.7	9	79.5%
	Metropolitan	Office	1993	78.8	7	100.0%
	Arcueil	Office	1969/ 2013	334.5	1	100.0%
	Pantin	Office	1992	71.6	19	80.9%
Total France				796.0	49	86.7%

Property		Class	Date completed /renovated	Approximate GLA (000 SF)	# of Tenants	Weighted Average Occupancy Rate
GERMANY	Trio	Office	2007	193.5	7	87.0%
	Bad Homburg	Office	2004	109.1	6	97.3%
	Duisburg	Office	2007	109.0	1	87.5%
	Cologne	Office	2015	3.9	1	100.0%
	Stuttgart	Office	1994/2014	121.4	4	98.4%
	Neu-Isenburg	Office/Mixed use	2013	67.3	6	97.8%
	Kösching	Office	2017	53.1	1	100.0%
Total Germany				657.3	26	92.9%
TOTAL FRANCE AND GERMANY AT DECEMBER 31, 2020				1,453.3	75	90.3%
Investment Properties				1,026.9		89.3%
Jointly Held Properties				420.3		93.4%

Occupancy

The 89.3 weighted average occupancy rate at December 31, 2020 across the seven Investment Properties remained almost the same at 89.4% as at December 31, 2019. The weighted average occupancy rate across the Total Portfolio, including properties owned through joint-ventures decreased to 90.3% from 92.1% as at December 31, 2019. The decline in occupancy rates is predominantly due to the departure of the main tenant from the Courbevoie property.

Tenants

The tenant base in the portfolio is well diversified from an industry segment standpoint, with many national and multinational tenants. As at December 31, 2020, the REIT had 43 tenants across the Investment Properties and 75 tenants in the Total Portfolio.

The following table shows the REIT's five largest tenants, sorted by contribution to gross leasable area (GLA) in our seven fully owned properties, presented on an Investment Properties basis.

INVESTMENT PROPERTIES				
Tenant	Tenant Sector	Weighted GLA (SQ FT.)	% of Total GLA	Average remaining lease term (years)
Orange (formerly France Telecom)	Telecommunications	284,958	34.0%	2.2
The Lorenz Bahlsen Snack-World Gmbh & Co. KG Germany Facility Services Hannover GmbH	Food and beverage	81,870	9.0%	5.1
Rue Du Commerce	E-Commerce	51,926	5.7%	1.0
CNAM	Education & Training	49,543	5.4%	2.7
Fresenius	Health care	41,611	4.6%	3.1
Top 5 tenants		509,908	55.9%	2.6
Other tenants	Diversified	306,469	33.5%	3.9
Vacant		97,776	10.6%	
Total		914,155	100.0%	3.1

(1) Activity, storage and intercompany restaurant areas are weighted by being accounted for a third of their effective areas.

The REIT's five largest tenants in the Total Portfolio is presented in the table below on a Total Portfolio basis. As at December 31, 2020, the REIT held a 50% interest in the Duisburg, Walpur, Pantin, Stuttgart, Neu-Isenburg and Kösching properties.

TOTAL PORTFOLIO				
Tenant	Tenant Sector	Weighted GLA (SQ FT.)⁽¹⁾⁽²⁾	% of Total GLA	Average remaining lease term (years)
Orange (formerly France Telecom)	Telecommunications	284,958	21.9%	2.2
Daimler AG	Manufacturer	100,486	7.7%	3.4
The Lorenz Bahlsen Snack-World GmbH & Co. KG Germany Facility Services Hannover GmbH	Food and beverage	81,870	6.3%	5.0
Hitachi Power	Manufacturer	78,138	6.0%	7.0
Arrow Central Europe	E-Commerce	51,717	4.0%	2.5
Top 5 tenants		597,169	44.4%	3.4
Other tenants	Diversified	579,319	44.4%	3.8
Vacant		127,024	9.7%	
Total		1,303,512	100.0%	3.6

(1) Activity, storage and intercompany restaurant areas are weighted by being accounted for a third of their effective areas.

(2) Taking into account the interest the REIT has in the properties held in partnerships.

Leasing profile

Rental indexation

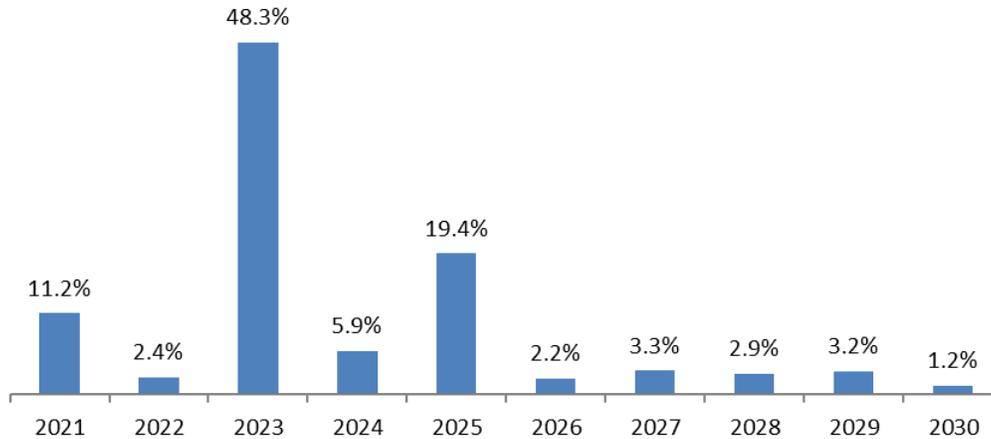
All leases have rental indexation based on either the French ICC (construction cost index) or ILAT (index averaging construction costs and CPI indexes) or the German Consumer Price Index, as applicable.

Lease rollover profile

100% owned properties (Investment Properties)

The REIT has an average remaining lease term of 3.1 years in fully owned properties (not including tenant early termination rights). Assuming all tenants leave at the earliest possible date according to their early termination rights, which the REIT believes is unlikely, the average remaining lease term in the portfolio is 2.3 years. The following graph sets out the amount of GLA and percentage of total GLA of the properties subject to leases expiring during the periods shown (excluding early lease terminations).

**Lease Maturity Profile as at December 31, 2020
(% of total GLA)**



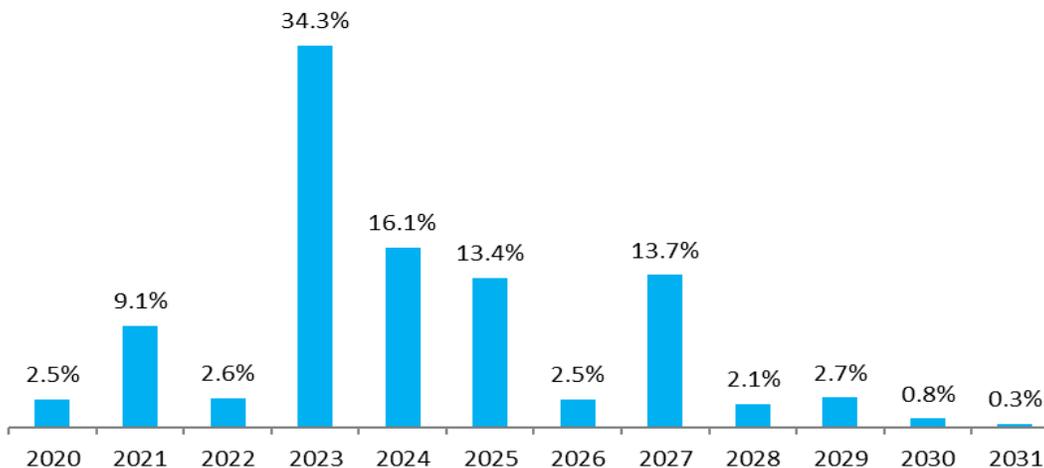
Including Jointly Held Properties

Including properties held in joint-ventures, the average remaining lease term is 3.6 years (not including tenant early termination rights) and 2.9 years including early termination rights.

Combined Profile: 100% owned and Jointly Held Properties

The following graph presents the amount of GLA and percentage of total GLA of the properties subject to leases expiring during the periods shown (excluding early lease terminations) across the 14 invested properties. The GLA shown for these tenants reflects the percentage of ownership that the REIT has in the underlying property. The 2.5% of GLA expiring in 2020 represents the tenant AAM in the Bad Homburg property, which lease terminated on December 31, 2020. Leasing activity for this vacancy is underway with several ongoing negotiations.

**Lease Maturity Profile as at December 31, 2020
Entire portfolio including joint ventures
(% of total GLA)**



Description of the Properties

FRANCE

Jeûneurs The property, located at the address known municipally as 40, rue des Jeûneurs, Paris, is a seven storey 50,400 square foot office building with accompanying parking that was originally constructed in 1890 but has undergone ongoing renovations since 2006. It is situated in the central business district of Paris and is easily accessible by metro stations and bus lines. The property is currently 100% leased to one tenant, the National Conservatory of Arts and Crafts, a doctoral degree-granting educational institution operated and guaranteed by the French government. The 151 parking spaces are leased to various organizations and individuals. Inovalis SA has managed the property since December 2006.

Courbevoie The property located at the address known municipally as 19-21 avenue Dubonnet, Courbevoie, France, was constructed in 1970 and is comprised of a 95,900 square foot building predominantly consisting of office space, with a small amount of retail space that is leased to a private child care center. The nine storey building with two underground levels is situated in the region of Ile de France, in Courbevoie, eight kilometre west of central Paris within a business area outside of the central business district. It is in close proximity to the central business district of Paris and the major La Défense business area and is well served by a comprehensive road and public transportation network. The property is leased to a total of five tenants at 45% occupancy. Inovalis SA has managed the property since December 2006. On December 22, 2020, the REIT entered into a unilateral commitment to sell to a buyer for the Courbevoie property), contingent on the buyer obtaining a building permit and the seller vacating the asset of tenants. Given the uncertainty related to the conditions attached to the promise to sell, the Courbevoie property did not qualify for presentation in the financial statements as an asset held for sale as of December 31, 2020.

Sablère The property, located at the address known municipally as 27-29 rue de la Sablière, Paris France, was constructed in 1985, and is comprised of a 41,000 square foot building. The six storey building with two underground levels is situated on the region of Ile de France, in the 14th district of Paris, which engulfs the majority of the Montparnasse region, along with the Tour Montparnasse and the metro station Montparnasse Bienvenue which is an important hub for travelers and tourists. The property is leased to a total of seven tenants, with the main tenant, Direction Spécialisée des Impôts (the French Tax Authority), occupying 40% of the total GLA in accordance with an eight year lease expiring in June, 2021. Inovalis SA has managed the property since September 2014. The property is currently 100% leased based on the weighted occupancy rate.

Baldi The office and mixed use property, located at the address known municipally as 44/50 Avenue du Capitaine Glarner, Saint-Ouen, France, was constructed in 1991, and is now comprised of 123,700 square feet. In 2017, the REIT sold a building representing approximately 31,000 square feet. The four buildings are situated 300 meters from the Paris ring road. They are located around a central courtyard. The property is leased to eight tenants, with the main tenant, Rue du Commerce, occupying 33% of the total GLA in accordance with a nine year lease expiring December, 2021. Inovalis SA has managed the property since September 2005. The property is currently 79.5% leased based on the weighted occupancy rate.

Arcueil The property is located in the “Vache Noire” district, an urban redevelopment sector in the inner southern suburban of Paris known as Arcueil. The 334,500 square foot asset is let to Orange Group (the mobile division of France Telecom) with a long term lease until December 2021. The first and original building of the “Orange Village”, it was developed in 1969 as a turnkey project for France Telecom with an H layout. The building houses the support functions of the Orange group including the Information Systems management. The asset consists of 9 upper

levels and 2 basement levels, with 253 parking spaces. The ground floor houses the central restaurants of the “Orange Village” and was fully refurbished in 2013. The property is currently 100% leased based on the weighted occupancy rate.

Metropolitan The property is located at the address known municipally as 35 rue Grenata, in the Ile de France area of Paris, France. This region is a favoured location for numerous French and international companies as well as public and private institutions. The 78,800 square foot asset is designated for office and retail usage for seven tenants on six levels. Inovalis SA has managed the property since September 30, 2005. The property is currently 100% leased based on the weighted occupancy rate.

Pantin The 50% jointly owned property is located on the north-eastern periphery of Paris, with highway and public transport connections. The property is a 143,000 square foot modern and sustainable office building with 230 parking units and great diversification among its 19 tenants. The REIT plans to complete refurbishment works on this property. The property is currently 80.9 leased based on the weighted occupancy rate.

GERMANY

Trio The 94.9% Trio property is strategically located less than 10 minutes by train from downtown Frankfurt and about the same distance to the International Airport. The property is composed of three modern office buildings built in 2007 with a gross leasable area of approximately 204,000 sq. ft. The property is currently occupied by six different tenants and is anchored by a solid local tenant, Lorenz Snack-World GmbH, an international company that produces and exports food products. The property is currently 87% leased based on the weighted occupancy rate.

Duisburg The 50% jointly owned Duisburg property is located at the address known municipally as Schifferstrasse 80, Duisburg, Germany. The building is comprised of 217,900 square feet of leasable area, of which 205,300 square feet are of office use. It is fully occupied by one tenant and is arranged over eight floors and two basement floors with 200 underground parking spaces. The property consists of four building cores, has a flexible design due to its layout and an attractive glass and aluminum façade. The utilities, storage area and approximately 200 parking spaces are located in the two basement levels. A multi-storey car park located at an additional site in the vicinity provides 353 parking spaces. An additional 79 external parking spaces are located adjacent to the multi-storey car park. Inovalis has managed this property since 2014. The property is currently 87.5% leased based on the weighted occupancy rate.

Bad Homburg The property is a single building with five storeys plus three underground levels. The building was constructed in 2004. Occupied by six tenants, it has one main entrance, and the office areas could be subdivided into 3 units per floor. The property offers views of the Frankfurt skyline. Altogether the building comprises 109,000 square feet of leasable area. The leasable area provides 77,700 square feet of office and 31,300 of other space (storage, common area and terrace). There are 207 parking spaces in the underground parking garage and in front of the building. The optimal horizontal and vertical divisibility of the building permits leases to several tenants. Inovalis SA has managed this property since 2007. The property is currently 97.3% leased based on the weighted occupancy rate.

Cologne The 6% jointly owned Cologne property is located at Aachener Strasse 1044, Cologne, Germany. It comprises a total area of 65,504 square feet for office space and 4,036 square feet for storage. The asset was built in 2015 and is fully occupied by one tenant and consists of five floors above ground, including staggered top floors with a roof terrace and an underground parking level. The exterior of the building is characterized by a punch window façade with anthracite window frames and brick tiles. The office areas on the upper floors, which are

connected through a hallway, benefit from flexible design. Inovalis SA has managed this property since 2015. The property is currently 100% leased based on the weighted occupancy rate.

Stuttgart The 50% jointly owned property is located in the Stuttgart metropolitan region, close to a motorway with easy access to multimodal transportation links including Stuttgart Airport. It is in one of the most economically sound and innovative hi-tech regions in Europe and one of the most powerful economic centers in Germany. Built in 1994 and refurbished in 2014, it is a 243,000 square feet modern office building with 432 parking units with six quality tenants operating in the German automotive industry. It has five above ground floors and two underground floors. The property is currently 98% leased based on the weighted occupancy rate.

Neu-Isenburg The 50% jointly owned property is in the greater Frankfurt area located less than 10km from downtown Frankfurt, with highway and public transport connections. The property is a 134,132 square foot modern and sustainable office building with 330 parking units, anchored by an American Fortune 500 manufacturer of electronic components. The property is currently 97.8% leased based on the weighted occupancy rate.

Kösching The 50% jointly owned property is strategically located less than 10km from the global headquarters of Audi AG in Ingolstadt, Germany and has one tenant. The recently constructed modern office building and research and development facility, has a gross leasable area of approximately 106,600 square feet. The property is currently 100% leased based on the weighted occupancy rate.

Building Improvements

The REIT is committed to improving its operating performance by incurring appropriate capital expenditures to replace and maintain the productive capacity of its property portfolio to sustain its rental income generating potential over the portfolio's useful life.

In 2020, the REIT completed capital expenditures of approximately \$2 million on its investment properties, compared to \$1.5 million in 2019.

Guarantees, Commitments and Contingencies

Guarantees provided by the REIT with respect to its long-term debts include a preferential claim held by the mortgage lenders on the Veronese, Sablière, Baldi, Jeuneurs, Walpur and Trio 1, 2, 3 properties in the amount of \$171.7 million. The REIT also has a share pledge on the shares of the companies SCI Baldi and SCI Jeuneurs.

The companies Cancorp Trio 1, Cancorp Trio 2, Cancorp Trio 3, SCI Baldi, SCI Veronese, SCI Sabliere, SCI Jeuneurs and Walpur also need to comply with banking covenants. The REIT was in compliance with all covenants on December 31, 2020.

Second rank mortgages on the building was granted by the company SCI Sabliere and third and fourth row rank mortgages on the building were also granted by the company SCI Veronese.

Finally, the company SCI Veronèse has granted a leasing cash reserve to the bank (Palatine) for \$1.6 million and the companies Cancorp Trio 1, Cancorp Trio 2, Cancorp Trio 3 have set up a capex reserve for \$3.9 million.

Tenant commitments received

The companies SCI Metropolitan, SCI Veronese, SCI Sabliere, Cancorp Trio 1, Cancorp Trio 2 and Cancorp Trio 3 and Walpur received bank guarantees securing the rentals of certain tenants up to \$3.5 million.

DEBT PROFILE

Financing activities

The REIT's debt strategy is to have secured mortgage financing with a term to maturity that is appropriate in relation to the lease maturity profile of the portfolio and then to put such debt in place, when appropriate, by interest-only financings. REIT management prefers fixed rate financings or floating rate financings with a cap. On December 31, 2020, after taking into consideration the effect of interest rate swap (35%) and interest rate cap (26%) as well as fixed interest rates (17%), 78% of the REIT's long-term debt obligation has no exposure to interest rate risk.

The Operating Policies in the REIT's Declaration of Trust sets the maximum indebtedness of the REIT at 60% of Gross Book Value.

Key performance indicators in the management of the REIT's debt are summarized in the following table.

Financing Activity Metrics at December 31, 2020

	Investment Properties	Total Portfolio
Weighted average interest rate ⁽¹⁾	2.03%	1.95%
Debt-to-book value ⁽²⁾	42.3%	48.3%
Debt-to-book value, net of cash ⁽²⁾	35.0%	42.3%
Interest coverage ratio ⁽³⁾	3.5 x	3.7 x
Weighted average term to maturity of debt ⁽⁴⁾	5.4 years	4.9 years

(1) Calculated as the weighted average interest rate paid on the finance leases and the mortgage financing.

(2) The definition of debt-to-book value and of debt-to-book value, net of cash can be found under the section "Non-IFRS Financial Measures".

(3) Calculated as net rental earnings plus interest, less general and administrative expenses, divided by interest expense on the financial leases and mortgage financings.

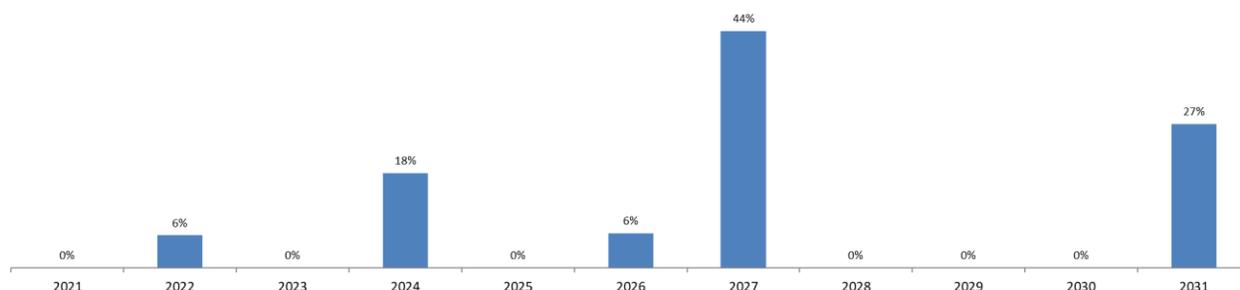
(4) Calculated as the weighted average term on all the financial leases and mortgage financings. Taking into account the interest the REIT has in the properties held in partnerships.

Mortgages

The following table sets out, as at December 31, 2020, the percentage of total mortgage principal installments and maturity balances of the mortgages (and any other loans) to be paid over each of the following 11 calendar years.

**Leasehold and Mortgage Financing Maturity Profile
(Investment Properties portfolio)**

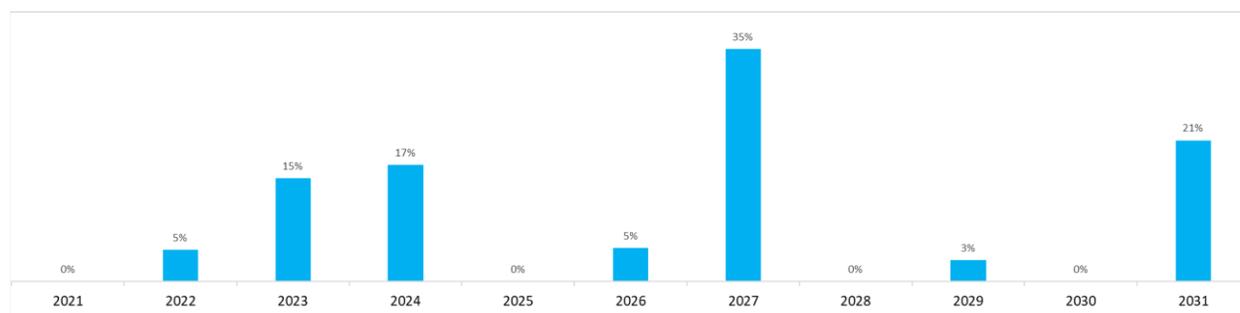
% of amount outstanding as at December 31, 2020



The above table does not include the impact of the annual amortization of outstanding debt.

**Leasehold and Mortgage Financing Maturity Profile
(Entire portfolio including joint-ventures)**

% of amount outstanding as at December 31, 2020



The above table does not include the impact of the annual amortization of outstanding debt.

Hedges

To mitigate against the risk of foreign exchange fluctuations on the distributions to our Unitholders, the REIT has established an active foreign exchange hedging program. As at December 31, 2020, the REIT was committed to sell €1.2 million (on average) at an average rate of 1.4929 and to receive CAD \$1.8 million on a monthly basis at an average rate of \$1.5155 until October 2022 (included).

Promissory Notes

In November 2020, the REIT repaid the entire outstanding principal amount of three Promissory Notes which had been issued in 2017 and 2018 to REIT Notes Program Ltd., a single non-Canadian investor (the “Investor”). Concurrently with the issuance of the Promissory Notes, the Investor and the REIT had entered into put/call agreements pursuant to which the REIT could satisfy its obligations under the Promissory Notes by delivering Units to the Investor at a specified

Conversion Price). At any time the Investor could transfer all or any portion of the Promissory Notes to the REIT in consideration for REIT Units based on the Conversion Price and the REIT could acquire the Promissory Notes at any time by delivering Units to the Investor at the Conversion Price.

In repaying the Promissory Notes, the REIT delivered a total of 4,489,127 Units to the Investor valued at \$35.0 million as at the date of issuance of the Units, which was based on the Unit price as at the dates of issuance of each Promissory Note. The aggregate principal amount outstanding under the Promissory Notes was \$45.4 million as at the date of issuance. The promissory notes, including the put and call options, were measured at their fair value immediately prior to exercise, meaning that no gain or loss resulted from the issuance of the Units as consideration to repay the Promissory Notes. The total gain on the Promissory Notes, including the put/call option for 2020, was CAD\$12.7 million.

The Investor issued a press release as required by National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* in connection with the filing of an early warning report noting the acquisition of Units which represents an approximate 14% ownership interest in the REIT.

Acquisition Loan to Inovalis SA

In 2016 the REIT provided a loan to a company related to the Rueil property, in the Paris Western periphery which bore an annual interest rate of 8.50% and entitled the REIT to 20% of the profit upon the eventual sale of the property. The proceeds were to be used to acquire and demolish a property and rebuild a new building complex which was to comprise primarily office space.

The acquisition and redevelopment of the Rueil property was performed in a partnership between Inovalis SA (80%) and a tier-one French real estate developer (20%) through the company that held the loan.

In May, 2020, the REIT announced the pending completion and sale of the Rueil property. The REIT received repayment of the \$26.7 million (€17.2 million) loan mezzanine financing and a further \$10.4 million in profit participation.

RISK FACTORS

The REIT is exposed to various risks and uncertainties, many of which are beyond its control, the occurrence of which could materially and adversely affect the REIT's investments, prospects, cash flows, results of operations or financial condition and the ability to make cash distributions to Unitholders. Management believes the risk factors described below are the most material risks that faced by the REIT, however they are not the only ones. Additional risk factors not presently known to management, or that management currently believes are immaterial could also materially and adversely affect the REIT's investments, prospects, cash flows, results of operations or financial condition and the REIT's ability to make cash distributions to Unitholders and negatively affect the value of the Units.

Risks inherent in the real estate industry may adversely affect our financial performance

The REIT is subject to risks involving the economy in general, including inflation, deflation or stagflation, unemployment, geopolitical issues and a local, regional, national or international outbreak of a contagious disease, including COVID-19. Poor economic conditions could adversely affect the REIT's ability to generate revenues, thereby reducing its operating income and earnings. It could also have an adverse impact on the ability of the REIT to maintain occupancy rates which could harm the REIT's financial condition. In weak economic environments, the REIT's tenants may be unable to meet their rental payments and other obligations due to the REIT, which could have a material and adverse effect on the REIT. In

addition, fluctuation in interest rates or other financial market volatility may adversely affect the REIT's ability to refinance existing Indebtedness on its maturity or on terms that are as favourable as the terms of the existing Indebtedness, which may impact negatively on AFFO, may restrict the availability of financing for future prospective purchasers of the REIT's investments and could potentially reduce the value of such investments, or may adversely affect the ability of the REIT to complete acquisitions on financially desirable terms.

An investment in real estate is relatively illiquid. Such illiquidity will tend to limit our ability to vary our portfolio promptly in response to changing economic or investment conditions. The costs of holding real estate are considerable and during an economic recession the REIT may be faced with ongoing expenditures with a declining prospect of incoming receipts. In such circumstances, it may be necessary for us to dispose of properties at lower prices to generate sufficient cash for operations and making distributions and interest payments.

Public Health Crises / COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of COVID 19 a global pandemic, which has resulted in European governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, "shelter in place" rules, self imposed quarantine periods and social distancing, have caused material disruptions to businesses globally resulting in an economic slowdown. Global equity and capital markets have also experienced significant volatility and weakness. Governments have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The duration and full extent of the impact of the COVID 19 pandemic on the REIT is unknown at this time, as is the efficacy of the various government interventions.

In particular, most European locations, including cities regions where the REIT's are located, implemented measures to combat COVID 19, including quarantines, "shelter in place" rules, and restrictions on travel and the types of business that may continue to operate, some of which measures remain in place. The REIT has proactively taken actions in response to or in furtherance of these measures and currently has in place, in response to such measures and local conditions, where applicable, measures such as: protocols for social distancing, hand sanitization and the wearing of facemasks; and closure of certain non-essential indoor common areas; and conducting tours for prospective tenants on an appointment only basis, which actions the REIT may continue to take.

Notwithstanding the COVID 19 pandemic, such measures have not had a material impact on the REIT, and management believes that the REIT's performance will continue to be stable or strengthen in the foreseeable future and over the longer term. Nonetheless, given the unpredictable nature of the COVID-19 pandemic, any continuation or intensification of such pandemic or related government measures, and any changes in levels of government financial support to individuals affected by the COVID-19 pandemic and economic downturn, could in the future have an adverse effect (which effect could be material) on the REIT's financial condition, results of operations and cash flows due to the following factors, or others:

- Weaknesses in national, regional or local economies may prevent tenants from paying rent in full or on a timely basis.
- A reduction in tenant demand for space due to a general decline in business activity and discretionary spending could adversely affect the value of the REIT's assets. This could lead to an impairment of the REIT's real estate investments. In addition, the REIT may be unable to complete planned development of land for expansion or other capital improvement projects on a timely basis or at all due to government mandated shutdowns

or an inability by third party contractors to continue to work on construction projects.

- A general decline in business activity or demand for real estate transactions could adversely affect the REIT's ability or desire to acquire additional assets.
- The financial impact of the COVID-19 pandemic could negatively impact the REIT's ability to comply with financial covenants in its credit arrangements and result in a default and potentially an acceleration of indebtedness. Such noncompliance could negatively impact the REIT's financial position and its ability to make additional borrowings under its credit facilities.
- A severe disruption and instability in the global financial markets or deteriorations in credit and financing conditions may affect the REIT's ability to access capital necessary to fund business operations, including the acquisition or expansion of investment assets, or replace or renew maturing liabilities on a timely basis, on attractive terms, or at all, and may adversely affect the valuation of financial assets and liabilities.
- An outbreak of COVID-19 or other contagious illness in an asset or the market in which an asset operates could negatively impact its occupancy, reputation or attractiveness.
- The COVID-19 pandemic could negatively affect the health, availability and productivity of Inovalis S.A.'s personnel. It could also affect the Inovalis S.A.'s ability to recruit and attract new employees or retain current employees. An outbreak that directly affects, or threatens to directly affect, any of the assets could also deter or prevent the Inovalis S.A.'s on site personnel from reporting to work. The effects of shelter in place orders could strain the REIT's business continuity plans, introduce operational risk, including but not limited to cybersecurity risks, and impair the REIT's ability to manage its business.
- Governmental agencies that permit and approve the REIT's projects, suppliers, builders, and other business partners and third parties may be prevented from conducting business activities in the ordinary course for an indefinite period of time, which could in turn negatively affect the REIT's business.
- Disruptions caused by COVID-19 may negatively impact the market price for the equity securities of the REIT and may, in the short or long term, materially adversely impact the REIT's tenants and/or the debt and equity markets, both of which could materially adversely affect the REIT's operations and financial performance and ability to pay distributions.

Other risks, including those described elsewhere in this AIF related to changes to applicable laws and regulations, economic downturn in markets, debt financing, financing renewal, access to capital and the REIT's reliance on information technology infrastructure, and the effects of these risks on the REIT's financial condition, results of operations, cash flows, ability to make cash distributions, operations and the market price of its securities, could be exacerbated by the effects of the COVID-19 pandemic and government measures to control it, any intensification of such pandemic or measures, or any other outbreak of contagious disease.

The extent to which the COVID-19 pandemic impacts the REIT's operations, financial condition and financial results will depend on future developments, which are highly uncertain and cannot be predicted with confidence. Such future developments include the severity and duration of the pandemic, any intensification of the pandemic, the actions by governments and others taken to contain the pandemic or mitigate its impact, changes in the preferences of tenants and prospective tenants, and the direct and indirect economic effects of the pandemic and containment measures, among others. The rapid development and fluidity of this situation impedes the REIT's ability to predict the ultimate adverse impact of the COVID-19 pandemic.

Nevertheless, the COVID-19 pandemic and the current financial, economic and capital markets environment, and future developments in these and other areas, present material uncertainty and risk with respect to the REIT's performance, consolidated financial condition, results of operations and cash flows.

Concentration of tenants may result in significant vacancies on the Properties

Five of the REIT's largest tenants, by percentage of total GLA, occupy nearly 49% of the total weighted areas. Although all five tenants are committed to multi-year leases, which are set to expire gradually between 2023 and 2027, there is no assurance that such tenants will continue to occupy such premises for the remainder of their lease terms. Some of them have break options before the end of their leases, and the earliest dates on which those five largest tenants may effectively move range between 2021 and 2027. To minimize this risk of vacancy, Inovalis REIT will continue to closely monitor all leases and ensure that they work with the current tenants to determine their future leasing plans, which would allow Inovalis REIT to source tenants in advance of the current tenants vacating the property.

Lease renewals, rental increases, lease termination rights and other lease matters

Leases for tenants of the REIT properties will mature or expire from time to time. There can be no assurance that tenants will renew leases upon the expiration or that rental rate increases will be achieved upon such renewal. The failure to renew leases or achieve rental rate increases may adversely impact our financial condition and results of operations and decrease the amount of cash available for distribution.

Despite management's objective to maintain continuous occupancy of leased premises, tenants may fall into financial difficulty from time to time and there can be no guarantee that tenants will continue to occupy such premises nor be able to fully pay rent. In addition, certain leases contain a provision which gives tenants the right to terminate their leases upon payment of a penalty.

Environmental contamination on properties may expose us to liability and adversely affect our financial performance

The properties may contain ground contamination, hazardous substances, wartime relics (including potentially unexploded ordnance) and/or other residual pollution and environmental risks. Buildings and their fixtures might contain asbestos or other hazardous substances above the allowable or recommended thresholds, or the buildings could bear other environmental risks. Prior to acquiring the interests in the properties (including the leasehold interests), we undertook environmental studies on each property. No sign of pollution was evidenced on any of the properties.

The REIT is subject to various federal, state and municipal laws relating to environmental matters. Such environmental laws impose actual and contingent liabilities on the REIT to undertake remedial action on contaminated sites and in contaminated buildings. The costs of any removal, investigation or remediation of any residual pollution on such sites or in such buildings as well as costs related to legal proceedings, including potential damages, regarding such matters may be substantial.

The REIT has insurance in place to protect against certain environmental liabilities in respect of certain of the properties, with limits, which are customary and available for portfolios like the REIT's.

Necessary capital and operating expenditures are made to ensure compliance with environmental laws and regulations. Although there can be no assurance, management does not believe that costs relating to environmental matters will have a material adverse effect on our investments, financial condition, results of operations or distributions or cash interest payments.

The REIT may incur significant capital expenditures

Certain significant expenditures must be made throughout the period of ownership of real property, regardless of whether the property is producing sufficient income to pay such expenses. To retain desirable rentable space and to generate adequate revenue over the long term, we must maintain or, in some cases, improve each property's condition to meet market demand, which can entail significant costs we may not be able to pass on to our tenants.

Any failure by the REIT to undertake appropriate maintenance and refurbishment work in response to the factors described above could entitle tenants to withhold or reduce rental payments or even to terminate existing leases. Any such event could have a material adverse effect on our cash flows, financial condition and results of operations and our ability to make distributions on the Units.

Financing risks, leverage and restrictive covenants may limit the ability for growth

The real estate industry is capital intensive. The REIT requires access to capital to maintain our properties, as well as to fund our growth strategy and significant capital expenditures from time to time. There is no assurance that capital will be available when needed or on favorable terms. Failure to access required capital could adversely impact investments, cash flows, operating results or financial condition, the ability to make distributions on the Units and the ability to implement the REIT's growth strategy.

As indebtedness increases there is risk that the REIT may default on its debt obligations. The ability to make scheduled payments on the principal of, or interest on, and to otherwise satisfy the REIT's debt obligations depends on future performance, which is subject to the financial performance of the properties, prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond the REIT's control.

Changes in government regulations may affect our investment in our properties

The REIT is subject to laws and regulations governing the ownership, leasing or operations of real property, employment standards, environmental and energy efficiency matters, taxes and other matters. It is possible that future changes in applicable federal, state, local or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting us (including with retroactive effect). This may include sudden regulatory changes required for the safe occupancy of buildings during the COVID-19 pandemic. In addition, the political conditions in the jurisdictions in which the REIT operates are also subject to change. Any changes in investment policies or shifts in political attitudes may adversely affect our investments. Any changes in the laws to which the REIT is subject in the jurisdictions in which it operates could materially affect the rights and title to the properties. All the properties are in France and Germany. Although the governments in France and Germany are stable and generally friendly to foreign investments, there are still political risks. It is not possible to predict whether there will be any further changes in the regulatory regime(s) to which the REIT is subject or the effect of any such change on investments.

Failure to receive deductions for interest payments may adversely affect our cash flows, results of operations and financial condition

During the acquisition of the properties, the REIT entered into financing transactions with third parties and affiliates. These financing agreements will require payment of principal and interest. There are several rules in German tax laws restricting the tax deductibility of interest expenses for corporate income and municipal trade tax purposes. Such rules have been changed considerably on several occasions in recent past. As a result, major uncertainties exist as to the interpretation and application of such rules, which are not yet clarified by the tax authorities and

the tax courts. The tax deductibility of interest expenses depends on, among other things, the details of the security structure for debt financings, the annual amount of tax net-debt interest, the amounts and terms of unitholder or affiliate financings and our general tax structure. There is a risk of additional taxes being triggered on the rental income and capital gains in case the tax authorities or the tax courts adopt deviating views on the above. If this were the case, this would result in a higher tax burden and, consequently, could have a material adverse effect on cash flows, financial condition and results of operations and ability to pay distributions on the Units.

Changes in currency exchange rates could adversely affect our business

Substantially all of the REIT's investments and operations are conducted in currencies other than Canadian dollars; however, distributions to Unitholders are paid in Canadian dollars. The REIT also raises funds primarily in Canada from the sale of securities in Canadian dollars and invests such funds indirectly through its subsidiaries in currencies other than Canadian dollars. As a result, fluctuations in such foreign currencies against the Canadian dollar could have a material adverse effect on financial results, which are denominated and reported in Canadian dollars, and on the ability to pay cash distributions to Unitholders. Active hedging programs have been implemented to offset the risk of revenue losses and to provide more certainty regarding the payment of distributions to Unitholders if the Canadian dollar increases in value compared to foreign currencies.

Changes in interest rates could adversely affect cash flows and the REIT's ability to pay distributions and make interest payments

When concluding financing agreements or extending such agreements, the management's objective is to agree on terms for interest payments that will not impair desired profit and on amortization schedules and that do not restrict the ability to pay distributions. In addition to the variable rate portion of the leaseholds in respect of the properties, management may enter into financing agreements with variable interest rates if the current historical low level of interest rates continues. There is a risk that interest rates will increase, which would result in a significant increase in the amount paid by the REIT and its subsidiaries to service debt, resulting in a decrease in distributions to Unitholders, and could impact the market price of the Units.

Dependence on Inovalis SA for management services

The REIT is dependent on Inovalis SA with respect to the asset management of properties and the property management of the properties. Consequently, the REIT's ability to achieve our investment objectives depends in large part on Inovalis SA and its ability to provide advice. This means that the REIT's investments are dependent upon Inovalis SA's business contacts, its ability to successfully hire, train, supervise and manage its personnel and its ability to maintain its operating systems. If the REIT were to lose the services provided by Inovalis SA or its key personnel, our investments and growth prospects may decline.

While the Trustees have similar oversight responsibility with respect to the services provided by Inovalis SA pursuant to the management agreement, the services provided by Inovalis SA are not performed by employees of the REIT, but by Inovalis SA directly and through entities to which it may subcontract. The Fourth Amended and Restated Management Agreement has an initial term of two years expiring on March 31, 2023, but may be extended for an additional one-year term based on mutual agreement of Inovalis SA and the REIT.

Investments in, and profits and cash flows from, properties may be lost in the event of uninsured or underinsured losses to properties or losses from title defects

The REIT carries general liability, umbrella liability and excess liability insurance with limits that are typically obtained for similar real estate portfolios in France and Germany and otherwise

acceptable to the Trustees. For the property risks the REIT intends to carry “Multi-Risk” property insurance including but not limited to, natural catastrophic events and loss of rental income insurance (with at least a 12 to 18-month indemnity period). The REIT also carries boiler and machinery insurance covering all boilers, pressure vessels, HVAC systems and equipment breakdown. There are, however, certain types of risks (generally of a catastrophic nature such as from pandemics war or nuclear accident) that are uninsurable under any insurance policy. Furthermore, there are other risks that are not economically viable to insure currently. The REIT partially self-insures against terrorism risk for the entire portfolio. The REIT has insurance for earthquake risks, subject to certain policy limits, deductibles and self-insurance arrangements. Should an uninsured or underinsured loss occur, the REIT could lose the investment in, and anticipated profits and cash flows from, one or more of its properties, but it would continue to be obligated to repay any recourse mortgage indebtedness on such properties. The REIT does not carry title insurance on the properties. If a loss occurs resulting from a title defect with respect to a property where there is no title insurance the REIT could lose all or part of its investment in, and anticipated profits and cash flows from, such property. The REIT does not carry pandemic insurance on the properties. If a loss occurs resulting from the inability of a tenant to pay rent or a restriction on the operation of a property due to government regulation related to the COVID-19 pandemic, the REIT could lose all or part of its investment in, and anticipated profits and cash flows from, such property.

IFRS reporting may result in our consolidated statement of financial position and consolidated statement of earnings being subject to volatility as the fair value of portfolio changes.

The fair value of the REIT’s properties is dependent upon, among other things, rental income from current leases, assumptions about rental income from future leases reflecting market conditions, expected future cash outflow in respect of such leases, the demand for properties such as the properties, the availability and cost of financing and general economic conditions. A change in one or a combination of these factors, many of which are not controlled by the REIT, may have a material impact to the fair value of its properties. The REIT’s chosen accounting policy under IFRS requires that real estate assets be recorded at “fair value” with changes in fair value being recorded in earnings in the period of change. Accordingly, the statement of financial position and the statement of earnings are subject to volatility as the fair value of its real estate portfolio changes and these changes may be material.

Reliance on partnerships

The REIT has a material non-controlling interest in partnerships with several institutional investors. These arrangements create a risk as the business objectives or economic interests of the partner, as in any joint business arrangement, may not be aligned with those of the REIT. The partner may want to make decisions that negatively affect the value of its real estate assets or income of the REIT. Such investments may involve risks that are not present in investments where a third party is not involved, including the possibility that a partner may have financial difficulties resulting in a negative impact on the investment or be liable for the actions of its third-party partner. Although the REIT may not have control over these investments and therefore, may have a limited ability to protect its position, such partnership arrangements contain terms and conditions which, in the opinion of the independent trustees, are commercially reasonable, including without limitation such terms and conditions relating to restrictions on the transfer, acquisition and sale of the REIT’s and any joint venture partner’s interest in the joint venture arrangement, provisions to provide liquidity to the REIT, provisions to limit the liability of the REIT and its Unitholders to third parties and provisions to provide for the participation of the REIT in the management of the joint venture arrangements. The REIT’s investment in properties through joint arrangements is subject to the investment guidelines set out in the Declaration of Trust.

Income taxes

Taxation of Trusts

The REIT qualifies as a “unit trust” and a “mutual fund trust” for purposes of the Tax Act. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting mutual fund trusts will not be changed in a manner that adversely affects Unitholders. Should the REIT cease to qualify as a mutual fund trust under the Tax Act, the income tax consequences to the REIT and its Unitholders would be materially and adversely different in certain respects.

Application of the SIFT Rules

Certain rules (the “SIFT Rules”) apply to a trust that is a “SIFT trust” as defined in the Tax Act. Provided that a trust does not own “non-portfolio property” (as defined in the Tax Act), it will not be subject to the SIFT Rules. Based on the investment restrictions of the REIT, the REIT may not acquire any non-portfolio property and, therefore, is not subject to the SIFT Rules. However, there can be no assurance that the SIFT Rules or the administrative policies or assessing practices of the CRA will not be changed in a manner that adversely affects the REIT and Unitholders.

FAPI

The REIT’s “participating percentage” (as defined in the Tax Act) of “foreign accrual property income” (“FAPI”) earned by any controlled foreign affiliate (“CFA”) of the REIT must be included in computing the income of the REIT for the fiscal year of the REIT in which the taxation year of such CFA ends, subject to a deduction for grossed-up “foreign accrual tax” as computed in accordance with the Tax Act. The deduction for grossed-up “foreign accrual tax” may not fully offset the FAPI realized by the REIT, thereby increasing the allocation of income to the REIT and, therefore, the allocation of income by the REIT to Unitholders.

In addition, as FAPI generally must be computed in accordance with Part I of the Tax Act as though the CFA were a resident of Canada and in Canadian currency (subject to the detailed rules contained in the Tax Act), income or transactions may be taxed differently under foreign tax rules as compared to the FAPI rules and, accordingly, may result in additional income being allocated to Unitholders.

Foreign Currency

For purposes of the Tax Act, the REIT is required to compute its Canadian tax results using Canadian currency, including for purposes of computing FAPI earned by CFAs of the REIT. Where an amount that is relevant in computing a taxpayer’s Canadian tax results is expressed in a currency other than Canadian currency, such amount must be converted to Canadian currency using the rate of exchange quoted by the Bank of Canada on the day such amount first arose, or using such other rate of exchange as is acceptable to the CRA. As a result, the REIT may realize gains and losses for tax purposes by virtue of the fluctuation of the value of foreign currencies relative to Canadian dollars.

Change of Tax Law

There can be no assurance that Canadian or foreign income tax laws, the judicial interpretation thereof, the terms of any income tax treaty applicable to the REIT or its affiliates or the administrative policies and assessing practices and policies of the CRA, the Department of Finance (Canada) and any foreign tax authority or tax policy agency will not be changed in a manner that adversely affects the REIT, its affiliates or Unitholders.

Non-Residents of Canada

The Tax Act may impose additional withholding or other taxes on distributions made by the REIT to Unitholders who are Non-Residents. These taxes and any reduction thereof under a tax treaty between Canada and another country may change from time to time.

Taxation of the REIT and the REIT's Subsidiaries

Although the REIT and its subsidiaries have been structured with the objective of maximizing after-tax distributions, taxes (including corporate, withholding, land transfer, and other taxes) in the various jurisdictions in which the REIT invests will reduce the amount of cash available for distribution to the REIT by its subsidiaries and, therefore, reduce the amount of cash available for distribution by the REIT to Unitholders. No assurance can be given as to the future level of taxation suffered by the REIT or its subsidiaries. In addition, certain tax positions adopted by the REIT and its subsidiaries may be challenged by the CRA or a foreign taxing authority. This could materially increase the taxable income of, and taxes payable by, the REIT and its subsidiaries, and thereby increase taxable income of Unitholders and/or adversely affect the REIT's financial position and cash available for distribution to Unitholders.

The extent to which distributions will be non-taxable in the future will depend in part on the extent to which the REIT's subsidiaries are able to deduct depreciation, interest and loan expenses relating to the REIT's properties for purposes of the Tax Act. No assurances can be given that the CRA will agree with capital cost allowance claims by the REIT's subsidiaries and that expenses claimed by the REIT and its subsidiaries are reasonable and deductible.

Qualified Investments

Management of the REIT will endeavour to ensure that the Units continue to be qualified investments for trusts governed by a registered retirement savings plan, a registered education savings plan, a registered retirement income fund, a deferred profit sharing plan, a registered disability savings plan and a tax-free savings account, each as defined in the Tax Act (collectively, "Plans"); however, there can be no assurance in this regard. In addition, Redemption Notes or other property received on an in specie redemption of Units may not be qualified investments for Plans. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

German Taxes

The Luxembourg SPV, Walpur-Four and Cologne SCI would be subject to municipal trade tax ("TT") if acting through a German permanent establishment. Management of the REIT have assumed that the Luxembourg SPV, Walpur-Four and Cologne SCI will not be subject to TT based on the REIT's current understanding of the structure. However, no assurances can be given that the Luxembourg SPV, Walpur-Four and Cologne SCI will not be subject to TT.

Luxco Restructuring

In 2018, the French and Luxembourg governments signed a double taxation treaty ("Double Taxation Treaty"), which replaces the existing treaty that currently applies to Luxco. The Double Taxation Treaty has now been published and will be applicable as of January 1, 2020. Dividend distributions made by OPCI to Luxco and Arcueil SI will be subject to a tax at a rate of 28% in 2020 (reduced to 26.5% in 2021 and 25% as of January 1, 2022).

The REIT is in the process of restructuring Luxco into a Special Investment Fund within the meaning of the Luxembourg law of 13 February 2007 ("SIF"), with multiple compartments and variable capital ("Société d'Investissement à Capital Variable") subject to a tax of 0.01% (so called "taxe d'abonnement") per annum of its Net Asset Value, so that it will be eligible for dividend withholding tax at a reduced rate of 15%, as opposed to the rate of 28% which would otherwise apply under domestic law. Eligibility for the reduced 15% dividend withholding tax is conditional

upon the completion of certain formalities with the Commission de Surveillance du Secteur Financier, the Luxembourg Financial Regulatory Authority. The restructuring is expected to be completed in the first quarter of 2020. Failure to complete the restructuring of Luxco will result in a 28% withholding tax on dividend distributions made to Luxco until SIF status is obtained. The restructuring is not expected to result in material Canadian or foreign tax consequences, however, no assurance can be given that the CRA or a foreign tax authority will not challenge certain positions taken by the REIT and the REIT's subsidiaries in connection with the restructuring of Luxco.

Foreign income taxes

The REIT's subsidiaries are subject to tax either on their taxable income or on a withholding basis under applicable legislation in France, Germany, Luxembourg and the United States. These subsidiaries account for their current or recovered taxes at the current enacted and substantively enacted tax rates and use the liability method to account for deferred taxes. The tax expense related to taxable subsidiaries for the period comprises current and deferred taxes.

The REIT's subsidiaries that hold the leasehold rights on the properties located in France are established in France and should therefore be considered as tax residents in France. Under current French tax legislation, income derived from the French REIT's subsidiaries, incorporated under the form of Société Civile Immobilière subject to article 8 of the French Tax Code, and allocated to INOPCI 1 should be corporate income tax exempt in the hands of INOPCI 1 on the basis that INOPCI 1 complies with its distribution obligations. A withholding tax should be levied in France on dividend distributions made by INOPCI 1 and INOPCI2 which are OPCI (collective undertaking for real estate investment) to CCE and Arcueil SI Sarl, respectively.

TFI CanCorp Isenburg, TFI CanCorp Kosching, TFI CanCorp Stuttgart ("TFI CC"), CanCorp Cologne and Trio are established in Luxembourg as fully taxable companies, subject to annual corporate income, municipal business and net wealth taxes. There is a minimum net wealth tax and corporate income tax in Luxembourg under certain condition. Dividends and liquidation distributions derived by CCE from the French OPCI may be tax exempt in Luxembourg for corporate income tax and municipal business tax purposes. CCE will benefit from the Luxembourg participation exemption on any dividend income or liquidation proceeds received from CanCorp Duisburg, Trio, CanCorp Cologne, TFI CC and Arcueil SCS.

Arcueil SCS is a Luxembourg partnership (société en commandite simple) that is tax transparent for Luxembourg corporate income tax purposes, i.e. all the income and expenses are deemed to be realized directly by the partners. Although CCE holds 25% of the partnership interest, the income and expenses will be allocated to CCE from a Luxembourg tax perspective pursuant the terms of the joint venture agreement.

CanCorp Duisburg ("CCD"), Trio and TFI CC are Luxembourg limited liability companies that are managed in Luxembourg and, therefore, should not be considered tax resident of Germany for German tax purposes. Similarly, Cologne is an SCI and should not be considered tax resident of Germany for German tax purposes (CCD, TFI CC, Trio, and Cancorp Cologne are collectively called the ("German Co"). However, the German Co would be subject to corporate income tax ("CIT") in Germany on their German source income (or in case German Co is a partnership and therefore transparent for CIT purposes its partners). As the German Co's rental revenues would be German source income, such (net) income would be subject to CIT, even if the German Co (and their shareholders) are not German tax residents. This is true irrespective of whether German Co is a corporation or a partnership and therefore transparent. The right to tax such income by Germany should not be waived under the double tax treaty between Germany and Luxembourg and the double tax treaty between Germany and France because the German Co's properties are located in Germany and income from German real estate is taxed in the country

where the real estate is located. To determine taxable income for CIT purposes, a tax payer may deduct certain expenses incurred in connection with its German source income (e.g., with respect to the acquisition and ownership of real property (in particular depreciation) and certain operating expenses) provided that such costs are incurred on arm's length terms.

See the section of the MD&A “Deferred Tax Expense”.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS

Management’s Discussion and Analysis of Results of Operations and Financial Condition of the REIT as at December 31, 2020, as filed on SEDAR at www.sedar.com, is incorporated by reference herein.

MANAGEMENT OF THE REIT

Trustees and Officers

The Board of Trustees consists of eight Trustees, seven of whom are Independent Trustees within the meaning of National Instrument 58-101 – Disclosure of Corporate Governance Practices (“NI 58-101”). The Trustees are elected by unitholders at each annual meeting of unitholders and hold office for a term expiring at the close of the next annual meeting or until their respective successors are elected or appointed and are eligible for re-election or re-appointment. Pursuant to the Declaration of Trust, the Board of Trustees has established three committees: the Audit Committee, the Compensation and Governance Committee and the Investment Committee. Each Committee is to be composed of at least three Trustees, all of whom must be Independent Trustees and a majority of whom must be residents of Canada. The nominees for election as Trustees are determined by the Compensation and Governance Committee (“Compensation and Governance Committee”) in accordance with the provisions of the Declaration of Trust and the Charter of the Compensation and Governance Committee.

The following table sets forth the name, municipality or province and country of residence and positions held with the REIT (or functions performed on behalf of the REIT) of each Trustee and executive officer of the REIT. The principal occupations of each Trustee and Officer is detailed in the biographies that follow the table.

Name, Province or State and Country of Residence	Trustee since	Position/Title	Committees	Principal Occupation
Daniel Argiros Ontario, Canada	2013	Independent Trustee Board Chair	Investment Committee Chair	Co-Founder, Conundrum Capital Corporation
Stéphane Amine Paris, France	2013 to 2018 and 2019	Non-independent Trustee and President	N/A	Chairman and Founder, Inovalis SA
Jean-Daniel Cohen Brussels, Belgium	2013	Independent Trustee	Compensation and Governance Committee, Audit Committee	Chair and CEO, Hoche Partners Group of Companies Managing Director, LAURAD

Name, Province or State and Country of Residence	Trustee since	Position/Title	Committees	Principal Occupation
Michael Lagopoulos Ontario, Canada	2017	Independent Trustee	Compensation and Governance Committee Chair Audit Committee	Corporate director and wealth management consultant
Jo-Ann Lempert Quebec, Canada	2017	Independent Trustee	Audit Committee Chair	Partner and the Leader of MNP Montreal's Real Estate and Construction group
Marc Manasterski Immeuble Abillamaa, Metn, Lebanon	2013	Independent Trustee	Investment Committee	Partner, Quilvest Real Estate
Michael Missaghie Ontario, Canada	2019	Independent Trustee	Investment Committee	President and CEO, Arch Corporation
Robert Picard Toronto, Canada	2018	Independent Trustee	Compensation and Governance Committee	Partner, Gardiner Roberts LLP
David Giraud Paris, France	n/a	Chief Executive Officer	N/A	Managing Director, Inovalis SA
Khalil Hankach Paris, France	n/a	Chief Financial Officer & Secretary	N/A	Deputy Managing Director, Inovalis SA

Mr. Giraud has been Chief Executive Officer of the REIT since April 2013. Mr. Hankach has been Chief Financial Officer and Secretary since June 2019 and prior to that was Chief Investment Officer of the REIT since January, 2014.

Each Trustee's term of office expires at the next annual meeting of Unitholders or when his/her successor is duly elected or appointed, unless his/her term ends earlier in accordance with the terms of the Declaration of Trust.

As a group, the REIT's Trustees and executive officers beneficially own, or control or direct, directly or indirectly, 1,524,766 Units, representing approximately 4.7% of the issued and outstanding Units as at March 24, 2021. This in addition, through his controlling equity interest in Inovalis SA, Mr. Stephane Amine, Trustee and Chairman of the REIT, indirectly exercises control or direction over the Units and Special Voting Units held by Inovalis SA. Inovalis SA beneficially owns 1,138,947 Units and 1,113,663 Special Voting Units, representing an 6.3% effective interest in the REIT as at March 24, 2021 (on a fully exchanged basis).

Additional information regarding the Trustees and executive officers of the REIT is set forth below:

Daniel Argiros, Independent Trustee and Board Chair. Mr. Argiros is President and CEO of Conundrum Capital, a real estate private equity fund manager serving major pension funds and institutional investors that he co-founded in 2000. Mr. Argiros was the founder of Potentia Solar Inc. and served as its Chief Executive Officer from 2010 until March 2016. He was founder, President and Chief Executive Officer of Acanthus Real Estate Corporation, between 1997 and 2000. Prior to forming Acanthus, Mr. Argiros led the investment management

subsidiary of Corporate Planning Associates, from 1988 to 1997. Mr. Argiros began his career with the national accounting firm, Deloitte, Haskins & Sells in 1985, after completing his Bachelor of Commerce degree at the University of Toronto. He obtained his designation as a Chartered Professional Accountant (CPA) the following year. Mr. Argiros trustee on the TSX-listed Sun Residential REIT, a member of the Board of Governors of the Royal Ontario Museum and a former Director and Past President of ProAction, Cops and Kids.

Stéphane Amine, *Non-independent Trustee and President.* Mr. Amine has over 25 years of management experience in the European real estate market. Since founding of Inovalis SA in 1998, Mr. Amine has helped build Inovalis SA into one of Western Europe's leading privately owned real estate investment management companies with assets under management \$10 billion. Prior to founding Inovalis SA, Mr. Amine managed the multinational investors of Constructa SA, a leading developer and property manager with offices, at the time, in the United Kingdom, Switzerland and the United States. Mr. Amine graduated with a Masters degree in Management from Reims Management School (RMS Grand Ecole / Sup de Co Reims).

Jean-Daniel Cohen, *Independent Trustee.* Since 2001 Mr. Cohen has served as the Chair and CEO of Hoche Partners Group of Companies, an international investment bank focused on providing advisory, structured financing, private equity and real estate services to family offices and medium-sized businesses. He also serves as Managing Director of LAURAD, a real estate-focused private equity investment group. Prior to his current role, Mr. Cohen was the Managing Partner at Aurel-Leven, a leading independent French brokerage and investment bank, the Managing Partner at UFFI REAM, a real estate asset manager and CEO of Louis Dreyfus Finance (Banque), the banking arm of the Louis Dreyfus Group. Mr Cohen graduated from Ecole Centrale de Paris. Mr. Cohen is a director of the following public companies: Advenis, Realia Properties Inc.(formerly Titanstar Properties Inc.), Fonciere Volta, Crosswood, Société centrale des bois et scieries de la Manche; he is also on the board of the charity, ALLMEP.

Michael Lagopoulos, *Independent Trustee.* Mr. Lagopoulos is a corporate director and provides wealth management advisory services to wealthy families. Since 2014 and has taught a program in family wealth management and serves as an executive-in-residence at the Rotman School of Management at the University of Toronto. Mr. Lagopoulos retired as Deputy Chairman of RBC Wealth Management in 2014 after a 28-year career with the bank. In that role, he was responsible for the coordination and servicing of leading ultra-high net wealth families and institutional clients around the world and was also responsible for the corporate governance of major RBC Wealth Management subsidiaries. Between 2007 and 2010, Mr. Lagopoulos served as CEO and Head of RBC International Wealth Management, in London, England and before that was in the same role from 2002, working in Toronto. Mr. Lagopoulos holds a Bachelor of Commerce from the University of Toronto and is a Chartered Accountant. He has been twice recognized with Life Time Achievement Awards for his work internationally in banking and wealth management. Mr. Lagopoulos serves on the boards of several private corporations and is on the Hellenic Heritage Foundation board.

Jo-Ann Lempert, *Independent Trustee.* Ms. Lempert, is a partner in the public companies group at MNP and leads MNP's Real Estate and Construction group in Montréal. She works with a number of private companies and public issuers that require specialized expertise in complex standards in financial reporting. Ms. Lempert also has significant experience taking private companies through the public listing process. Ms. Lempert has been a contributing author for Chartered Professional Accountants of Canada, CCH Wolters-Kluwer, a course instructor for the Order of Chartered Professional Accountants of Quebec and the Institute of Chartered Professional Accountants of Ontario. Ms. Lempert earned the ICD.D

designation in 2019. She also holds the CPA,CA designation and became a Fellow in 2016. She holds a Bachelor of Commerce (Accounting and Entrepreneurship) degree from McGill University a Diploma of Accounting from Concordia University.

Marc Manasterski, *Independent Trustee*. Mr. Manasterski is a partner and Head of Quilvest Real Estate, a division of Quilvest, a multi-family office with global reach. Before joining Quilvest in February 2008, Mr. Manasterski served as Chief Executive Officer of Alliance Hospitality Group, managing a large hotel portfolio in France, Belgium and Italy on behalf of Whitehall, Goldman Sachs' real estate opportunity fund. Prior to that, Mr. Manasterski acquired more than 20 years of direct experience in real estate development. Mr. Manasterski was Chief Executive Officer of several private investment funds owned by banks or/and high net worth individuals. Mr. Manasterski holds an H.N.D. in Marketing from the College for the Distributive Trades (London) and a Masters degree in Business Administration from INSEAD, Fontainebleau.

Michael Missaghie, *Independent Trustee*. Mr. Missaghie is President and Chief Investment Officer of Arch Corporation, overseeing the company's Private and Public Real Estate Investment Strategies. Michael is also Portfolio Manager with Anson Advisors Inc., responsible for management of the Arch Absolute Return Real Estate Fund. Michael was previously Vice-President and Senior Portfolio Manager with Sentry Investments, responsible for managing more than \$1 billion of global real estate equities, and lead manager of the Sentry Global REIT Fund. Mr. Missaghie was the 2012 recipient of the Brendan Wood International TopGun Investment Mind Award. Michael has a Bachelor of Arts with Honours in Economics from the University of Western Ontario and an MBA from York University's Schulich School of Business. He also holds the Chartered Financial Analyst (CFA) designation.

Robert Picard, *Independent Trustee*. Mr. Picard has been a partner at Gardiner Roberts LLP since 1991 and has served on the firm's management board and a number of governing committees. He has acted as lead counsel in many complex investment arrangements and large-scale structured projects including those in real estate, energy and technology. Mr. Picard has negotiated a number of public and private financings including public placements, venture capital, standard and convertible debt, mezzanine and asset backed transactions. He has broad experience in mergers and acquisitions in numerous industries including real estate. Mr. Picard is a graduate of University of Toronto Law School and is certified by the Law Society of Ontario, Canada as an expert in Corporate and Commercial Law.

David Giraud, *Chief Executive Officer*. Mr. Giraud has over 20 years of management experience in the European real estate market and serves as the Chief Executive Officer of the REIT. Since co-founding Inovalis SA in 1998, Mr. Giraud has helped build Inovalis SA into one of Western Europe's leading privately owned real estate investment management companies, growing from approximately \$19 million in equity under management to almost \$750 million in equity under management and ten key accounts as of the end of fiscal 2011. During this time Mr. Giraud has focused on fund structuring, investor relations and overall fund management. Prior to co-founding Inovalis SA, Mr. Giraud acted as Chief Operating Officer of various private equity companies which made investments in various industries Turkey, Lebanon and France. Mr. Giraud graduated with a Masters in Management from Reims Management School (RMS Grande Ecole / Sup de Co Reims).

Khalil Hankach, *Chief Investment Officer*. Mr. Hankach has 13 years of experience in the European real estate market. From 2003 to 2006, he worked in the acquisitions department and was responsible for acquiring assets in both France and Germany. During this same time he helped Inovalis cultivate strong relationships with various

European banks and was charged with raising senior debt for real estate acquisitions. In 2006, Mr. Hankach headed a joint-venture between Inovalis and U.S. and Middle Eastern investors in order to purchase performing loans and secure mezzanine financing for third party buyers of real estate. Since 2010, Mr. Hankach has managed the internal Inovalis' team responsible for bank and investor relations while also securing senior debt financing for a variety of real estate acquisitions. Mr. Hankach graduated from the University of Manchester with a bachelor's degree and Master's degree in Economics.

Penalties or Sanctions

None of the REIT's Trustees or executive officers, and to the best of the Trustees' knowledge, no Unitholder holding a sufficient number of the REIT's securities to affect materially the control of the REIT, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Individual Bankruptcies

None of the REIT's Trustees or executive officers, and to the best of the Trustees' knowledge, no Unitholder holding a sufficient number of the REIT's securities to affect materially the control of the REIT, has, within the 10 years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Corporate Cease Trade Orders and Bankruptcies

None of the REIT's Trustees or executive officers, and to the best of the Trustees' knowledge, no Unitholder holding a sufficient number of the REIT's securities to affect materially the control of the REIT is, as at the date hereof, or has been within the 10 years before the date hereof,

- a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the existing or proposed director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or
- b) was subject to an order that was issued after the existing or proposed director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, or
- (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

Independent Trustee Matters

In addition to requiring the approval of a majority of the REIT's Trustees, the following matters

require the approval of at least a majority of the REIT's Independent Trustees who have no interest in the matter to become effective:

- a) making any material change to the Management Agreement (including any termination thereof) or any increase in the fees payable thereunder (or any change thereto which has the effect of increasing the fees payable thereunder);
- b) entering into any agreement or transaction in which any Related Party has a material interest or making a material change to any such agreement or transaction;
- c) approving or enforcing any agreement entered into by the REIT with a Related Party;
- d) permitting any of the REIT's Subsidiaries to acquire any real or other property in which a Related Party has an interest or to sell any interest in any real or other property to a Related Party; and
- e) making or prosecuting any claim by or against any Related Party.

Conflict of Interest Restrictions and Provisions

The Declaration of Trust contains "conflict of interest" provisions similar to those applicable to corporations under Section 120 of the Canada Business Corporations Act, which serve to protect unitholders without creating undue limitations on the REIT. Given that the REIT's Trustees and officers will be engaged in a wide range of real estate and other business activities, the Declaration of Trust requires each of the REIT's Trustees and officers to disclose to the REIT if he or she is a party to a material contract or transaction or proposed material contract or transaction with the REIT or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with the REIT. The Board of Trustees has also adopted a written code of conduct that applies to all of the REIT's Trustees, officers and employees and addresses conflicts of interests, among other fair dealing, compliance and ethical obligations of such persons.

Certain of the REIT's Trustees may have conflicts of interest as a result of their current full-time positions and these conflicts will be expressly acknowledged. See "Risk Factors".

Board Leadership

Mr. Dan Argiros is the Chair of the Board. The Board maintains a position description for the Chair that is reviewed annually and approved by the Compensation and Governance Committee and the Board.

The Chair directs the operations of the Board. He chairs each meeting of the Board and is responsible for the management and effective functioning of the Board and provides leadership to the Board in all matters. More specifically, the Chair works in consultation with the members of executive management to, among other things, set the agenda for each Board meeting; ensures that the Board has all the information it needs to discuss the matters brought before it; and ensures that all of the Board's responsibilities, as set out in the Board mandate, are being fulfilled.

The Chair monitors the reports from the committees of the Board to ensure the committees are fulfilling the responsibilities delegated to them by the Board. The Chair also chairs meetings of the unitholders and facilitates the response by management to unitholder concerns. The Chair ensures that strategic plans are communicated to the Board and that such plans are evaluated as to their success.

The Board has the authority to appoint an independent Trustee as Lead Trustee if the Chair of

the Board is non-independent. The Lead Trustee ensures that the Board operates independently of management and that the Trustees have an independent leadership contact. The Lead Trustee chairs meetings of the independent Trustees. The Board maintains a position description for the Lead Trustee. The Lead Trustee meets periodically with the other independent Trustees to obtain insight as to areas where the Board and its committees can operate more effectively and to ensure that the Board is able to discharge its responsibilities independent of management. Currently, the Board does not have a Lead Trustee as the Chair is independent.

AUDIT COMMITTEE AND FEES

Audit Committee

National Instrument 52-110 – Audit Committees (“NI 52-110”) and the Declaration of Trust require the Board of Trustees to have an Audit Committee consisting of at least three Trustees, all of whom must be Independent Trustees, to enhance the independence of the REIT’s external auditors and oversee the financial reporting and risk management of the REIT. A copy of the written charter for the Audit Committee is attached to this AIF as Schedule A. All of the members of the Audit Committee are financially literate and independent (as such terms are defined in NI 52-110).

The Trustees have appointed an Audit Committee of three members consisting of, namely, Ms. Lempert and Messrs. Cohen and Lagopoulos. All of the members of the Committee are financially literate. The education and professional experience of each member of the Audit Committee relevant to the performance of his responsibilities on the Audit Committee is as follows:

- Ms. Lempert, is a partner in the public companies group at MNP and leads MNP’s Real Estate and Construction group in Montréal. She works with a number of private companies and public issuers that require specialized expertise in complex standards in financial reporting. Ms. Lempert also has significant experience taking private companies through the public listing process. Ms. Lempert has been a contributing author for Chartered Professional Accountants of Canada, CCH Wolters-Kluwer, a course instructor for the Order of Chartered Professional Accountants of Quebec and the Institute of Chartered Professional Accountants of Ontario. Ms. Lempert earned the ICD.D designation in 2019. She also holds the CPA,CA designation and became a Fellow in 2016. She holds a Bachelor of Commerce (Accounting and Entrepreneurship) degree from McGill University a Diploma of Accounting from Concordia University..

Mr. Cohen graduated from Ecole Centrale de Paris. Mr. Cohen is the Chairman of Hoche Partners Group of Companies, an international investment bank focused on providing advisory, structured financing, private equity and real estate services to family offices and medium sized companies. Mr. Cohen also sits on the board of Société Centrale des Bois et Scieries de la Manche (SCBSM), a real estate investment trust listed on NYSE Euronext Paris, as well as Advenis SA, and Crosswood and Foncière Volta, two French listed NYSE Euronext Paris investment companies. Mr. Cohen is also director of TSX-Venture listed Realia Properties Inc. (formerly Titanstar Properties Inc.).

- Mr. Lagopoulos holds a Bachelor of Commerce degree from the University of Toronto and is a Chartered Accountant. He has attended advanced programs in business at McGill University and the University of Pennsylvania Wharton School of Business. He has been twice recognized with Life Time Achievement Awards for his work internationally in banking and wealth management. He acquired further audit committee experience in his roles as Deputy Chairman of RBC Wealth Management and as CEO and Head of RBC International Wealth Management.

The Audit Committee pre-approves the nature and fees of any non-audit services to be provided to the REIT by the external auditors and considers whether the nature and extent of such services could detract from the independence of the external auditors in carrying out the audit function. The Audit Committee also reviews the performance of any non-audit services provided by the external auditors. At no time since the commencement of the REIT's most recently completed financial year has the REIT relied on exemptions in relation to "De Minimus Non-Audit Services" or any exemption provided by Part 8 of National Instrument 52-110 – Audit Committees.

Audit Fees

The following table sets forth all services rendered by Ernst & Young LLP (and its network), the REIT's external auditor, for fees related to the REIT for each category of service for the financial year ended December 31, 2020 and 2019.

Category of fees	December 31, 2020	December 31, 2019
Audit Services ⁽¹⁾	\$814,200	\$678,800
Audit Related Services	\$0	19,000
Tax Services ⁽²⁾	\$32,000	35,950
All Other Services	\$0	\$0
Total	\$846,200	\$733,750

(1) Refers to all fees incurred in respect of audit services, being the professional services rendered by the external auditors for the audit of the REIT's consolidated financial statements, as well as services normally provided by the external auditors in connection with regulatory filings and engagements.

(2) The REIT's income tax filings in Canada.

COMPENSATION AND GOVERNANCE COMMITTEE

The Declaration of Trust requires a Compensation and Governance Committee, consisting of at least three Trustees, to review, oversee and evaluate the governance and nominating policies and the compensation policies of the REIT. All members of the Compensation and Governance Committee are independent Trustees. The Trustees have appointed Messrs. Lagopoulos, Cohen and Picard, with Mr. Lagopoulos as acting Chair, all of whom are independent, to the Compensation and Governance Committee.

INVESTMENT COMMITTEE

The Declaration of Trust provides that an Investment Committee may be appointed from among the Trustees consisting of at least three Trustees, all of whom must be independent Trustees in accordance with the Charter of the Investment Committee. Members of the Investment Committee, may authorize, without the Board of Trustees' approval, proposed acquisitions, dispositions or borrowings where the acquisition, disposition or borrowing, including the assumption or granting of any mortgage, does not exceed €40 million. The Investment Committee will also recommend to the Board of Trustees whether to approve or reject proposed Transactions, where the value of such transaction exceeds €40 million. The Trustees have appointed Messrs. Argiros, Lagopoulos and Manasterski, with Mr. Argiros as Chairman, to the Investment Committee.

DECLARATION OF TRUST

Units and Special Voting Units

The REIT is authorized to issue an unlimited number of Units and an unlimited number of Special Voting Units. Issued and outstanding Units and Special Voting Units may be

subdivided or consolidated from time to time by the Trustees without notice to or approval of the Unitholders.

Trust Units

No Unit has any preference or priority over another. Each Unit represents a Unitholder's proportionate undivided beneficial ownership interest in the REIT and confers the right to one vote at any meeting of unitholders and to participate pro rata in any distributions by the REIT, whether of net income, net realized capital gains or other amounts and, in the event of termination or winding-up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities. Units are fully paid and non-assessable when issued and are transferable. The Units are redeemable at the holder's option, and the Units have no other conversion, retraction, redemption or pre-emptive rights.

Units are redeemable at any time on demand by the holders thereof. Upon receipt of the redemption notice by the Transfer Agent and the REIT, all rights to and under the Units tendered for redemption shall be surrendered and the holder thereof will be entitled to receive a price per Unit (the "Redemption Price") equal to the lesser of: (a) 90% of the Market Price of a Unit calculated as of the date on which the Units were surrendered for redemption; and (b) 100% of the Closing Market Price calculated on the date on which the Units were surrendered for redemption. Cash payable on redemptions will be paid pro rata in cash to all Unitholders tendering Units for redemption in any month. To the extent a Unitholder is not entitled to receive cash upon the redemption of Units, then the balance of the Redemption Price for such Units will, subject to any applicable regulatory approvals, be paid and satisfied by way of a distribution in specie to such Unitholder of Redemption Notes or securities of a REIT subsidiary or other property of the REIT, as determined by the Trustees in their sole discretion.

Exchangeable Securities and Special Voting Units

The Exchangeable Securities are accompanied by Special Voting Units, which 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 for the purpose of providing voting rights with respect to the REIT to the holders of such securities. Special Voting Units will be issued in conjunction with Exchangeable Securities to which they relate, and will be evidenced only by the certificates representing such Exchangeable Securities. Special Voting Units are not transferable separately from the Exchangeable Securities to which they are attached and will be automatically transferred upon the transfer of such Exchangeable Securities. Each Special Trust Unit will entitle the holder thereof to that number of votes at any meeting of unitholders that is equal to the number of Units that may be obtained upon the exchange of the Exchangeable Securities to which such Special Trust Unit is attached. Upon the exchange or surrender of an Exchangeable Security for a Unit, the Special Trust Unit attached to such Exchangeable Securities will automatically be redeemed and cancelled for no consideration without any further action of the Trustees, and the former holder of such Special Trust Unit will cease to have any rights with respect thereto. Special Voting Units shall not be transferable separately from the Exchangeable Securities to which they relate and will automatically be transferred upon the transfer of any such Exchangeable Securities. Special Voting Units may only be transferred to permitted transferees of Special Voting Units. At December 31, 20, there were 1,113,663 Exchangeable Securities outstanding.

Limitation on Non-Resident Ownership

Since the REIT does not own taxable Canadian property (as defined in the Tax Act) it is not subject to restrictions on the REIT's ownership by non-Canadian investors.

Update to the Declaration of Trust in 2020

On April 9, 2020, on the recommendation of the Compensation and Governance Committee, the Board of Trustees approved housekeeping amendments to the Second Amended and Restated Declaration of Trust dated January 20, 2016 by adopting the third amended and restated declaration of trust dated April 9, 2020 (the "**Third Amended and Restated Declaration of Trust**"). The Third Amended and Restated Declaration of Trust permits the REIT to hold electronic or virtual meetings of Unitholders and has removed the requirements that annual meetings of Unitholders take place in Canada, that voting be by a show of hands, and that officers of the REIT be Canadian residents. The REIT's Annual and Special Meeting held on May 13, 2020 was held virtually pursuant to the provisions of the Third Amended and Restated Declaration of Trust. The Third Amended and Restated Declaration of Trust dated April 9, 2020 is available on SEDAR at www.sedar.com.

UNITHOLDER RIGHTS PLAN

On April 13, 2020, the Board approved the Rights Plan which had been approved by the TSX. The Rights Plan was subsequently ratified by Unitholders at the Annual and Special Meeting held on May 13, 2020.

The primary objectives of the Rights Plan are to ensure, to the extent possible, the equal treatment of all Unitholders in connection with any take-over bid for the Units and, in the event of an unsolicited take-over bid, to provide the Board with sufficient time to evaluate the bid and to explore and develop alternatives.

While the existing legislative framework for take-over bids in Canada has addressed many concerns related to unequal treatment of Unitholders, there will continue to be a role for rights plans in protecting the REIT and protecting against unequal treatment of Unitholders. In particular, some remaining areas of concern include:

- protecting against "creeping bids" (the accumulation of more than 20 percent of the Units through purchases exempt from the Canadian take-over bid regime, such as (i) purchases from a small group of Unitholders under private agreements at a premium to the market price, resulting in a change of control transaction without the payment of a premium to all Unitholders, (ii) acquiring control or effective control through the slow accumulation of Units over a stock exchange without the payment of a control premium, or (iii) through other transactions outside of Canada without regard to the take-over bid protections of Canadian securities laws), and requiring the bid to be made to all Unitholders; and
- preventing a potential acquiror from entering into lock-up agreements with existing Unitholders prior to launching a take-over bid, except for permitted lock-up agreements as specified in the Rights Plan.

The Rights Plan is similar to other security holder rights plans adopted by other Canadian real estate investment trusts, income trusts and corporations.

Terms of the Rights Plan

General

To implement the Rights Plan, the Trustees will authorize the issuance of one right (a "**Plan Right**") in respect of each Unit when issued. Each Plan Right entitles the registered holder to

purchase from the REIT one Unit for the Exercise Price, subject to adjustment as set out in the Rights Plan. In the event of an occurrence of a Flip-in Event (as defined below), each Plan Right entitles the registered holder to purchase from the REIT that number of Units that have an aggregate Market Price (as defined in the Rights Plan) on the date of consummation or occurrence of such Flip-in Event equal to twice the Exercise Price (as defined in the Rights Plan), in accordance with the terms of the Rights Plan, for an amount in cash equal to the Exercise Price, subject to certain adjustments. The Plan Rights are not exercisable prior to the Separation Time (as defined below). The issuance of the Plan Rights will not affect reported earnings per Unit until the Plan Rights separate from the underlying Units and become exercisable. The issuance of Plan Rights will not change the manner in which Unitholders currently trade their Units.

The Rights Plan must be reconfirmed by a resolution passed by a majority of greater than 50% of the votes cast by all Unitholders at every annual meeting of Unitholders. If the Rights Plan is not so reconfirmed, the Rights Plan and all outstanding Plan Rights shall terminate and be void and of no further force and effect, provided that such termination shall not occur if a Flip-in Event that has not been waived pursuant to the Rights Plan has occurred prior to such annual meeting. Under the Rights Plan, the Exercise Price is an amount equal to three times the Market Price (as defined in the Rights Plan).

Flip-in Event

A “**Flip-in Event**” means a transaction as a result of which a Person becomes an Acquiring Person (as defined below). On the occurrence of a Flip-in Event, any Plan Rights Beneficially Owned on or after a date determined in accordance with the Rights Plan by an Acquiring Person (including any affiliate or associate thereof or any Person acting jointly or in concert with an Acquiring Person or any affiliate or associate of an Acquiring Person) and certain transferees of Plan Rights will become void and any such holder will not have any right to exercise Plan Rights under the Rights Plan and will not have any other rights with respect to the Plan Rights.

Acquiring Person

An “**Acquiring Person**” is, generally, a Person who is the Beneficial Owner of 20% or more of the then outstanding Units of the REIT. Under the Rights Plan there are various exceptions to this rule, including that an Acquiring Person: (i) shall not include: (A) the REIT or a subsidiary of the REIT, and (B) an underwriter or selling group member during the course of a public distribution, and (ii) may not, in certain circumstances, include a Person who becomes the Beneficial Owner of 20% or more of the outstanding Units as a result of any one of certain events or combinations of events that include: (A) a Unit reduction through an acquisition or redemption of Units by the REIT, and (B) an acquisition of Units made pursuant to a Permitted Bid (as defined below) or a Competing Permitted Bid.

Beneficial Ownership

A Person is deemed to be the “**Beneficial Owner**” of, and to “**Beneficially Own**”, Units in circumstances where that Person or any of its affiliates or associates: (i) is the owner of the Units at law or in equity, or (ii) in certain circumstances, has the right to become the owner at law or in equity where such right is exercisable within 60 days and includes any Units that are Beneficially Owned by any other Person with whom such Person is acting jointly or in concert. Under the Rights Plan there are various exceptions to this rule, including where a Person:

- a) has agreed to deposit or tender Units to a take-over bid pursuant to a permitted lock-up agreement in accordance with the terms of the Rights Plan; or
- b) is an investment fund manager or a trust company acting as trustee or administrator who holds such Units in the ordinary course of such duties for the account of another Person

or other account(s), an administrator or trustee of one or more registered pension funds or plans, a crown agent or agency, a manager or trustee of a certain mutual funds or a Person established by statute to manage investment funds for employee benefit plans, pension plans, insurance plans or various public bodies, provided that such Person is not making and has not announced an intention to make a take-over bid alone or acting jointly or in concert with any other Person, other than an Offer to Acquire Units (as defined in the Rights Plan) pursuant to a distribution by the REIT, by means of a Permitted Bid, or by means of ordinary market transactions executed through the facilities of a stock exchange or organized over-the-counter market.

Lock-Up Agreements

A bidder, any of its affiliates or associates or any other Person acting jointly or in concert with the bidder may enter into lock-up agreements (each, a “Lock-up Agreement”) with the REIT’s Unitholders (each, a “**Locked-up Person**”) whereby such Locked-up Persons agree to tender their Units to the take-over bid or otherwise commit to support a control transaction (the “**Subject Bid**”) without a Flip-in Event occurring. Any such agreement must permit the Locked-up Person to withdraw their Units from the lock-up to tender to another take-over bid or support another transaction that (i) will provide greater value to the Locked-up Person than the Subject Bid or (ii) contains an offering price per Unit that exceeds by as much or more than a specified amount (a “**Specified Amount**”) the value offered under the Subject Bid, and does not provide for a Specified Amount that is greater than 7% of the value offered under the Subject Bid.

Under a Lock-up Agreement no “break-up” fees, “top-up” fees, penalties, expense reimbursement or other amounts that exceed in aggregate the greater of: (i) 2.5% of the value payable to the Locked-up Person under the Subject Bid; and (ii) 50% of the amount by which the value payable to the Locked-up Person under another take-over bid or transaction exceeds what such Locked-up Person would have received under the Subject Bid; can be payable by such Locked-up Person if the Locked-up Person fails to deposit or tender their Units to the Subject Bid or withdraws such Units previously tendered thereto in order to tender such Units to another take-over bid or participate in another transaction.

Permitted Bid

A Flip-in Event will not occur if a take-over bid is structured as a Permitted Bid. A Permitted Bid is a take-over bid made by means of a take-over circular, which also complies with the following provisions:

- a) the take-over bid is made to all registered Unitholders of the REIT, wherever resident, other than the Person making the bid;
- b) the take-over bid contains, and the take-up and payment for securities tendered or deposited thereunder is subject to, irrevocable and unqualified conditions that:
 - i) no Units will be taken-up or paid for pursuant to the take-over bid: (A) before the close of business on a date that is not less than 105 days following the date of the take-over bid or such shorter minimum initial deposit period that a non-exempt take-over bid must remain open for deposits, in the applicable circumstances at such time, pursuant to NI 62-104; and (B) then only if, at the close of business on such date, the Units deposited or tendered pursuant to the take-over bid and not withdrawn constitute
 - ii) more than 50% of the Units outstanding which are held by “independent unitholders” (as defined in the Rights Plan);

- iii) unless the take-over bid is withdrawn, Units may be deposited pursuant to the take-over bid at any time before the close of business on the date of the first take-up of or payment for Units;
- c) any Units deposited pursuant to the take-over bid may be withdrawn until taken-up and paid for; and
- d) if the requirement in clause (b) (i) (B) is satisfied, the Person making the bid will make a public announcement of that fact and the take-over bid will remain open for deposits and tenders of Units for not less than ten days from the date of such public announcement.

Trading of Rights

Until the Separation Time (as defined below), the Plan Rights will be evidenced by the associated issued and outstanding Units of the REIT. The Rights Plan provides that, until the Separation Time, the Plan Rights will be transferred with, and only with, the associated Units. Until the Separation Time, or earlier termination or expiration of the Plan Rights, each new Unit certificate issued after the applicable record time, if any, will display a legend incorporating the terms of the Rights Plan by reference. As soon as practicable following the Separation Time, separate certificates evidencing the Plan Rights ("**Plan Rights Certificates**") will be mailed to registered Unitholders, other than an Acquiring Person and in respect of any Plan Rights Beneficially Owned by such Acquiring Person, as of the close of business at the Separation Time, and thereafter the Plan Rights Certificates alone will evidence the Plan Rights.

Separation Time

The Plan Rights will separate and trade apart from the Units after the Separation Time until the Expiration Time. Subject to the right of the Trustees to defer it, the "Separation Time" means the close of business on the eighth business day after the earliest of: (i) the first date of a public announcement that a Person has become an Acquiring Person; (ii) the commencement or first public announcement of the intent of any Person to commence a take-over bid other than a Permitted Bid or a Competing Permitted Bid; and (iii) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such.

Waiver

Without the consent of Unitholders or, if applicable, holders of Plan Rights, the Trustees may waive the application of the Rights Plan to a Flip-in Event that would occur by reason of a take-over bid made by means of a take-over bid circular to all Unitholders of the REIT provided that, if the Trustees waive the application of the Rights Plan to such Flip-in Event, they will be deemed to have waived the application of the Rights Plan to any other Flip-in Events occurring by reason of a take-over bid made by means of a take-over bid circular to all Unitholders of the REIT which is made prior to the expiry of any take-over bid in respect of which a waiver has been granted by the Trustees. The Trustees may also, subject to certain conditions, waive the application of the Rights Plan to a Flip-in Event triggered by inadvertence.

Redemption

The Trustees with the approval of a majority vote of the votes cast by Unitholders (or the holders of Plan Rights if the Separation Time has occurred) voting in person and by proxy, at a meeting duly called for that purpose, may redeem the Plan Rights at \$0.001 per Plan Right, subject to adjustment in accordance with the Rights Plan. Plan Rights will become void and be of no further effect on the date that any Person who has made a Permitted Bid, Competing Permitted Bid or Exempt Acquisition (as defined in the Rights Plan) takes up and pays for the Units pursuant to such transaction.

Power to Amend

The REIT may make amendments to the Rights Plan to correct clerical or typographical errors without the approval of the holders of Plan Rights. The REIT may make amendments to the Rights Plan to preserve the validity of the Rights Plan in the event of any change in applicable legislation, rules or regulations thereunder with the approval of the Unitholders of the REIT or, in certain circumstances, the holders of Plan Rights, in accordance with the Rights Plan. In other circumstances, amendments to the Rights Plan may require the prior approval of the Unitholders of the REIT or, the holders of Plan Rights.

Exemptions for Investment Advisors

Investment advisors (for fully managed accounts), trust companies (acting in their capacities as trustees and administrators), statutory bodies whose business includes the management of funds and administrators of registered pension plans acquiring greater than 20% of the Units are exempted from triggering a Flip-in Event, provided that they are not making, or are not part of a group making, a take-over bid.

INVESTMENT GUIDELINES AND OPERATING POLICIES

The Declaration of Trust provides for certain guidelines on investments that may be made by the REIT. The REIT's investment and operating activities are limited because the REIT's operating business is carried out by the REIT's Subsidiaries. The Investment Guidelines governing the REIT's investments in real estate and other assets and the Operating Policies governing the REIT's investments are set out below.

Investment Guidelines

Pursuant to the Declaration of Trust and other documents governing the REIT, the REIT's assets may be invested only in accordance with the following Investment Guidelines:

- 1) The REIT will only invest in units, notes and securities of the REIT Subsidiaries, amounts receivable in respect of such units, notes and securities, cash and similar deposits in a Canadian or European chartered bank or trust company;
- 2) The REIT will not make, or permit any of the REIT Subsidiaries to make, any investment that could result in: (a) the Units being disqualified for investment by Plans; (b) the REIT owning "non-portfolio property" as defined in subsection 122.1(1) of the Tax Act; or (c) the REIT ceasing to qualify as a "mutual fund trust" for purposes of the Tax Act;
- 3) Subject to the other provisions hereof, Subsidiaries of the REIT shall invest only in income-producing real property or assets (including ownership and leasehold interests) or assets ancillary thereto located outside of Canada;
- 4) Subsidiaries of the REIT will not invest in raw land (except for the acquisition of properties adjacent to the REIT's existing properties for the purpose of renovation or expansion of existing assets where the total cost of all such investments does not exceed 10% of the REIT's Gross Book Value);
- 5) Subsidiaries of the REIT may invest in a joint venture arrangement only if:
 - a) the arrangement is an arrangement pursuant to which the applicable Subsidiary of the REIT holds, directly or indirectly, an interest in real property jointly or in common with others ("joint venturers") and the arrangement is formed and operated solely for the purpose of holding a particular real property or properties; and
 - b) the joint venture arrangement provides an appropriate mechanism to enable the applicable Subsidiary of the REIT to: (i) acquire the joint venturer's interest; (ii) dispose of

or otherwise liquidate its interests; or (iii) sell the entire property, unless, in each case, the joint venture arrangement is an existing arrangement that is assumed as part of a portfolio acquisition or other similar transaction;

- 6) Except for temporary investments held in cash, deposits with a Canadian or European chartered bank or trust company registered under the laws of a province of Canada, short-term government debt securities or in money market instruments of, or guaranteed by, a Schedule I Canadian chartered bank or a European chartered bank maturing prior to one year from the date of issue, Subsidiaries of the REIT may not hold securities or enter into derivative contracts other than (i) for hedging and other risk management purposes; or (ii) securities of a joint venture entity or a partnership, or any entity formed and operated solely for the purpose of carrying on ancillary activities to any real estate owned by the applicable Subsidiary of the REIT, or an entity owned by the applicable Subsidiary of the REIT formed and operated solely for the purpose of holding a particular real property or real properties; or (iii) securities of a public real estate entity;
- 7) Subsidiaries of the REIT shall not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
- 8) Subsidiaries of the REIT may invest in a mortgage or mortgage bonds (including participating or convertible mortgages) only where:
 - a) the real property which is security therefor is income-producing real property which otherwise meets the REIT's Investment Guidelines; (ii) the mortgage is a first mortgage registered on title to the real property which is security therefor; (iii) the amount of the mortgage loan is not in excess of 75% of the appraised market value of the property securing the mortgage; and (iv) the aggregate value of the REIT's investments in mortgages, after giving effect to the proposed investment, will not exceed 20% of the REIT's Gross Book Value; or
 - b) the sole intention is to use the acquisition of the mortgages as a method of acquiring control of an income-producing real property which would otherwise meet the Investment Guidelines set forth in the Declaration of Trust, provided that the aggregate value of the REIT's investments in these mortgages will not exceed 10% of the REIT's Gross Book Value and provided that the REIT has an option to acquire a 100% interest in the subject property or properties;
- 9) provided that, notwithstanding the foregoing, Subsidiaries of the REIT may invest in any mortgage, which does not satisfy either (a) or (b) above, if such investment is specifically approved by the Trustees; and
- 10) Subsidiaries of the REIT may invest an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred by the REIT and secured by a mortgage on such property) up to 25% of the REIT's Gross Book Value in investments or transactions which do not otherwise comply with the REIT's Investment Guidelines, so long as the investment is outside of Canada and does not contravene Paragraph 2 above.

(collectively, the "**Investment Guidelines**")

For the purpose of the foregoing restrictions, the assets, liabilities and transactions of a corporation, trust, partnership or other entity in which the REIT has an interest will be deemed to be those of the REIT on a proportionate consolidated basis. In addition, any references in the foregoing to an investment in real property will be deemed to include an investment in a joint venture arrangement that holds real property.

Operating Policies

The Declaration of Trust and other documents governing the REIT provide that the REIT's operations and affairs must be conducted in accordance with the following Operating Policies and that the REIT will not permit any of the REIT Subsidiaries to conduct its operations and affairs other than in accordance with the following Operating Policies:

- 1) To the extent the REIT's Trustees determine to be practicable and consistent with their fiduciary duty to act in the best interests of the REIT and the REIT's unitholders, any written instrument which, in the judgment of the REIT's Trustees, creates a material obligation of the REIT must contain a provision, or be subject to an acknowledgement to the effect, that the obligation being created is not personally binding upon, and that resort will not be had to, nor will recourse or satisfaction be sought from the private property of any of the Trustees, unitholders of the REIT, annuitants or beneficiaries under a plan of which a unitholder acts as a Trustee or carrier or officers, employees or agents of the REIT, but that only property of the REIT or a specific portion thereof will be bound;
- 2) The REIT will only guarantee the obligations of Subsidiaries, provided that the REIT may guarantee the obligations of Subsidiaries of the REIT that are general partners in partnerships that are not wholly-owned by the REIT if the REIT has received an unqualified legal opinion that the guarantee by the REIT will not cause the REIT to cease to qualify as a "mutual fund trust" for the purposes of the Tax Act;
- 3) Subsidiaries of the REIT will not enter into any transaction involving the purchase of lands or land and improvements thereon and the leasing thereof back to the vendor where the fair market value net of encumbrances of the property being leased to the vendor together with all other property being leased by Subsidiaries of the REIT to the vendor and its affiliates exceeds 15% of the REIT's Gross Book Value;
- 4) The limitation referred to in paragraph 3 above will not apply where the lessee or sublessee is, or where the lease or sublease is guaranteed by: (a) a federal, provincial, state, municipal or city government, or any agency or crown corporation thereof, of any jurisdiction; or (b) any corporation which has securities outstanding that have received and continue to hold an investment grade rating from a recognized credit rating agency at the time the lease or sublease is entered into, or at the time other satisfactory leasing or pre-leasing arrangements were entered into that is not less than "A low" or its equivalent;
- 5) Subsidiaries of the REIT may engage in construction, development or redevelopment of real property provided such real property could, on completion, meet the REIT's Investment Guidelines and Operating Policies;
- 6) To the extent that a Subsidiary of the REIT acquires a freehold interest in a property, title to such real property shall be held by and registered in the name of the relevant subsidiary of the REIT, the Trustees or in the name of a corporation or other entity majority owned, directly or indirectly, by the REIT or jointly, directly or indirectly, by the REIT with joint venturers;
- 7) Subsidiaries of the REIT will obtain and maintain at all times insurance coverage in respect of potential liabilities of Subsidiaries of the REIT and the accidental loss of value of the assets of Subsidiaries of the REIT from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties;
- 8) The REIT shall not incur or assume any Indebtedness if, after giving effect to the incurring or assumption of the Indebtedness, the total Indebtedness of the REIT would be more than 60% of the REIT's Gross Book Value; and

- 9) Subsidiaries of the REIT shall obtain a Phase I ESA of each real property to be acquired by it and, if the Phase I ESA report recommends that a further environmental site assessment be conducted, the REIT shall have conducted such further environmental site assessments, in each case by an independent and experienced environmental consultant, and as a condition to any acquisition such assessments shall be satisfactory to the Trustees.

(collectively, the “**Operating Policies**”)

For the purpose of the foregoing Operating Policies, the assets, liabilities and transactions of a corporation, trust, partnership or other entity in which the REIT has an interest will be deemed to be owned by the REIT on a proportionate consolidated basis. In addition, any references in the foregoing to investment in property will be deemed to include an investment in a joint venture arrangement.

Amendments to Investment Guidelines and Operating Policies

Pursuant to the Declaration of Trust, the Investment Guidelines set forth above may only be amended with the approval of at least 66 2/3% of the votes cast at a meeting of unitholders of the REIT called for that purpose, except for certain amendments that may be undertaken by a majority of the Trustees pursuant to the Declaration of Trust. Pursuant to the Declaration of Trust, the Operating Policies set forth above may only be amended with the approval of a majority of the votes cast at a meeting of unitholders of the REIT called for that purpose.

TRADING PRICE AND TRADING VOLUME OF THE UNITS

The Units of the REIT are listed on the TSX and are quoted under the symbol “INO.UN.” The following table sets forth, for the periods indicated, the price ranges and trading volumes of the Units on the TSX.

2020	High	Low	Volume
January	\$11.00	\$10.46	1,284,708
February	\$11.10	\$9.87	1,516,603
March	\$10.60	\$3.39	3,548,884
April	\$7.84	\$4.90	2,635,762
May	\$7.30	\$5.70	2,075,854
June	\$8.88	\$6.82	2,010,993
July	\$8.09	\$7.50	894,836
August	\$8.31	\$7.80	888,773
September	\$8.30	\$7.09	946,295
October	\$7.97	\$7.50	828,399
November	\$9.09	\$7.52	1,508,325
December	\$9.07	\$8.50	1,066,001

No securities of the REIT are quoted or traded in a foreign marketplace.

NORMAL COURSE ISSUER BID

On April 20, 2020, the TSX approved the REIT’s Normal Course Issuer Bid (NCIB) which was undertaken in response to the extreme volatility that affected the trading price of the Units in Q2 2020. Management believes that the purchase by the REIT of a portion of its outstanding Units may be an appropriate use of available resources and in the best interests of the REIT and its Unitholders. Between April 22 and December 31, 2020, the REIT bought back 989,275 Units at

prices ranging between \$6.41 and \$8.50 per Unit for a total of CAD\$7,500 (average Unit price of CAD\$7.58).

PRIOR SALES

Date	Exchangeable Securities Received by Inovalis SA in lieu of cash Management Fees	Price at which the units were acquired (5 Day VWAP)	Value of Exchangeable Securities at date of acquisition
March 31, 2020	68,829	\$5.59	\$384,754
June 30, 2020	49,234	\$7.67	\$377,625
September 30, 2020	51,780	\$7.42	\$384,208
December 31, 2020	46,738	\$8.85	\$413,631
	216,581		\$1,146,586

DISTRIBUTIONS AND DISTRIBUTION POLICY

The following outlines the distribution policy of the REIT. Subject to compliance with such distribution policy, determinations as to the amounts distributable are in the discretion of the REIT's Trustees to determine the percentage payout of income that would be in the best interests of the REIT in accordance with the REIT's Declaration of Trust. Given that the level of working capital tends to fluctuate over time and should not affect the REIT's distribution policy, working capital is not considered when determining the REIT's distributions.

The REIT makes monthly cash distributions to Unitholders on each Distribution Date (being in respect of a month), on or about the 15th day of the following month. The REIT currently pay monthly distributions to Unitholders of \$0.06875 per Unit, or \$0.825 per Unit on an annual basis.

Distribution History	2020	2019	2018	2017	2016	2015
Monthly distribution	\$0.06875	\$0.06875	\$0.06875	\$0.06875	\$0.06875	\$0.06875
Annualized distribution	\$0.825	\$0.825	\$0.825	\$0.825	\$0.825	\$0.825

DISTRIBUTION REINVESTMENT PLAN

In May 2020, the REIT suspended its Distribution Reinvestment and Unit Purchase Plan (“**DRIP**”). Previously, by participating in the DRIP, Unitholders could elect to have cash distributions of the REIT automatically reinvested in additional Units and Unitholders who so elected would receive a “bonus” distribution of Units equal to 3% of each distribution that was so reinvested by the Unitholder. In response to the market disruption caused by the COVID-19 pandemic, the REIT suspended its DRIP effective as of the distribution payable on May 15, 2020 to Unitholders of record as at April 30, 2020.

10% UNITHOLDERS

To the knowledge of the Trustees and executive officers of the REIT, other than REIT Notes Program Ltd. which owns 14% of the Units (see “Debt Profile, Promissory Notes”), no other person or company owns, directly or indirectly, more than 10% of the Units.

LEGAL PROCEEDING AND REGULATORY ACTIONS

None of the REIT or the REIT Subsidiaries is currently involved in any outstanding, threatened or pending litigation that would have a material adverse effect on the REIT.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this AIF (see “*Debt Profile – Promissory Notes*”), no Trustee, officer of the REIT, or unitholder that beneficially owns, or controls or directs more than 10% of the REIT Units, or any associate or affiliate of any of the foregoing persons, has or has had any material interest in any transaction within the last three years, or any proposed transaction, that has materially affected or would materially affect the REIT or any of the REIT Subsidiaries.

EXPERTS & INTERESTS OF EXPERTS

In 2020, appraisals of the REIT’s portfolio of properties were prepared by Jones Lang LaSalle Expertises SAS and Jones Lang LaSalle GmbH. The employees of Jones Lang LaSalle Expertises SAS and Jones Lang LaSalle GmbH, each beneficially own, directly or indirectly, less than 1% of the outstanding securities of any class or series of the REIT.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The external auditor of the REIT is Ernst & Young LLP. Ernst & Young LLP is independent of the REIT within the meaning of the Code of Ethics of the Ordre des comptables professionnels agréés du Québec. Ernst & Young LLP is located at 900 De Maisonneuve Boulevard West, Suite 2300, Montreal, Quebec, Canada.

The transfer agent and registrar for the Units is AST Trust Company at its principal office located in Toronto, Ontario.

MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, entered into by the REIT or the REIT Subsidiaries within the most recently completed financial year of the REIT:

1. Third Amended and Restated Declaration of Trust;
2. Fourth Amended and Restated Management Agreement;
3. December 2019 Underwriting Agreement;
4. Escrow Agreement
5. Exchange Agreement;
6. License Agreement;
7. Unitholder Rights Plan; and
8. Deferred Unit Plan.

ADDITIONAL INFORMATION

Additional information, including Trustees and officers’ remuneration, principal holders of the REIT’s Units and Units authorized for issuance under the Deferred Unit Plan, where applicable, is contained in the REIT’s Management Information Circular for its most recent annual meeting of Unitholders that involves the election of Trustees. Additional financial information is also provided in the REIT’s audited consolidated financial statements and management’s discussion and analysis of financial condition and results of operations for the period ended December 31, 2020.

Copies of the audited consolidated financial statements, management’s discussion and analysis of financial condition and results of operations for the period ended December 31, 2020, the material contracts and this Annual Information Form may be obtained by contacting Khalil Hankach at Inovalis REIT at 151 Yonge Street, 11th Floor, Toronto (Ontario) M5C 2W7 or by email at Khalil.hankach@inovalis.com, or on SEDAR at www.sedar.com.

SCHEDULE A

Approved: November 14, 2017

Last reviewed: November 2020

INOVALIS REAL ESTATE INVESTMENT TRUST AUDIT COMMITTEE CHARTER

PURPOSE

The overall purpose of the Audit Committee (the “**Committee**”) of the REIT is to oversee the accounting and financial reporting practices of the REIT, monitor the REIT’s system of internal financial controls, evaluate and report on the integrity of the financial statements of the REIT, enhance the independence of the REIT’s external auditors and exercise the responsibilities and duties set out in this Charter and any other duties delegated thereto by the Board of Trustees.

COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Committee shall consist of at least three members of the board of trustees of the REIT (the “**Board of Trustees**”), each of whom shall be, in the determination of the Board of Trustees, “independent” as that term is defined by Multilateral Instrument 52-110, as may be replaced or amended from time to time (including any successor rule or policy thereto), and the majority of whom shall be resident Canadians.
2. The members of the Committee shall be appointed annually by the Board of Trustees. Each member of the Committee shall serve at the pleasure of the Board of Trustees until the member resigns, is removed, or ceases to be a member of the Board of Trustees. Unless a Chair is elected by the Board of Trustees, the members of the Committee may designate a Chair by majority vote of the full Committee membership.
3. At the time of his or her appointment to the Committee, each member of the Committee shall have, or shall acquire within a reasonable time following appointment to the Committee, the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the REIT’s financial statements.
4. The Board of Trustees, at its organizational meeting held in conjunction with each annual meeting of unitholders, shall appoint the members of the Committee for the ensuing year. The Board of Trustees may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee. Any member of the Committee ceasing to be a trustee of the REIT shall cease to be a member of the Committee.
5. Unless the Board of Trustees shall have appointed a chair of the Committee, the members of the Committee shall elect a chair from among their number.

6. The Committee shall have access to such officers and employees of the REIT and to the REIT's external auditors and its legal counsel, and to such information respecting the REIT as it considers to be necessary or advisable in order to perform its duties.
7. Notice of every meeting shall be given to the external auditors, who shall, at the expense of the REIT, be entitled to attend and to be heard thereat.
8. Meetings of the Committee shall be conducted as follows:
 - (a) the Committee shall meet on a regular basis, at such times and at such locations as the chair of the Committee shall determine;
 - (b) the external auditors or any member of the Committee may call a meeting of the Committee;
 - (c) any trustee of the REIT may request the chair of the Committee to call a meeting of the Committee and may attend such meeting to inform the Committee of a specific matter of concern to such trustee, and may participate in such meeting to the extent permitted by the chair of the Committee; and
 - (d) the external auditors and management employees shall, when required by the Committee, attend any meeting of the Committee.
9. The external auditors shall be entitled to communicate directly with the chair of the Committee and may meet separately with the Committee. The Committee, through its chair, may contact directly any employee in the REIT as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper practices or transactions.
10. Compensation to members of the Committee shall be limited to trustee's fees, either in the form of cash or equity, and members shall not accept consulting, advisory or other compensatory fees from the REIT (other than as members of the Board of Trustees and members of committees of the Board of Trustees).
11. The Committee is authorized, at the REIT's expense, to retain independent counsel and other advisors as it determines necessary to carry out its duties and to set their compensation.

MEETINGS

12. The Committee may meet as many times in the year as is necessary for it to carry out its responsibilities.
13. The Committee shall hold unscheduled or regularly scheduled meetings, or portions of meetings, at which management is not present.
14. No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. A majority of members of the Committee shall constitute a quorum, provided that a majority of the members of the Committee comprising the quorum shall be resident Canadians.
15. The Chair, any member of the Committee, the external auditors, the Chairman of the Board of Trustees, the Chief Executive Officer or the Chief Financial

Officer may call a meeting of the Committee by notifying the REIT's Secretary who will notify the members of the Committee. The Chair shall chair all Committee meetings that he or she attends, and in the absence of the Chair, the members of the Committee present may appoint a chair from their number for a meeting.

16. The external auditors are entitled to attend and be heard at each Committee meeting. In addition, the Committee may invite to a meeting any officers or employees of the REIT, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities. At least once per year, the Committee shall meet with management in separate sessions to discuss any matters that the Committee or such individuals consider appropriate.
17. The Committee shall have the authority to retain external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective compensation for these advisers without consulting or obtaining the approval of the Board of Trustees or any REIT officer. The REIT shall provide appropriate funding, as determined by the Committee, for the services of these advisors.
18. The Committee shall have unrestricted access to the REIT's management and employees and the books and records of the REIT

DUTIES

19. The overall duties of the Committee shall be to:
 - (a) assist the Board of Trustees in the discharge of its duties relating to the REIT's accounting policies and practices, reporting practices and internal controls;
 - (b) establish and maintain a direct line of communication with the REIT's external auditors and assess their performance;
 - (c) oversee the co-ordination of the activities of the external auditors;
 - (d) ensure that the management of the REIT has designed, implemented and is maintaining an effective system of internal controls;
 - (e) monitor the credibility and objectivity of the REIT's financial reports;
 - (f) report regularly to the Board of Trustees on the fulfillment of the Committee's duties;
 - (g) assist the Board of Trustees in the discharge of its duties relating to the REIT's compliance with legal and regulatory requirements; and
 - (h) assist the Board of Trustees in the discharge of its duties relating to risk assessment and risk management.

EXTERNAL AUDIT

20. The Committee shall be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the REIT, including the resolution of disagreements between management and the

external auditors regarding financial reporting, and in carrying out such oversight the Committee's duties shall include:

- (a) recommending to the Board of Trustees a firm of external auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the REIT;
- (b) reviewing, where there is to be a change of external auditors, all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51-102 – *Continuous Disclosure Obligations* or any successor legislation (“**NI 51-102**”), and the planned steps for an orderly transition;
- (c) reviewing all reportable events, including disagreements, unresolved issues and consultations, as defined in NI 51-102 or any successor legislation, on a routine basis, whether or not there is to be a change of external auditor;
- (d) pre-approving the engagement letters of the external auditors, both for audit and non-audit services;
- (e) reviewing the performance, including the fee, scope and timing of the audit and other related services and any non-audit services provided by the external auditors; and
- (f) reviewing and approving the nature of and fees for any non-audit services performed for the REIT by the external auditors and consider whether the nature and extent of such services could detract from the firm's independence in carrying out the audit function.

FINANCIAL REPORTING AND DISCLOSURE

21. The duties of the Committee as they relate to audits and financial reporting shall be to:
- (a) review the audit plan with the external auditor and management;
 - (b) review with the external auditor and management any proposed changes in accounting policies, the presentation of the impact of significant risks and uncertainties, and key estimates and judgments of management that may in any such case be material to financial reporting;
 - (c) question the external auditor and management regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
 - (d) review the scope and quality of the audit work performed;
 - (e) review the adequacy of the REIT's financial and auditing personnel;
 - (f) review the co-operation received by the external auditor from the REIT's personnel during the audit, any problems encountered by the external auditors and any restrictions on the external auditor's work;
 - (g) review the internal resources used;
 - (h) review the appointments of the chief financial officer, internal auditor (or persons performing the internal audit function) and any key financial executives involved in the financial reporting process;

- (i) review and approve the REIT's annual consolidated audited financial statements and those of its subsidiaries, the auditor's report thereon and the related management's discussion and analysis of the REIT's financial condition and results from operations ("MD&A"), and obtain an explanation from management of all significant variances between comparative reporting periods before release to the public;
- (j) review and approve the REIT's interim unaudited financial statements and the related MD&A and obtain an explanation from management of all significant variances between comparative reporting periods before release to the public;
- (k) review any errors or omissions in the current or prior year's financial statements; and
- (l) establish a procedure for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and employees' confidential anonymous submission of concerns regarding accounting and auditing matters.

ACCOUNTING AND DISCLOSURE POLICIES AND PRACTICES

22. The duties of the Committee as they relate to accounting and disclosure policies and practices shall be to:
- (a) review changes to accounting principles of the Chartered Professional Accountants of Canada which would have a significant impact on the REIT's financial reporting as reported to the Committee by management and the external auditors;
 - (b) review the appropriateness of the accounting policies used in the preparation of the REIT's financial statements and consider recommendations for any material change to such policies;
 - (c) review the status of material contingent liabilities as reported to the Committee by management;
 - (d) review and approve before their release all public disclosure documents containing audited or unaudited financial information, including all earnings, press releases, MD&A, prospectuses, annual reports to unitholders, annual information forms, management's discussion and analysis and financial guidance provided to analysts, rating agencies or otherwise publicly disseminated; and
 - (e) oversee and review all financial information and earnings guidance provided to analysts and rating agencies.

COMPLIANCE WITH LAWS

23. The duties of the Committee as they relate to compliance with laws shall be to:
- (a) review regular reports from management and others (e.g. the Auditor) with respect to the REIT's compliance with laws and regulations having a material impact on the financial statements;
 - (b) review the status of taxation and statutory remittance matters of the REIT as reported to the Committee by management;

- (c) approve a Code of Business Conduct and Ethics and review reports from management and/or the Auditor on their review of compliance with the REIT's Code of Business Conduct and Ethics; and
- (d) monitor any significant legal, compliance or regulatory matters that may have a material effect on the financial statements or business affairs of the REIT, or on the compliance policies of the REIT.

COMPUTERIZED SYSTEMS

24. The duties of the Committee as they relate to computerized systems shall be to:
- (a) review procedures and reports from management related to computerized accounting systems with respect to quality and accuracy;
 - (b) oversee any material changes to enterprise-wide information technology systems; and
 - (c) review annually, enterprise-wide information technology security and disaster recovery plans, the adequacy of the protection against damage and disruption, and security of confidential information through information systems reporting.

BOARD RELATIONSHIP AND REPORTING

25. The duties of the Committee as they relate to board relationship and reporting shall be to:
- (a) review the Committee's performance annually and propose recommended changes to the Board;
 - (b) review and assess the adequacy of this charter every two years, taking into account all legislative and regulatory requirements applicable to the Committee as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Bank has a reporting relationship, and submit such amendments as the Committee proposes to the Compensation and Governance Committee; and
 - (c) report regularly to the Board on Committee activities, issues and related recommendations

OTHER DUTIES

26. The other duties of the Committee shall include:
- (a) reviewing any inquiries, investigations or audits of a financial nature by governmental, regulatory or taxing authorities;
 - (b) approving the hiring of any employee from an external auditor;
 - (c) reviewing and reporting to the Board of Trustees on difficulties and problems with regulatory agencies which are likely to have a significant financial impact;

- (d) inquiring of management and the external auditors as to any activities that may be or may appear to be illegal or unethical; and
- (e) any other questions or matters referred to it by the Board of Trustees.