

## Management's Discussion & Analysis

March 31, 2025



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All amounts in the MD&A (as defined herein) are presented in thousands of Canadian dollars or Euros, except rental rates, per unit amounts or as otherwise stated. Information contained in this MD&A is based on information available to management as of May 13, 2025.

## Letter to Unitholders

The REIT marked a meaningful milestone with the sale of the Sablière property to a third party for €18.2 million (\$28.3 million). The transaction closed on April 30, 2025, following the end of the first quarter. This asset, originally acquired in 2014 in a fully leased condition, was largely vacant at the time of sale. Achieving a 2% premium over the original purchase price in challenging market conditions and with significant vacancy, is a testament to the quality of the underlying asset and the execution capabilities of our team.

The transaction generated approximately \$13 million (€8.4 million) in net proceeds which is being used to reduce debt and reinvest in our existing portfolio. These reinvestments will focus on value-enhancing initiatives, including leasing activity and selective redevelopment opportunities. The transaction aligns with our ongoing strategy to recycle capital from non-core assets and reinforce the REIT's balance sheet. The proceeds enhance our financial flexibility and position us to pursue our strategic objectives, including reinvestment in leasing activity and selective redevelopment within the portfolio.

It is particularly noteworthy that this single asset sale, of a portfolio of thirteen properties, generated proceeds nearly equivalent to the REIT's current market capitalization of \$31.5 million. This highlights a significant disconnect between the market's valuation of our Units and the underlying value of our real estate portfolio. The REIT continues to own twelve office properties, many of which are well-located and offer leasing or repositioning upside.

As at March 31, 2025, the REIT's net asset value was estimated at \$5.81 per Unit, compared to a recent trading price of approximately [\$0.90.] This steep discount suggests that the market is materially undervaluing the REIT's assets and long-term cash flow potential. While investor sentiment toward the office sector remains challenged, this transaction offers concrete evidence of the realizable value embedded in our portfolio. We remain focused on narrowing this valuation gap through disciplined capital allocation, continued execution of our strategic priorities, and transparent communication with our Unitholders.

Progress continues toward meeting the conditions required to complete the previously announced sale of an 87.5% interest in the Arcueil property. The transaction, disclosed in January, values the full property at €43.8 million (\$65.2 million) on a pro-rata basis, with the agreed sale price for the majority interest set at €37.5 million (\$58.4 million). We anticipate that satisfying the various administrative, permitting, and financing requirements will take approximately 18 months. As at December 31, 2024, the REIT recognized a fair value of €38.2 million (\$56.9 million) for the asset, reflecting the expected sale proceeds, discounted at a rate of 6.68% to account for the timing and conditionality of the transaction. In parallel, we are pursuing the sale of the remaining 12.5% interest and have initiated marketing efforts for that portion.

We remain focused on executing our strategy and demonstrating the value of our assets through prudent capital allocation and disciplined asset management. At today's Annual General Meeting of Unitholders, we outlined our strategic priorities for the REIT in the quarters ahead and welcomed the opportunity to meet directly with many of you. In-person engagement continues to be an important way for us to exchange perspectives, provide transparency, and reinforce our alignment with Unitholders.

*Stephane Amine*

President and Chief Executive Officer  
Inovalis Real Estate Investment Trust

# Q1 2025

## Highlights

### Net Rental Income

For the portfolio that includes assets owned entirely by the REIT ("IP Portfolio"), Net Rental Income ("NRI") for Q1 2025 decreased to \$155 (€103), compared to the \$912 (€623) NRI for Q1 2024, notably caused by the vacancies at the Bad Homburg and the Metropolitan properties.

In Q1 2025, Net Rental Income, adjusted for IFRIC 21<sup>1</sup> for the portfolio that includes the REIT's proportionate share in joint ventures ("Total Portfolio"), was \$5,000 (€3,310), compared to \$6,548 (€4,473) for Q1 2024, a decrease related to the vacancies at Bad Homburg and Metropolitan, added to the non-recurring \$1,058 indemnity obtained on the Duisburg property related to the early departure of a tenant in Q1 2024.

### Leasing Operations

As of March 31, 2025, the occupancy rate of the REIT's IP Portfolio was 47.1% and the occupancy rate of the REIT's Total Portfolio was 58.9%. Strategic vacancies are being maintained in the Arcueil and Baldi properties in support of planned redevelopment or disposition initiatives as outlined in the Asset Recycling Plan. Excluding properties designated for asset recycling, the Total Portfolio occupancy rate was 81.3%.

During the first quarter of 2025, a lease was reduced by 60% and extended for 3 years at the Trio property.

Momentum from increased tenant interest in the second half of 2024 carried into early 2025, resulting in executed leases and ongoing positive negotiations—particularly in the vacancies at the Neu-Isenburg property.

To support leasing activity, management continues to collaborate with on-site brokers and is selectively evaluating tenant improvement allowances as a means to enhance the competitiveness of key assets and optimize rental income.

1. Net rental income adjusted for IFRIC 21 is a Non-GAAP Measure. See the "Net Rental Income" section for further discussion on the composition and usefulness of this metric as well as a quantitative reconciliation to its most directly comparable financial measure. See the section "Non-GAAP Financial measures and Other Measures" for more information on the REIT's non-GAAP financial measures.

Quarterly  
NRI

**\$0.2  
Million**

Adjusted NRI  
– IFRIC 21<sup>1</sup>

**\$2.9  
Million**

FFO/Unit

**\$0.01**

Available cash

**\$5.3  
Million**

### Asset Recycling Plan

Subsequent to quarter-end, on April 30, 2025, the REIT completed the sale of the Sablière property, located in downtown Paris, for €18,200 (\$28,323), as part of its Asset Recycling Plan. This transaction aligns with the REIT's strategic objectives of repositioning the portfolio and strengthening financial flexibility. Net proceeds of approximately \$13 million (€8.4 million) will be allocated toward debt reduction and reinvestment in value-enhancing initiatives across the portfolio.

An exchange contract confirming the sale of 87.5% of the Arcueil property for €37,540 (\$58,420) was announced in January 2025 with closing expected in the second half of 2026. The long closing is required to satisfy the administrative, building permit and financing conditions. The remaining 12.5% of the Arcueil office property is being marketed for a new office tenant.

The Baldi property, with a fair value of \$27,534 (€17,400), is currently being marketed for sale under the REIT's Asset Recycling Plan. The REIT is currently evaluating offers that are not subject to building permit conditions, which may result in a disposition prior to year-end 2025.

As the REIT generates revenue from the sale of properties, the best use of the proceeds will be considered, including the options to pay down debt, invest capital to support leasing or redevelopment opportunities.

Refer to the "Portfolio Overview - Asset Recycling Plan" section of this MD&A for more detailed discussion.

### Capital Market Considerations

Since the end of 2023, net asset values for the REITs Total Portfolio have been significantly pressured, primarily due to geopolitical tensions, high inflation, high interest rates and energy costs. The decrease in net asset values largely impacted Unitholders' equity that was \$192,775 (€123,875) at March 31, 2025. The book value per Unit at March 31, 2025 was \$5.81/Unit and \$5.75/Unit on a fully-diluted basis, using the weighted average number of units of the REIT (the "Units") for the period. The closing price of a Unit on the TSX at March 31, 2025 was \$0.90/Unit.

The REIT has addressed the volatile risks in the current capital markets by selling certain properties, implementing short term leasing initiatives for properties in the REIT's Asset Recycling Plan, maintaining a manageable debt-to-

gross-book value ratio, currently 51.3% of the IP Portfolio (58.8% on the Total Portfolio).

### **Funds From Operations and Adjusted Funds From Operations**

FFO per Unit of \$0.01 and AFFO<sup>1</sup> per Unit of \$0.02 were reported for Q1 2025, in line with our projection given the occupancy rate and increased cost of debt. Refer to the "Financing Activity" section below for details of the impact of finance costs on FFO and AFFO. Refer to the "Non-GAAP Financial Measures and Other Measures" section of this MD&A for a more detailed discussion on FFO and AFFO.

### **Financing Activity**

The REIT is financed almost exclusively with asset-level, non-recourse financing with an average term to maturity of 2.4 years for the Total Portfolio (2.7 years for the IP Portfolio).

For the three-month period ended March 31, 2025, the weighted average interest rate across the Total Portfolio declined to 3.43%, from 4.12% as at December 31, 2024, reflecting the downward trend in EURIBOR. As at March 31, 2025, 72% of the REIT's Total Portfolio debt was subject to variable interest rates, primarily associated with short-term financing on properties currently being marketed for sale.

On March 19, 2025, HCOB, the senior lender for the Trio property, approved a six month extension of the loan facility to September 2025, subject to a partial repayment of \$8,559 that should be completed on May 15, 2025. This repayment will satisfy a waiver condition related to a second-ranking mortgage held by HCOB on the Bad Homburg property.

The Trio loan repayment is funded by a €5,600 (\$8,715) mezzanine loan on the Bad Homburg property, signed on April 16, 2025. The 18-month mezzanine loan bears annual interest at 12% (6% paid quarterly and 6% at maturity). Management's objective is to eventually refinance this loan with a conventional financing, depending on progress in the leasing strategy.

### **Environmental, Social and Governance (ESG)**

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

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



# Management's Discussions and Analysis

## Basis of Presentation

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Inovalis Real Estate Investment Trust (the "REIT") should be read in conjunction with the REIT's unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2025, and 2024, and the notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS") and notably with International Accounting Standards ("IAS") 34 : *Interim Financial Reporting*.

Dollar amounts in this MD&A are presented in thousands of Canadian dollars and Euros, except rental rates, per unit amounts or as otherwise stated. Historical results, including trends which might appear in this MD&A, should not be taken as indicative of future operations or results. See "Forward-Looking Information" for further details. Information contained in this MD&A, including forward- looking information, is based on information available to management as of May 13, 2025. Additional information about Inovalis REIT has been filed with applicable Canadian securities regulatory authorities and is available at [www.sedarplus.ca](http://www.sedarplus.ca).

## Forward-Looking Information

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

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

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

- (i) the ability to continue to receive financing on acceptable terms;
- (ii) the future level of indebtedness and the REIT's future growth potential will remain consistent with current expectations;
- (iii) there will be no changes to tax laws adversely affecting the REIT's financing capability, operations, activities, or structure;
- (iv) the REIT will retain and continue to attract qualified and knowledgeable personnel as the portfolio and business grow;

- (v) the impact of the current economic and political climate and the current global financial conditions on operations, including the REIT's financing capability and asset value, will remain consistent with current expectations;
- (vi) there will be no material changes to government and environmental regulations that could adversely affect operations;
- (vii) conditions in the international and, in particular, the French, German, Spanish and other European real estate markets, including competition for acquisitions and the market for dispositions, will be consistent with past conditions; and
- (viii) the demand for the REIT's properties and global supply chains and economic activity in general.

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

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

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

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

Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans relating to the future. Certain statements included in this MD&A may be considered a financial outlook" for purposes of applicable Canadian securities laws, and as such, the financial outlook may not be appropriate for purposes other than this MD&A. All forward-looking statements are based only on information currently available to the REIT and are made as of the date of this MD&A. Except as expressly required by applicable Canadian securities law, the

REIT assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All forward-looking statements in this MD&A are qualified by these cautionary statements.

## Market and Industry Data

This MD&A 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 S.A. based on its knowledge of the commercial real estate industry (including Inovalis S.A. estimates and assumptions relating to the industry based on that knowledge). Inovalis S.A.'s management has knowledge of the real estate industry developed through its 30 plus years of experience and participation in the industry.

## Business Overview and Strategy

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

The REIT's long-term objectives are to:

- generate cash distributions on a tax-efficient basis from investments in income-producing office properties;
- identify and sell assets having achieved exceptional valuation growth and redeploy the capital in selected assets with long-term high potential;
- opportunistically grow the asset base, primarily in France, Germany and Spain, but also in other European countries where assets meet the investment criteria;
- resume distributions to Unitholders, through an accretive acquisition program that successfully leverages Inovalis S.A.'s extensive relationships and depth knowledge of commercial property and financing; and
- maximize the long-term value of stable income-generating properties and the net asset value ("NAV") per Unit through active and efficient management.

The REIT's investment criteria encompass office properties outside of Canada with an occupancy level above 80% (unless AFFO accretive), secured rental cash flows, a property value between EUR€20,000 to EUR€60,000 (unless AFFO accretive) and potential future upside with respect to matters including rent and area development.

## Foreign Currency Environment

The REIT's current asset base is located in France, Germany and Spain. Items included in the financial statements of each of the REIT's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the REIT's subsidiaries and joint ventures is the Euro, whereas the functional currency of the REIT, as well as its presentation currency, is the Canadian dollar. As such, although the REIT's main assets and liabilities are denominated in Euros, the REIT's financial results are translated into Canadian dollars for presentation purposes as follows:

- Assets and liabilities are converted to Canadian dollars at the closing rate at the date of the consolidated balance sheet;
- Items presented in the consolidated statement of earnings, consolidated statement of comprehensive income and consolidated statement of cash flows are translated at average exchange rates during the period (unless this average



is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income, expenses and cash flows are translated at the rate on the dates of the transactions); and

- All resulting exchange differences are recognized in other comprehensive income and recognized as a cumulative translation adjustment account in "Accumulated other comprehensive income" in equity.

A change in the €/€ foreign exchange rate therefore may have a material impact on the REIT's consolidated financial statements and results.

The exchange rate used throughout this MD&A for statement of earnings items is the average rate during the applicable period, which for the three months ended March 31, 2025 and 2024 was \$1.5102 and \$1.4638 respectively (3.2% increase).

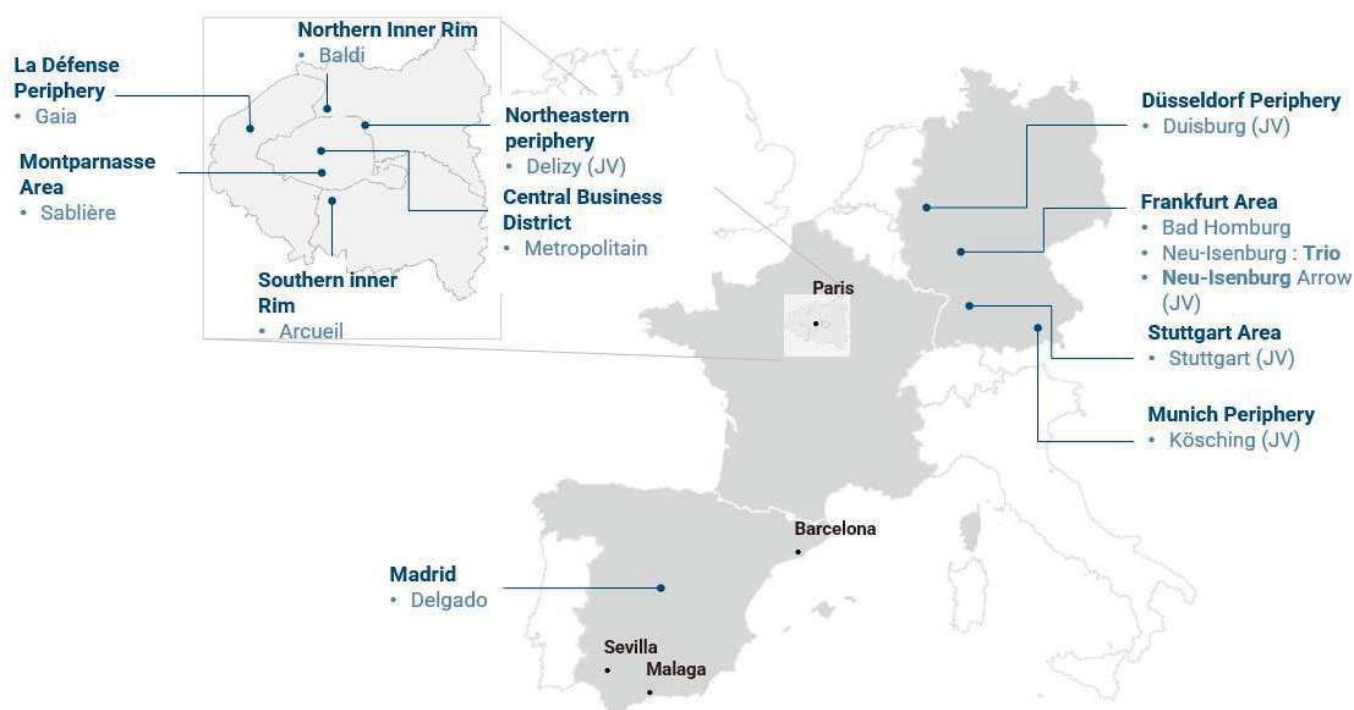
For balance sheet items as at March 31, 2025, projections, or market data, the exchange rate used is \$1.5562, representing a 4.5% increase compared to the \$1.4892 closing rate as at December 31, 2024.

## Business Environment

The REIT owns varying interests in real estate entities which hold investment properties. Under IFRS, some of these interests are recorded as joint ventures in which the REIT holds equity. As at March 31, 2025, the REIT's property portfolio consists of ownership interest in eight properties that are consolidated and included in "Investment properties" ("IP") on the consolidated balance sheet, and partial ownership interests in five properties that are included within "Investments in joint ventures". As such, the results of these investments in joint ventures are not included in certain of our consolidated financial and operating metrics, unless specifically indicated that such metrics are presented on a "Total Portfolio" basis in which case such results are prepared on a proportionate share basis.

Together, the REIT's share of these 13 properties (6 located in France, 6 located in Germany and 1 in Spain) is approximately 1.5 million square feet of gross leasable area ("GLA"). One of the properties in France was sold subsequent to the end of the quarter on April 30, 2025.

The assets denoted in the maps below are owned entirely by the REIT except where joint venture (JV) is noted.



## Outlook

In the context of the prevailing macroeconomic and political challenges, the anticipated outlook for 2025 and 2026 entails these areas of focus:

- executing the asset recycling plan through the planned dispositions of the Baldi and Arcueil properties;
- managing cash flow to maintain financial flexibility; and
- strategically modernizing our properties and enhancing their appeal to today's office tenants.

## Portfolio Overview

The REIT's Total Portfolio by geographic region as at March 31, 2025 is as follows:

	% owned	Fair value	Bank debt	REIT's Total Portfolio Value	Gross Leaseable Area (GLA) (sq. ft.)	Contribution to Total Portfolio rental revenue	# of tenants	Occupancy rate	WALT (end of lease)	Financing maturity
Sablère (1)	100%	27,453	13,271	5%	41,043	5%	4	40.9%	0.2	1.2
Baldi	100%	27,534	4,098	5%	123,657	3%	12	35.4%	1.6	2.6
Metropolitain	100%	102,715	55,348	20%	78,818	17%	6	88.5%	4.6	6.0
Arcueil	100%	59,970	48,857	12%	334,521	0%	0	0.0%	-	2.3
Gaia	100%	56,193	33,705	11%	119,499	14%	7	80.3%	3.9	2.0
Delizy (2)	50%	14,953	9,756	2%	71,618	4%	16	63.1%	2.9	4.4
<b>Subtotal France</b>		<b>288,818</b>	<b>165,035</b>	<b>56%</b>	<b>769,156</b>	<b>43%</b>	<b>45</b>	<b>35.3%</b>	<b>3.3</b>	<b>3.5</b>
Delgado	100%	41,395	22,960	8%	117,274	9%	2	100.0%	7.0	2.0
Trio	95%	39,372	44,500	8%	193,914	13%	7	72.5%	2.0	0.5
Bad Homburg	100%	19,297	none	4%	109,104	4%	6	39.3%	5.1	none
Duisburg (2)	50%	40,461	25,593	8%	110,210	10%	5	97.9%	4.5	2.0
Stuttgart (2)	50%	32,933	18,929	7%	121,416	10%	2	99.6%	4.2	0.9
Neu-Isenburg (2)	50%	22,608	16,580	5%	67,337	5%	6	80.4%	2.9	0.9
Kosching (2)	50%	17,616	10,165	4%	53,058	5%	1	100.0%	2.7	0.9
<b>Subtotal Spain &amp; Germany</b>		<b>213,682</b>	<b>138,727</b>	<b>44%</b>	<b>772,313</b>	<b>57%</b>	<b>29</b>	<b>79.3%</b>	<b>4.1</b>	<b>1.1</b>
<b>Total Portfolio</b>		<b>502,500</b>	<b>303,762</b>	<b>100%</b>	<b>1,541,469</b>	<b>100%</b>	<b>74</b>	<b>58.9%</b>	<b>3.8</b>	<b>2.4</b>
<b>IP Portfolio</b>		<b>373,929</b>	<b>222,739</b>	<b>74%</b>	<b>1,117,830</b>	<b>65%</b>	<b>44</b>	<b>47.1%</b>	<b>4.0</b>	<b>2.7</b>
<b>JV Portfolio</b>		<b>128,571</b>	<b>81,023</b>	<b>26%</b>	<b>423,639</b>	<b>35%</b>	<b>30</b>	<b>90.0%</b>	<b>3.7</b>	<b>1.7</b>

(1) The Sablière property met the criteria for classification as "asset held for sale" and is presented on a separate line on the balance sheet; This property was sold on April 30, 2025.

(2) Represents investments that are classified as joint ventures and subject to equity accounting. The results included in the table above (excluding the number of tenants, occupancy metrics, weighted average lease term and financing maturity) are presented on a proportionate share basis at the REIT's ownership percentage of the related investment.

## General portfolio updates

- At the **Gaia property**, the occupancy rate was at 80% at March 31, 2025. Two tenants representing 24% of the occupied space were in arrears on rent payments and, in accordance with the financing agreement, were excluded from the debt service coverage ratio ("DSCR") calculation. As a result, the DSCR covenant test reflected a breach at quarter-end, activating a temporary cash trap provision. Under this mechanism, cash flows from the property may only be applied to debt servicing and operating costs, with excess funds reserved until the covenant breach is remedied. Active leasing efforts are underway for the remaining vacant space, and the REIT is engaged in constructive discussions with one of the tenants in arrears to restructure the lease arrangement and recover outstanding amounts.
- The **Trio property** has a 73% occupancy rate following the space reduction from one tenant this quarter. Marketing of the vacant areas is ongoing, supported by a locally based broker, with efforts focused on navigating current market

conditions. On March 19, 2025, the senior lender confirmed a 6-month financing extension until September 15, 2025. Subsequent to the quarter-end, on May 15, 2025, the REIT schedules to repay €5,500 (\$8,559) on the mortgage loan. This repayment satisfies a waiver condition for the second mortgage held by HCOB on the Bad Homburg property (see following paragraph).

- At the **Bad Homburg property**, the REIT secured mezzanine financing of €5,600 (\$8,715) in April 2025 on the Bad Homburg property to fund the €5,500 (\$8,559) repayment of the Trio loan (see above). The 18-month loan bears annual interest of 12%, with 6% payable quarterly and 6% due at maturity. Management intends to refinance this facility with conventional financing as leasing activity progresses. Several prospective tenants are interested in the property and selective capital expenditures to upgrade the lobby of this property are expected to take place in mid-2025.
- The **Delgado property** in Spain is fully leased to two blue-chip tenants on the long term (7.0-year WALT and 3.3 years including break options). In Q2 of 2025, the REIT intends to waive the 2026 break option for a tenant that recently supported the REIT's LEED Platinum certification efforts, demonstrating a strong commitment to the property.
- The **Stuttgart property** is 100% occupied, with the anchor tenant Daimler Truck representing 97% of the building and offers a 4.2-year WALT, with a financing maturing in February 2026.
- At the **Neu-Isenburg property**, negotiations are advancing with a prospective tenant that is considering leasing the majority of the vacant space, which would bring occupancy to 94%. As the contemplated lease would require major tenant improvement and capital expenditures, senior lender approval was obtained granted in April 2025 to release the cash reserves that had been set aside since early 2024 for the Neu-Isenburg, Stuttgart and Kosching properties, all financed by the same lender.

### Asset Recycling Plan

Subsequent to the quarter-end, on April 30, 2025, the REIT closed the sale of the Sabliere property for a sale price of \$28,323 (€18,200), excluding transaction and eviction costs of \$1,328 (€854). Of this amount, \$637 (€410) in broker and advisory fees was paid to related parties, including Inovalis S.A. and an affiliated company. The property was classified as an Asset Held for Sale on a dedicated line of the balance sheet as at March 31, 2025. The disposition generated net proceeds of \$13,000 which the REIT will deploy to pay down debt, and to support value-enhancing initiatives across its portfolio, including leasing and redevelopment opportunities.

An exchange contract confirming the commitment to sell an 87.5% stake in the Arcueil property for €37.5 million (\$56.5 million) was announced in January 2025 with closing expected in the second half of 2026. The long closing is required to satisfy the administrative, building permit and financing conditions. Management is assisting the purchaser in the administrative process of applying for building permits and zoning changes. Arcueil municipal authorities approved the redevelopment project, and building permit application approval and the re-zoning is expected to follow. The remaining 12.5% interest in the Arcueil office property is being marketed. Pursuant to these advanced negotiations and previous discussions with the senior lender, the debt amortization has been frozen from Q2 2024 to Q4 2025, representing the deferral of approximately \$4,200 in annual mortgage capital.

For the Baldi property, the Plaine Commune (which manages zoning in this suburb) recently confirmed potential re-zoning as early as Q1 2026 allowing the conversion of the building into student housing, which could support the marketing of this asset. The REIT seeks to maximize exit value and attract investors that desire to buy a property with a building permit ready to be granted. An industrial/logistics tenant at the property submitted an unsolicited offer to acquire the asset, subject to financing approval but without a condition related to building permits. If accepted, the transaction could be completed before the end of 2025.

### Tenant Profile

As at March 31, 2025, the REIT had 44 tenants across the IP Portfolio compared to 43 tenants as at December 31, 2024, and 74 tenants across the Total Portfolio (73 as at December 31, 2024).

All lease contracts in France, Germany and Spain have rental indexation. In France, this is based on the Construction Costs Index (*Indice du Coût de la Construction "ICC"*), the average Tertiary Activities Rent Index (*Indice des Loyers des Activités Tertiaires "ILAT"*). The Consumer Price Index - CPI, or the German or Spanish Consumer Price Index provides for rent indexation in those jurisdictions. Rent is increased annually to reflect the rising cost of living which protects returns to Unitholders.

### Investment Property Portfolio

The following table shows the five largest tenants across the Investment Property Portfolio as at March 31, 2025. The tenant base is well diversified by industry segment, with many national and multinational tenants.

Tenant in the IP Portfolio	Tenant Sector	% of annual contractual rental revenue	Occupied space (sq. ft.)	% of Total Areas	Average remaining lease term (years)
The Lorenz Bahlsen Snack-World	Food and beverage	13%	86,501	7.7%	0.8
ITP Aero	Aeronautics	7%	59,159	5.3%	9.8
Indra	IT systems	7%	58,115	5.2%	4.2
Bureau Veritas	Consulting and Advisory	9%	38,998	3.5%	1.8
Time matters	Logistics	3%	25,549	2.3%	4.0
<b>Top 5 tenants</b>		<b>39%</b>	<b>268,322</b>	<b>24.0%</b>	<b>3.9</b>
Other tenants	Diversified	61%	258,705	23.2%	3.9
<b>Total occupied space</b>		<b>100%</b>	<b>527,027</b>	<b>47.2%</b>	<b>3.9</b>
Vacant			590,803	52.8%	
<b>IP Portfolio</b>			<b>1,117,830</b>	<b>100.0%</b>	

### Total Portfolio

The following table shows the REIT's five largest tenants across the Total Portfolio at March 31, 2025, including interests that the REIT has in properties held in joint ventures.

Tenant in the Total Portfolio	Tenant Sector	% of annual contractual rental revenue	Occupied space (sq. ft.)	% of Total Areas	Average remaining lease term (years)
Daimler Truck	Manufacturer	9%	117,431	7.6%	4.2
The Lorenz Bahlsen Snack-World	Food and beverage	8%	86,501	5.6%	0.8
ITP Aero	Aeronautics	5%	59,159	3.8%	9.8
Indra	IT systems	5%	58,115	3.8%	4.2
Hitachi Power	Manufacturer	5%	54,354	3.5%	2.8
<b>Top 5 tenants</b>		<b>32%</b>	<b>375,560</b>	<b>24.3%</b>	<b>4.1</b>
Other tenants	Diversified	68%	535,065	34.6%	3.6
<b>Total occupied space</b>		<b>100%</b>	<b>910,625</b>	<b>58.9%</b>	<b>3.8</b>
Vacant			630,844	41.1%	
<b>Total Portfolio</b>			<b>1,541,469</b>	<b>100.0%</b>	

No tenant represents more than 10% of the REIT's rental revenue of the Total Portfolio.

## Occupancy and Leasing Activity

The change in occupancy and leasing activity in the IP Portfolio by geographic region for the period ended March 31, 2025 was as follows:

IP Portfolio	Occupied space (sq. ft.)				
	January 1, 2025	New leases	Lease Expiries	March 31, 2025	Occupancy rate
France	224,728	7,029	(5,479)	226,278	32.4%
Germany	191,063	4,309	(11,899)	183,473	60.5%
Spain	117,274	-	-	117,274	100.0%
<b>Total IP Portfolio</b>	<b>533,064</b>	<b>11,338</b>	<b>(17,378)</b>	<b>527,026</b>	<b>47.1%</b>

The change in occupancy and leasing activity in the Total Portfolio, including joint ventures at the REIT's proportionate ownership interest, by geographic region for the period ended March 31, 2025, was as follows:

Total Portfolio	Occupied space (sq. ft.)				
	January 1, 2025	New leases	Lease Expiries	March 31, 2025	Occupancy rate
France	269,947	7,029	(5,479)	271,497	35.3%
Germany	527,148	4,309	-	519,558	79.3%
Spain	117,274	-	-	117,274	100.0%
<b>Total Portfolio</b>	<b>914,369</b>	<b>11,338</b>	<b>(5,479)</b>	<b>908,331</b>	<b>58.9%</b>

### New Leases Signed During the Quarter:

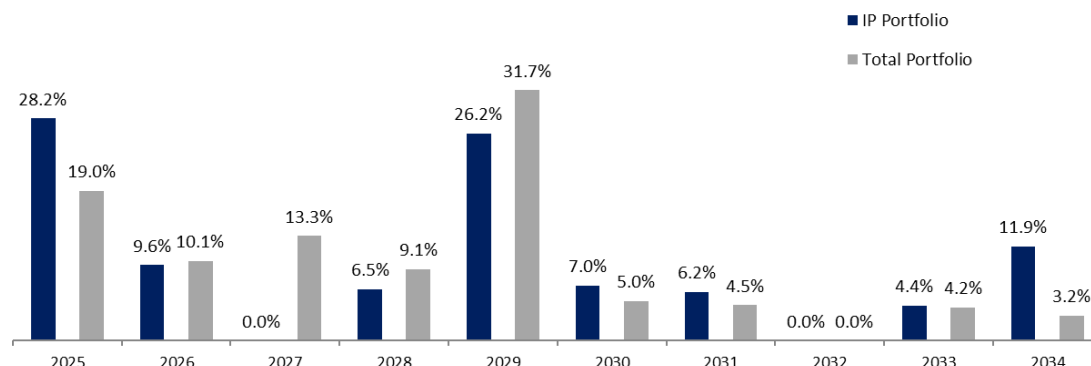
- At the Metropolitan property, a new lease was signed effective in March for 3,200 sq.ft. of vacant retail space on the ground floor, representing 4% of the building area and \$296 annual rental income.
- At the Baldi property, a construction company signed a 18-month lease on 3,800 sq.ft. of office space.



## Lease Maturities

### Lease Maturity Profile

(in % of total GLA as at March 31, 2025)



The above graph sets out the percentage of total GLA of the IP Portfolio and Total Portfolio subject to leases expiring by year (excluding early lease terminations).

The average remaining lease terms, not including tenant early termination rights, in the IP Portfolio was 4.0 years (3.8 in the Total Portfolio). Assuming all tenants exercise their early termination rights and leave at the earliest possible date, which the REIT believes is unlikely, the average remaining lease term in the IP portfolio is 2.5 years (Total Portfolio 2.9 years).

The 2025 maturities relate mostly to the Trio property's anchor tenant, Lorenz Bahlsen which represents 13% of the IP portfolio rental revenue and 9% of the Total Portfolio rental revenue. The REIT is actively seeking to lease current and impending vacancies with the assistance of a locally based broker.

Refer to the "Portfolio Overview - General Property Updates" section for leasing initiatives underway.

## Discussion of Financial Performance

### Non-GAAP Financial Measures and Other Measures

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

**"Accretive Acquisition"** means that the pro forma (post-deal) net income per Unit is forecast as higher than the REIT's (pre-deal) net income per Unit.

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

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

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

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

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

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

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

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

**"Debt-to-Gross-Book Value"** refers to the REIT's apportioned amount of indebtedness respectively in the IP Portfolio and the Total Portfolio. Indebtedness on an IP and Total Portfolio basis is calculated as the sum of (i) lease liabilities, (ii) mortgage loans, (iii) other long-term liabilities, and (iv) deferred tax liabilities. Indebtedness does not include certain liabilities as is the case for the Exchangeable Securities and at the joint venture level for the contribution from the REIT and its partners.

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

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

**"Funds from Operations" or "FFO"** follows the definition prescribed by the Real Estate Property Association of Canada publication on Funds From Operations & Adjusted Funds From Operations, dated January 2023 with one exception pertaining to the unrealized gain or loss on the REIT's cash in Euros which are domiciled in Canadian financial institutions.

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

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

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

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

**"Funds from Operations I Unit" or "FFO I Unit"** is FFO divided by the issued and outstanding Units, plus Exchangeable Securities (fully diluted basis).

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

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

**"Investments in Joint Ventures"** refers to the REIT's proportionate share of the financial position and results of operation of its investment in joint ventures, which are accounted for using the equity method under IFRS in the consolidated financial statements, are presented below using the proportionate consolidation method at the REIT's ownership percentage of the related investment. Management views this method as relevant in demonstrating the REIT's ability to manage the underlying economics of the related investments, including the financial performance and the extent to which the underlying assets are leveraged, which is an important component of risk management.

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

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

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

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

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

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

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

## FFO and AFFO Calculation

The reconciliation of FFO and AFFO for the three-month periods ended March 31, 2025 and 2024, based on proportionate consolidation figures including REIT's interest in joint ventures (see the "Consolidated Statement of Earnings - Reconciliation to Consolidated Financial Statements" section), is as follows:

	Three months ended March 31,		Year ended March 31,	
	2025	2024	2025	2024
<b>Net loss attributable to the Trust</b> (including share of net earnings from investments in joint ventures)	1 972	(13 845)	1 972	(13 845)
<b>Add/(Deduct):</b>				
Net change in fair value of investment properties	(4 743)	11 994	(4 743)	11 994
Net change in fair value of financial derivatives	-	405	-	405
Adjustment for property taxes accounted for under IFRIC 21	3 043	2 912	3 043	2 912
Net change in fair value of Exchangeable securities	(4)	(385)	(4)	(385)
Foreign exchange gain	(65)	-	(65)	-
Deferred income tax recoveries	(40)	-	(40)	-
Non-controlling interest	10	(38)	10	(38)
<b>FFO</b>	<b>173</b>	<b>1 043</b>	<b>173</b>	<b>1 043</b>
<b>Add/(Deduct):</b>				
Non-cash effect of straight line rents	192	191	192	191
Cash effect of the rental guarantee	184	171	184	171
Amortization of transaction costs on mortgage loans	72	63	72	63
Capex	-	(720)	-	(720)
<b>AFFO</b>	<b>621</b>	<b>748</b>	<b>621</b>	<b>748</b>
FFO / Units (diluted) (\$)	<b>0,01</b>	<b>0,03</b>	<b>0,01</b>	<b>0,03</b>
AFFO / Units (diluted) (\$)	<b>0,02</b>	<b>0,02</b>	<b>0,02</b>	<b>0,02</b>

## Overview - GAAP and Non-GAAP

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

	March 31, 2025		December 31, 2024	
Operating metrics	IP Portfolio	Total Portfolio	IP Portfolio	Total Portfolio
Number of properties	8	13	8	13
Gross leasable area (sq. ft.)	1,117,830	1,541,469	1,117,830	1,541,469
Occupancy rate - end of period	47.1%	58.9%	47.7%	59.3%
Weighted average lease term	4.0 years	3.8 years	4.0 years	4.0 years
Average initial yield <sup>(1)</sup>	3.1%	15.9%	3.9%	4.7%
Capital management metrics	IP Portfolio	Total Portfolio	IP Portfolio	Total Portfolio
Available cash <sup>(3)</sup>	\$5,331	\$6,866	\$6,249	\$7,572
Fair value of investment properties <sup>(3)</sup>	\$373,930	\$502,500	\$353,850	\$476,579
Debt-to-gross book value <sup>(2)</sup>	51.3%	58.8%	52.3%	59.8%
Debt-to-gross book value, net of cash <sup>(2)</sup>	50.6%	58.3%	51.5%	59.2%
Weighted average loan term to maturity	2.7 years	2.4 years	3.0 years	2.7 years
Weighted average interest rate <sup>(2)</sup>	3.67%	3.43%	4.00%	4.12%
Interest coverage ratio <sup>(2)</sup>	0.8 x	0.8 x	0.8 x	1.1 x

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

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

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

	Three months ended March 31,		Year ended March 31,	
(thousands of \$ except per Unit and other data)	2025	2024	2025	2024
Financial performance metrics				
Rental revenue	4 238	4 631	4 238	4 631
Rental revenue - Total Portfolio <sup>(1)</sup>	6 541	6 757	6 541	6 757
Net rental income	155	912	155	912
Net rental income - Total Portfolio <sup>(1)</sup>	1 957	3 636	1 957	3 636
Net income, attributable to the Trust	1 922	(13 579)	1 922	(13 579)
Funds from Operations (FFO) <sup>(1) (2)</sup>	173	1 043	173	1 043
Adjusted Funds from Operations (AFFO) <sup>(1) (2)</sup>	621	748	621	748
FFO per Unit (diluted) <sup>(1) (2)</sup>	0,01	0,03	0,01	0,03
AFFO per Unit (diluted) <sup>(1) (2)</sup>	0,02	0,02	0,02	0,02

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

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



## Consolidated Financial Information

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

## Selected Three-Year Information

The below table is the summary of key operating metrics for the IP Portfolio.

	For the three months ended March 31,				
	2025	2024	2023	2025 vs. 2024	2024 vs. 2023
Rental revenue	4,238	4,631	7,325	(393)	(2,694)
Net change in fair value of investment properties	4,156	(11,985)	1,614	16,141	(13,599)
Finance costs	(2,173)	(2,710)	971	537	(3,681)
Net loss	1,932	(13,617)	1,618	15,549	(15,235)
Net loss attributable to the Trust	1,922	(13,579)	1,622	15,501	(15,201)

## Net Rental Income

For the IP Portfolio, Net Rental Income ("NRI") for Q1 2025 decreased to \$155 (€103), compared to the \$912 (€623) NRI for Q1 2024, notably caused by the departure in January 2024 of the main tenant in the Bad Homburg property and by the 15% vacancy in the Metropolitan building.

In accordance with IFRIC 21, the annual property taxes for the REIT's properties located in France are expensed in full in the first quarter of the fiscal year. Realty tax expenses for the year are approximately \$3,650. These taxes are mostly paid in the fourth quarter. This results in a reduction to Net Rental Income in the first quarter of each year with relatively higher Net Rental Income in the subsequent three quarters.

The impact of IFRIC 21 on Net Rental Income for the three months ended March 31, 2025 and 2024 is set out below.

For the three months ended March 31,			
In thousands of \$	2025	2024	Variance
Net rental income	155	912	(757)
IFRIC 21 impact	2,727	2,607	120
Adjusted net rental income - IFRIC 21 <sup>(1)</sup>	2,882	3,519	(637)

For the three months ended March 31,			
In thousands of Euros	2025	2024	Variance
Net rental income	103	623	(520)
IFRIC 21 impact	1,805	1,781	24
Adjusted net rental income - IFRIC 21 <sup>(1)</sup>	1,908	2,404	(496)

(1) Represents a non-GAAP financial measure that has no standardized meaning with IFRS and is not comparable to other companies. See the section "Non- GAAP Measures and Other Measures".

The Net Rental Income including the REIT's share in joint ventures is set out below.

For the three months ended March 31,			
In thousands of \$	2025	2024	Variance
Net rental income	155	912	(757)
Net rental income - proportionate share of JVs	1,802	2,724	(922)
IFRIC 21 impact	3,043	2,912	131
Adjusted net rental income - IFRIC 21 - including proportionate share of JVs <sup>(1)</sup>	5,000	6,548	(1,548)

(1) Represents a non-GAAP financial measure that has no standardized meaning with IFRS and is not comparable to other companies. See the section "Non- GAAP Measures and Other Measures".

## General and Administrative Expenses

General and administrative expenses ("G&A expenses") are comprised of Inovalis S.A.'s asset management fees and other G&A expenses such as trustee fees, directors' and officers' liability insurance, professional fees (including accounting fees), legal fees, filing fees, and Unitholders related expenses.

G&A expenses for Q4 2024 (\$1,317) reflected a significant decrease of (\$465), initiated in 2024, primarily driven by a reduction of audit and other professional fees (-\$224).

The following table outlines the major categories of G&A expenses.

	Three months ended March 31,		
	2025	2024	Variance
Asset management fees – Inovalis SA	(462)	(499)	37
Less: amount invoiced to joint ventures	300	291	9
	<b>(162)</b>	<b>(208)</b>	<b>46</b>
Professional fees for accounting, tax and audit	(558)	(782)	224
Legal expenses	(153)	(151)	(2)
Trustee fees	(64)	(59)	(5)
Travel expenses	(105)	(84)	(21)
Governance expenses	(77)	(94)	17
Bank and depositary expenses	(51)	(76)	25
Listing, transfer agent and publication fees	(19)	(14)	(5)
Other general and administrative expenses	(128)	(314)	186
<b>Total G&amp;A expenses</b>	<b>(1,317)</b>	<b>(1,782)</b>	<b>465</b>

### Share of Net Income from Joint Ventures

The performance of the investments in joint ventures includes the share of net income from joint ventures; the interest on loans granted to joint ventures is presented on the finance income line.

The share of net income from joint ventures for Q1 2025 was \$357 compared to \$870 for Q1 2024 when the share of net income from the Duisburg property was boosted by a \$1 million non-recurring early lease termination indemnity.

### Net Change in Fair Value of IP Portfolio

The net change in fair value in IP portfolio for the three months ended March 31, 2025 was \$4,156 compared to a negative change of \$11,985 in Q1 2024. The 2025, the positive change is in line with the IFRIC 21 on property taxes. In 2024, the REIT adjusted (-\$14,321 (-€9,800)) the Arcueil fair value to reflect anticipated exit price in line with the offer for redevelopment.

Refer to the paragraph "*IP Portfolio*" in the "*Consolidated balance sheet*" section of this document for further details on the valuation methodology.

### Net Change in Fair Value of Exchangeable Securities

Exchangeable Securities are recorded at fair value based on the market price of the Units. They are reflected as a liability on the REIT's consolidated balance sheet, and therefore a decrease of the REIT's Unit price reduces the value of the liability. The closing price of a REIT Unit on the Toronto Stock Exchange was \$0.90 on March 31, 2025, compared to \$0.98 at close of December 31, 2024, resulting in a small gain of \$4 in the net change in fair value of Exchangeable Securities for the first quarter 2025.

### Finance Income

In Q1 2025, finance income was primarily \$727 in interest on loans granted to joint ventures. In Q1 2024, in addition to \$688 interest on joint venture loans, finance income included \$435 income on sale of forward exchange contracts.

### Finance Costs

The \$2,173 finance costs in Q1 2025 included \$1,929 in interest on mortgage loans and lease liabilities (compared to \$3,099 for Q1 2024), the decrease being mostly attributable to the penalty interest recognized on the Trio loan in Q1 2024 (during the interim period before extending the loan) and the decreasing trend of borrowing costs observed in Q1 2025.

## Consolidated Balance Sheet

<b>Assets</b>	<b>As at March 31, 2025</b>	<b>As at December 31, 2024</b>	<b>Variance</b>
<b>Non-current assets</b>			
Investment properties	346,696	327,789	18,907
Investments in joint ventures	39,506	37,047	2,459
Other financial assets	444	407	37
Restricted cash	1,686	1,611	75
<b>Total non-current assets</b>	<b>388,332</b>	<b>366,854</b>	<b>21,478</b>
<b>Current assets</b>			
Trade receivables and other financial assets	9,957	9,528	429
Other current assets	2,397	1,873	524
Restricted cash	1,725	1,651	74
Cash	5,331	6,249	(918)
<b>Total current assets</b>	<b>19,410</b>	<b>19,301</b>	<b>109</b>
Asset held for sale	27,234	26,061	1,173
<b>Total assets</b>	<b>434,976</b>	<b>412,216</b>	<b>22,760</b>
<b>Liabilities and Unitholders' equity</b>	<b>As at March 31, 2025</b>	<b>As at December 31, 2024</b>	<b>Variance</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest-bearing loan	198	189	9
Mortgage loans	55,722	53,961	1,761
Lease liabilities	96,914	95,752	1,162
Tenant deposits	2,264	2,228	36
<b>Total non-current liabilities</b>	<b>155,098</b>	<b>152,130</b>	<b>2,968</b>
<b>Current liabilities</b>			
Interest-bearing loan	100	83	17
Mortgage loans	62,812	60,488	2,324
Lease liabilities	7,291	5,035	2,256
Tenant deposits	297	255	42
Exchangeable securities	354	385	(31)
Trade and other payables	12,736	8,668	4,068
Provisions	256	243	13
Income tax payable	2,339	2,238	101
Deferred income	838	586	252
<b>Total current liabilities</b>	<b>87,023</b>	<b>77,981</b>	<b>9,042</b>
<b>Total liabilities</b>	<b>242,121</b>	<b>230,111</b>	<b>12,010</b>
<b>Equity</b>			
Trust units	296,206	296,206	-
Retained earnings	(127,912)	(129,834)	1,922
Accumulated other comprehensive income	24,481	15,666	8,815
<b>Total Equity</b>	<b>192,775</b>	<b>182,038</b>	<b>10,737</b>
Non-controlling interest	80	67	13
<b>Total liabilities and equity</b>	<b>434,976</b>	<b>412,216</b>	<b>22,760</b>

## Selected Consolidated Balance Sheet Information

	For the year ended				
	March 31, 2025	Dec. 31, 2024	Dec. 31, 2023	2025 vs. 2025	2024 vs. 2023
Fair value of investment properties - IP Portfolio <sup>(1)</sup>	373,930	353,850	412,967	20,080	(59,117)
Fair value of investment properties - Total Portfolio <sup>(1)</sup>	502,500	476,579	541,001	25,921	(64,422)
Investment in joint ventures - carrying value	39,506	37,047	41,632	2,459	(4,585)
Total assets	434,976	412,216	484,060	22,760	(71,844)
Total debt <sup>(2)</sup>	223,037	215,508	219,446	7,529	(3,938)
Total non-current liabilities	155,098	152,130	165,706	2,968	(13,576)
Unitholders' equity	192,775	182,038	246,418	10,737	(64,380)
Number of outstanding Units	33,206,180	33,206,180	32,594,711	-	611,469

(1) Including the asset held for sale.

(2) Includes the current and non-current portion of interest-bearing loan, mortgage loans, lease liabilities.

### IP Portfolio

The fair value of the REIT's IP Portfolio as at March 31, 2025, not considering the asset held for sale, was \$346,696 (€222,784), in increase compared to \$327,798 (€220,110) as at December 31, 2024, mostly impacted by a positive foreign currency translation adjustment of CAD\$14,874. The Asset Held for Sale was sold subsequent to quarter end on April 30, 2025.

Management uses the Direct Capitalization Method ("DCM") to determine the fair value of all the REIT's properties in France, Germany and Spain. The values are supported by external appraisals of the Total Portfolio as at December 31, 2024, performed in conformity with the requirements of the Royal Institution of Chartered Surveyors Standards, and for the French properties, in conformity with the Charte de l'expertise immobilière, as well as European Valuation Standards of TEGoVA (the European Group of Valuers' Association) and IFRS 13 Fair Value Measurement. As at March 31, 2025, these appraisals have been reviewed by management to consider changes in the letting cycle that occurred during the quarter and that could have a significant impact on valuation of the properties. For the Arcueil property, the value is determined based on the condition of the exchange contract signed in December 2024, at a discount rate of 6.33% reflecting the risk associated with this long-term sale (second half of 2026).

### Investments in Joint Ventures

The investment in joint ventures encompasses the interest of the REIT (through five subsidiaries) in:

- the Duisburg property (50%), through a joint venture agreement maturing in March 2027 (in line with the current senior financing agreement);
- the Stuttgart property (50%), through a joint venture agreement maturing in February 2026 correlated with the senior financing;
- the Delizy property (50%), through a joint venture agreement maturing in 2029, correlated with the lease liability contract with the senior bank;
- the Neu-Isenburg property (50%), through a joint venture agreement maturing in February 2026, correlated with the senior financing agreement;
- the Kosching property (50%), through a joint venture agreement maturing in February 2026, correlated with the senior financing agreement.

Refer to the section "*Portfolio Overview – General Portfolio Updates*" for details of the REIT's plans for these properties.

The REIT's investment in joint ventures was \$39,506 reflecting a minor increase from \$37,047 as at December 31, 2024 mostly related to the \$2,101 foreign exchange difference.



## Trade Receivables and Other Financial Assets

Trade receivables and other financial assets as at March 31, 2025 amounted to \$9,957, stable compared to \$9,528 at December 31, 2024, and included \$5,964 of interests receivables on joint venture loans : interest payments have been deferred on most joint venture properties as largest part of the cashflow is allocated to new financing terms (amortization or cash reserve payments) or to tenant incentives for reletting.

## Trade and Other Payables

As of March 31, 2024, trade and other payables totaled \$12,736, compared to \$8,668 as of December 31, 2024. Pursuant to IFRIC 21, the trade payables amount in Q1 2024 include approximatively CAD\$2,740 property taxes accounted for the whole year. In addition, the land tax on the Arcueil property (\$1,200), which was due in October 2024, remained unpaid as at quarter-end and was settled using proceeds from the Sablière sale in early May 2025. A request for a waiver of this tax, given the building's complete vacancy, is currently under review by the tax administration.

## Capital Management

### Sources of Capital

The REIT's primary sources of capital are cash generated from operations, disposition of assets and sharing the ownership of actual assets owned entirely. The primary uses of capital include property acquisitions, payment of distributions from time to time, costs for attracting and retaining tenants, recurring property maintenance, major property improvements, and debt interest payments. The REIT expects to meet ongoing obligations through current cash, cash flows from operations, asset disposition, debt refinancing and, as growth requires and when appropriate, new equity or debt issues. Mature assets have been sold to access capital readily available for redeployment, in line with an overall strategy of diversification of the portfolio.

### Capital Management Metrics

To measure the REIT's debt performance, management uses the non-GAAP key indicators below:

	Consolidated basis - IP Portfolio		Proportionate share basis - Total Portfolio	
	March 31, 2025	December 31, 2024	March 31, 2025	December 31, 2024
<b>Capital management metrics</b>				
Debt-to-gross book value	51.3%	52.3%	58.8%	58.8%
Debt-to-gross book value, net of cash	50.6%	51.5%	58.3%	58.2%
Debt due in the next 12 months <sup>(1)</sup>	70,103	65,523	116,120	102,379
Weighted average loan term to maturity	2.7 years	3.0 years	2.4 years	2.7 years
Weighted average interest rate <sup>(1)</sup>	3.67%	4.00%	3.43%	4.12%
Interest coverage ratio <sup>(2)</sup>	0.8	0.8	0.8	2.4

(1) Includes lease liabilities and mortgage financings.

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

In respect of the JV portfolio, the mortgage loans on the Stuttgart, Neu-Isenburg and Kosching properties that mature at the end of February 2026, have been reclassified to the debt due in the next 12 months as at March 31, 2025 representing a total of \$45,676.

### Financing covenants

Since June 2022, the debt service coverage ratio covenant for the financing of the Baldi property has not been met due to ongoing redevelopment considerations and potential asset disposals. This non-compliance arises from the REIT's inability to simultaneously meet the covenant's minimum occupancy requirements while vacating the Baldi building for potential redevelopment. As a result, the Baldi mortgage loan has been classified as a \$4,098 current liability on the balance sheet as at March 31, 2025.

As at December 31, 2024, the projected Interest Coverage Ratio (“ICR”) covenant for the Gaia property was breached. Two tenants representing 24% of the occupied space were in arrears on rent payments and, in accordance with the financing agreement, were excluded from the DSCR calculation. As a result, the DSCR covenant test reflected a breach at quarter-end, triggering a temporary cash trap provision. Under this mechanism, cash flows from the property may only be applied to debt servicing and operating costs, with excess funds reserved until the covenant is remedied. The covenant breach does not trigger the immediate repayment of the outstanding loan. Consequently, the Gaia mortgage loan, totaling \$33,705 remains classified under non-current liabilities as at March 31, 2025. Subsequent to the March 31 quarter-end, in April 2025, \$311 was transferred to the cash reserve.

The REIT has been in communication with the lenders to update them on reletting or disposition plans that would remedy the covenant breach repay the debt. Although there has been no evidence that would indicate that either of the lenders intends to call the capital on loans despite the breach of covenants, the lenders may enforce their rights and the applicable loan amounts may become immediately due and payable. See “*Risks and Uncertainties*” in this MD&A.

### Debt-to-Gross Book Value

The debt-to-gross book value ratio is a non-GAAP measure that considers the REIT's apportioned amount of indebtedness respectively in the IP Portfolio and the Total Portfolio. Indebtedness on an IP and Total Portfolio basis is calculated as the sum of (i) lease liabilities, (ii) mortgage loans, (iii) other long-term liabilities, and (iv) deferred tax liabilities. Indebtedness does not include certain liabilities as is the case for the Exchangeable Securities and at the joint venture level for the contribution from the REIT and its partners.

Debt-to-gross book value	Consolidated basis - IP Portfolio		Proportionate share basis - Total Portfolio	
	March 31, 2025	December 31, 2024	March 31, 2025	December 31, 2024
Lease liabilities	104,205	100,787	113,960	110,131
Mortgage loans	118,534	114,449	189,802	182,946
Interest-bearing loans	198	189	566	542
Deferred tax liabilities	-	-	4,111	3,974
<b>Total debt outstanding</b>	<b>222,937</b>	<b>215,425</b>	<b>308,439</b>	<b>297,593</b>
Less : Cash	(5,331)	(6,249)	(6,866)	(7,572)
<b>Debt net of cash</b>	<b>217,606</b>	<b>209,176</b>	<b>301,573</b>	<b>290,021</b>
Gross book value	434,976	412,216	524,140	497,617
Gross book value, net of cash	429,645	405,967	517,274	490,045
<b>Debt-to-gross book value</b>	<b>51.3%</b>	<b>52.3%</b>	<b>58.8%</b>	<b>59.8%</b>
<b>Debt-to-gross book value, net of cash</b>	<b>50.6%</b>	<b>51.5%</b>	<b>58.3%</b>	<b>59.2%</b>

The debt-to-gross book value ratio remained stable compared to the period ending December 31, 2024, at 51.3% for the IP Portfolio (58.8% for the Total Portfolio). The ratio is within the REIT's mandated threshold of maximum 60% debt to the gross book value of assets.

## Interest Coverage Ratio

Interest coverage ratio	Consolidated basis - IP Portfolio		Proportionate share basis - Total Portfolio	
	3 months ended March 31, 2025	Year ended December 31, 2024	3 months ended March 31, 2025	Year ended December 31, 2024
Net rental income	155	13,775	1,957	30,895
Indemnities	-	(651)	(1,047)	(2,320)
<b>Net rental income adjusted</b>	<b>2,882</b>	<b>13,124</b>	<b>3,953</b>	<b>28,575</b>
General and Administrative expenses	(1,317)	(5,990)	(1,694)	(7,958)
Interest income <sup>(2)</sup>	-	455	1	1,328
<b>Total income</b>	<b>1,565</b>	<b>7,589</b>	<b>2,260</b>	<b>21,945</b>
Interest expense <sup>(1)</sup>	(2,001)	(9,406)	(2,861)	(9,303)
<b>Interest coverage ratio</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>2.4</b>

(1) Includes interest on mortgage loans, leases liabilities, swap interest and amortization of financing costs.

(2) Excluding interest income on joint venture loans

## Weighted-Average Interest Rate

Following recent European Central Bank interest rates cuts, the weighted average interest rate across the IP Portfolio debt decreased to 3.67% and 3.43% for the Total Portfolio compared to 4.07% and 4.12% at December 31, 2024. Most of the REIT's debts bear interest at a floating rate indexed on the EURIBOR rates. Management is seeking to negotiate debt service reduction with senior lenders and the EURIBOR rate is anticipated to stabilize around 2.15% from Q2 2025 onward (2.33 as at March 31, 2025).

## Debt Profile

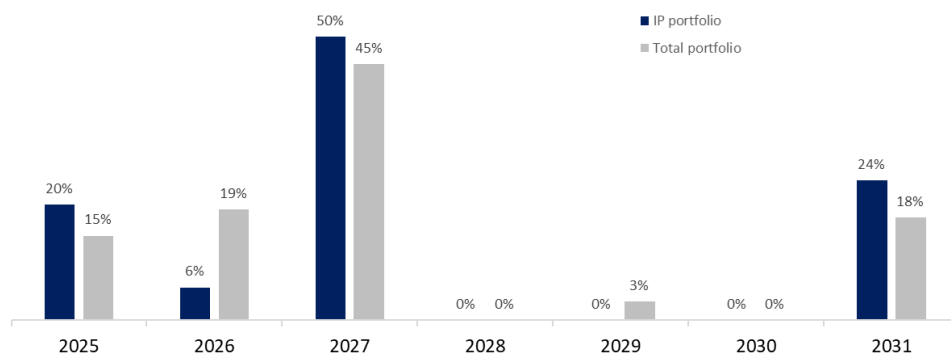
	Debt profile as at March 31, 2025			
	IP Portfolio		Total Portfolio	
	Carrying value	%	Carrying value	%
Lease liabilities	104,205	47%	113,960	38%
Mortgage loans	118,534		189,802	
<i>of which : Amortized mortgage loan</i>	84,829	38%	94,995	31%
<i>Bullet mortgage loan</i>	33,705	15%	94,807	31%
<b>Total</b>	<b>222,739</b>	<b>100%</b>	<b>303,762</b>	<b>100%</b>

As at March 31, 2025, the debt on the IP Portfolio is composed of 53% mortgage loans and 47% lease liabilities, under contracts expiring from 2025 (Trio) to 2031 (Metropolitan). The average term of repayment of financing is 2.7 years (2.4 years on the Total Portfolio). Lease liabilities contracts are not bound by loan-to-value or debt-service-coverage-ratio covenants.

The REIT repays principal amounts quarterly on both mortgage and lease liabilities. This represents 85% of the REIT's IP Portfolio financing, excluding bullet mortgage loans (69% on the Total Portfolio). Management is in regular communication with the senior lenders, including those of Baldi, Arcueil and Delizy properties, to update them on leasing, redevelopment and sale strategies and the renegotiation of financing terms for the in-place loans (particularly amortization schedules). Following the commitment to sell the Arcueil property, the REIT has negotiated a full amortization deferral starting in Q2 2024 until the end of 2025, while the effective disposition and full repayment of the loan is anticipated for the second half of 2026 at the earliest. An extension of the agreement could be sought from the lender depending on the progress fulfilling the administrative conditions of the sale. A similar amortization deferral has been granted on the Delizy lease liability for one year until Q3 2025.

## Leasehold and Mortgage Financing Maturity Profile

(in % of amount outstanding as at March 31, 2025)



As at March 31, 2025, the Baldi and Sablière mortgage loans were scheduled to mature in June 2026 and October 2027 respectively and have been presented as such in the above chart. As a result of the lender's right to demand repayment upon covenant breach related to the Baldi property, and the classification of the Sablière property as held for sale, the associated loans have been presented as current liabilities, totaling \$17.4 million. Subsequent to quarter end, the Sablière loan amount of \$13.3 million was fully repaid on April 30, 2025 upon the disposition of the Sablière property.

The 2025 maturity reflects the Trio facility agreement that matured on March 15, 2025 which was extended for six months on until September 15, 2025.

The 2027 maturity relates mostly to the lease liability contract with the bank on the Arcueil property, in addition to the Delgado and Gaia financings. Management continues to keep the senior lenders informed on next steps to extend the amortization freeze beyond 2025.

## Equity

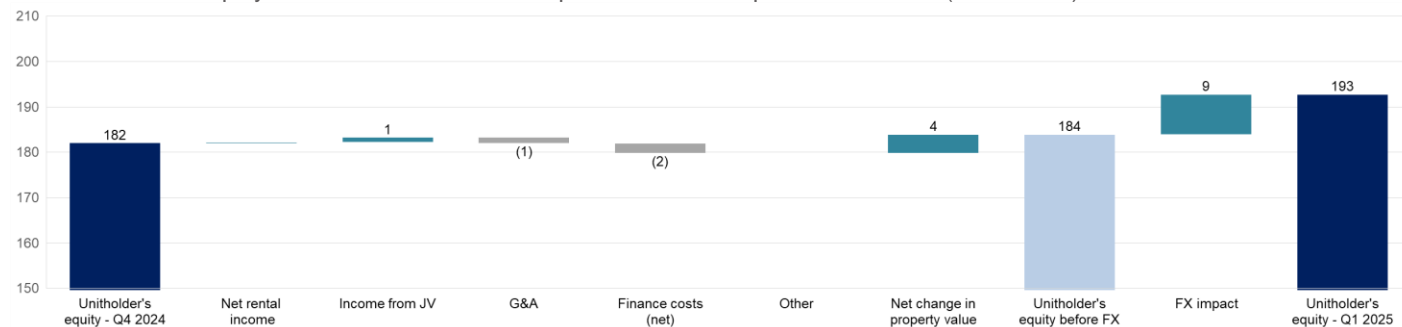
Management's discussion about equity is inclusive of Exchangeable Securities. In the consolidated financial statements, the Exchangeable Securities are classified as current liabilities under IFRS because of the conversion feature that can be exercised by the holder of those securities at any time.

As at March 31, 2025, the REIT has 33,206,180 Units issued and outstanding, plus 392,892 Exchangeable Securities.

	Three months ended March 31, 2025
<b><u>Units</u></b>	
Number at beginning of period	33,206,180
Increase in number during the period	-
Number at end of period	33,206,180
Weighted average number during the period	33,206,180
<b><u>Exchangeable securities</u></b>	
Number at beginning of period	392,892
Decrease in number during the period	-
Number at end of period	392,892
Weighted average number during the period	392,892
<b><u>Units and Exchangeable securities</u></b>	
Number at beginning of period	33,599,072
Increase in number during the period	-
Decrease in number during the period	-
Number at end of period	33,599,072
Weighted average number during the period	33,599,072

## Unitholder's Equity

The Unitholders' equity breakdown over the first quarter of 2025 is presented below (in \$ million):



Notes to the Unitholder's equity chart:

- FX impact: The closing foreign exchange rate was 1.5562 as at March 31, 2025, in increase of 4.5% compared to the 1.4892 as at December 31, 2024, leading to a positive \$8,815 impact on the REIT's NAV as at March 31, 2025.
- Income from JV includes both the share of net income for \$357 and \$727 finance income from interests on joint venture loans.
- Finance costs (\$2,162) are presented net of interests on joint venture loans (\$727).

## Available and Restricted Cash

The REIT's available cash was \$5,331 as at March 31, 2025 (compared to \$6,249 as at December 31, 2024) following the debt amortization paid of \$2,116. Available funds are intended to be used for senior debt payments (interest and amortization). In addition to this available cash, the REIT held:

- \$3,411 of restricted cash, that could be used for either capex financing on the Trio property or its partial deleverage for loan extension
- \$3,703 of cash in the assets held in joint venture, including \$2,168 restricted cash constituted upon refinancing of debts and intended to secure senior lenders or finance capital expenditures and incentives for future reletting.

Subsequent to quarter-end, on April 30, 2025, the REIT received approximately \$13 million in cash from the sale of the Sablière property.

## Cash Flows

The table below shows the cash utilization throughout the first quarter of 2025 and 2024 for the IP Portfolio, not including the REIT's share of cash in the joint venture-owned properties. Management will continue to closely monitor cash and negotiate payment deferral from banks or suppliers when necessary to meet working capital requirements.



	Three months ended March 31,		
	2025	2024	Variance
<b>Cash at the beginning of the year</b>	<b>6,249</b>	<b>12,489</b>	<b>(6,240)</b>
<b>Cash provided by (used in):</b>			
Operating activities	928	(116)	1,044
Investing activities	3	(129)	132
Financing activities	(2,090)	(2,719)	629
<b>Net change during the period</b>	<b>(1,159)</b>	<b>(2,964)</b>	<b>1,805</b>
Impacts of FX adjustment on cash	241	(21)	262
<b>Cash at period-end</b>	<b>5,331</b>	<b>9,504</b>	<b>(4,173)</b>

### Unit-Based Compensation Plan

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

Effective May 8, 2024, the REIT's Unitholders approved a DSU Plan to grant DSUs to its trustees and senior officers and reserved a maximum of 200,000 Units for issuance under the plan. A DSU is a unit equivalent in value to one trust unit of the REIT. The DSU Plan permits the REIT's trustees to defer receipt of all or a portion of their trustee fees and to receive such fees in the form of trust Units upon exercising the DSUs ("Elected DU"). Elected DU will vest immediately upon grant.

The DSU Plan allows the board of trustees to grant DSUs to its senior officers at the board's discretion ("Granted DU"). The Granted DUs vest 1/3 over each anniversary date from date of grant over three years. The cost of Granted DUs is recognized in the consolidated statement of earnings consistent with the vesting feature of each grant. In addition, whenever cash distributions are paid on the Units, additional deferred units ("ADU") shall be granted based on aggregate number of vested DSUs as at the same date. ADUs were suspended at the same time as distributions to Unitholders effective with the December 2023 distribution.

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

### Financial Instruments

The REIT has the following financial assets and liabilities as at March 31, 2025:

	<b>Classification</b>
<b>Financial assets</b>	
Loans to joint ventures	Amortized cost
Derivative financial instruments	Fair Value Through Profit and Loss
Trade receivables and other financial assets	Amortized cost
Restricted cash	Amortized cost
Cash	Amortized cost
<b>Financial liabilities</b>	
Mortgage loan	Amortized cost
Tenant deposits	Amortized cost
Exchangeable Securities	Fair Value Through Profit and Loss
Derivative financial instruments	Fair Value Through Profit and Loss
Trade and other payables	Amortized cost

The REIT uses the following hierarchy for the fair value determination of financial instruments:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 unobservable inputs for the asset or liability.

There were no transfers between levels of the fair value hierarchy during the three-month period ended March 31, 2025.

Due to their short-term nature, the carrying value of the following financial instruments measured at amortized cost approximates their fair value at the balance sheet date:

- Trade receivables and other financial assets
- Cash and restricted cash
- Trade and other payables

	March 31, 2025		December 31, 2024	
	Fair Value	Carrying Value	Fair Value	Carrying Value
<b>Financial assets</b>				
Loans to joint ventures	24,632	24,632	23,168	23,168
<b>Financial liabilities</b>				
Mortgage loans	116,909	118,534	113,145	114,449
Tenant deposits	2,561	2,561	2,483	2,483

The following methods and assumptions were used to estimate the fair values of financial instruments:

- (i) The fair value of the loans to joint venture was estimated using the nominal amounts expected to be received at maturity and a discount rate based on prevailing market interest rates adjusted by an internally determined credit spread.
- (ii) Mortgage loans were carried at amortized cost using the effective interest method of amortization. The estimated fair values of long-term borrowings were based on market information, when available, or by discounting future payment of interest and principal at estimated interest rates expected to be available to REIT as at March 31, 2025 and December 31, 2024.

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

- The fair value of tenant deposits was estimated using the nominal amounts expected to be repaid at maturity and a discount rate based on prevailing market interest rates adjusted by an internally determined credit spread.
- The fair value of derivative financial instruments is determined based on discounted cash flows using interest rate yield curves and volatility that are observable on an active market, as at the balance sheet date.
- The fair value of the Exchangeable Securities is based on the quoted price of the Units, on the basis that they are exchangeable on a one-to-one basis at the request of the holders of Exchangeable Securities. Other features of Exchangeable Securities have no significant impact on their fair value.

The REIT is exposed to several financial risks, including those associated with financial instruments, which have the potential to affect its operating and financial performance. These risks include interest rate risk, currency risk, credit risk and liquidity risk.

## Liquidity Risk and Going concern

The REIT's objective is to maintain a balance between continuity of funding and flexibility using bank deposits and loans. Liquidity risk inherent to the financial structure of the business is mainly managed through quarterly updates of short-term cash flow forecasts as well as the status of the maturity of financial assets and liabilities. Refer to the "Contractual Obligations" section above for further details.

The REIT has prepared the financial statements on the basis that it will continue to operate as a going concern. This going concern basis assumes that the REIT will continue in operation for the foreseeable future and will be able to realize its assets and settle its obligations in the normal course of business. Management's going concern assessment includes forecasting of cashflow requirements under various stress-tested scenarios in order to assess whether there exist any material risks as to the REIT's ability to operate as a going concern. The significant judgments made in forecasting future cash flows relate to certain financing obligations for the REIT.

**A. Availability of Financing:** The REIT's ability to operate as a going concern for the twelve-months subsequent to the balance sheet date is also dependent on the REIT's ability to successfully negotiate extensions and other modifications to its third-party loans to accommodate cash flow needs and is dependent on the REIT's ability to prevent the exercise of early repayment rights for lenders where certain covenants are in breach.

- At quarter end, the SCI Sabliere entity was in breach of the debt service coverage covenant on its \$13,271 mortgage loan due to the planned sale of this asset. One month later, the outstanding loan amount was fully repaid on April 30, 2025, when the sale of the property closed.
- As at March 31, 2025, the Trio property was in breach of the loan to value ratio on the \$44.5 million mortgage loans outstanding. On March 19, 2025, the senior lender on the Trio property, HCOB, approved a six-month extension of financing (initially maturing on March 15, 2025) and agreed on the timing for a €5,500 (\$8,559) repayment in May 2025, as condition for the waiver of the second mortgage held by HCOB on the Bad Homburg property (see below). The loan repayment will be funded by a €5,600 (\$8,714) mezzanine loan on the Bad Homburg property, signed in April 2025. The 18-month mezzanine loan bears interest at 12% (6% paid quarterly and 6% at maturity). Management's objective is to refinance this loan with conventional financing, depending on progress on the leasing strategy. Given that all other terms of the Trio loan have been satisfied, and based on the REIT's ongoing dialogue with the lender, management does not anticipate an early repayment being requested.

However, if repayment is requested after September 15, 2025, the associated liquidity risk would remain contained at the Trio entity level and would result in the application of default interest during the period of non-payment. In the event the lender enforces the REIT's guarantees, the potential impact would be limited to the loss of Trio's contribution to the REIT's equity, without affecting the REIT's overall liquidity position.

- As at March 31, 2025, the SCI Baldi entity was in breach of two covenants on its \$4,098 mortgage loan due to planned tenant vacancies resulting due to the property being held within the REIT's asset recycling plan. The REIT is in communication with the lender regarding the planned future sale of this property and is discussing a amortization deferral (total or partial) until the sale of the property. Given that all other terms of the Baldi loan have been met, and based on the REIT's ongoing communications with the lender, management does not expect the bank to exercise its right to demand early repayment. Nonetheless, the existing covenant breach does grant the lender that right. Should such a request be made, it could create a temporary cash shortfall, requiring the REIT to implement alternative cash flow strategies to manage liquidity risk.

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

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

## Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The REIT's exposure to the risk of changes in market interest rates relates to the long-term debt obligations with floating interest rates related to leases and mortgage loans. As at March 31, 2025, 26% of the REIT's IP long-term debt obligation has no exposure to interest rate risk (27% for the Total Portfolio). Floating rate debts are mostly on assets included in the Asset Recycling Plan or with short-term financing maturities.

## Currency Risk

The REIT operates in France, Germany and Spain, and the functional currency for these operations is the Euro. The REIT's distributions, which had been paid in cash until November 2023, were paid to Unitholders in Canadian dollars. To mitigate the risk of foreign exchange fluctuations on the distributions to our Unitholders prior to the suspension of the distributions, management had established a foreign exchange hedging program with Banque Palatine and Alpha Group.

Following the distribution reduction announced in November 2023, the REIT proactively terminated its remaining 12 foreign exchange contracts, completing the process in December 2024.

## Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The REIT is directly exposed to credit risk from its leasing activities and its investing activities, including the acquisition loans, trades and other receivables, loans in other current financial assets, derivatives, deposits with banks and financial institutions. The REIT's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized on March 31, 2025.

**Loan to joint ventures:** Credit risk relating to loan to joint ventures is mitigated through recourse against such parties and/or the underlying real estate. These financial instruments are considered low credit risk. The REIT monitors the debt service ability of the properties underlying the loans to assess for changes in credit risk.

**Accounts receivable:** Credit risk is managed by requiring tenants to pay rentals in advance. Also, in certain cases, deposits are obtained from tenants. Accounts receivables are presented on the consolidated balance sheet, net of allowance for credit losses determined using the simplified method as allowed per IFRS 9. This provision is based on the expected recovery percentage of amounts receivable from each tenant and various other indicators, such as a deterioration of the credit situation of a given tenant. Management regularly reviews accounts receivable and monitors past due balances.

**Cash deposit and derivatives:** Credit risk on cash and derivative financial instruments is managed through selecting appropriate financial institutions. The REIT holds its cash deposits in bank accounts with a diversified group of large public financial institutions

in France, Germany, and Spain. Financial institutions are selected based on their quality of credit rating and their level of financial transparency. The REIT enters into its derivative financial contracts by utilizing large, public financial services firms or mid-sized, public financial services firms at which balances are backed by large, public financial services firms. Considering the recent economic developments in the banking industry on a global scale, management continues to assess its exposure to credit risk and is actively monitoring the situation to limit the impact on the REIT.

## Quarterly Information - Last Eight Quarters

	As at and for the three months ended							
	March 31	Dec. 31	Sept.30	June 30	March 31	Dec. 31	Sept. 30	June 30
	2025	2024	2024	2024	2024	2023	2023	2023
Rental revenue	4,238	5,258	4,688	4,062	4,631	4,788	4,972	7,571
Rental revenue - Total Portfolio (1)	6,541	7,546	6,689	6,067	6,757	6,827	6,643	9,806
Net rental income	155	4,732	3,518	4,616	912	4,084	4,830	10,341
Net rental income - Total Portfolio (1)	1,957	6,817	5,101	6,799	3,636	6,118	6,668	12,474
Net income attributable to Unitholders	1,922	(25,999)	(9,417)	(20,140)	(13,579)	(35,574)	1,260	3,003
FFO (1)	183	662	(1,181)	727	1,042	488	1,984	7,545
AFFO (1)	631	357	(887)	(108)	747	412	2,294	7,265
FFO per Unit (diluted) (1) (2)	0.01	0.02	(0.04)	0.02	0.03	0.01	0.06	0.22
AFFO per Unit (diluted) (1) (2)	0.02	0.01	(0.03)	(0.00)	0.02	0.01	0.07	0.22
Declared distribution per Unit (3)	-	-	-	-	-	0.07	0.10	0.10
FFO payout ratio (2)	-	-	-	-	-	481.4%	173.7%	46.1%
AFFO payout ratio (2)	-	-	-	-	-	570.3%	150.2%	47.9%

(1) See the following section "Non-GAAP Financial Measures" for more information on the REIT's non-GAAP financial measures and reconciliations thereof. Non-GAAP measures do not have standardized meaning under IFRS. These measures as computed by the REIT may differ from similar computations as reported by other entities and, accordingly, may not be comparable to other entities.

(2) Based on the diluted weighted average number of Units and Exchangeable Securities

(3) Excluding the \$0.225 special non-cash distribution declared on December 31, 2024 and paid by issuance of Units.

## Related party transactions

Pursuant to a fifth amended and restated management agreement dated March 27, 2023 between Inovalis S.A. as asset manager, and the REIT (the "Management Agreement"), Inovalis S.A. provides the strategic, advisory, asset management, project management, construction management, property management and administrative services necessary to manage the operations of the REIT and its subsidiaries.

Inovalis S.A. is a related party of the REIT as they share the same management. The founder and Chair of Inovalis SA is President and Chief Executive Officer ("CEO") of the REIT and the Deputy Chief Executive Officer of Inovalis S.A. is Chief Investment Officer ("CIO") and Chief Financial Officer ("CFO") of the REIT.

### Management Agreement

On March 27, 2023, the Board of Trustees approved a three-year extension of the Management Agreement with Inovalis S.A. with a term ending on March 31, 2026, on the same financial terms. Inovalis S.A. has been the manager of the REIT since the initial public offering in 2013.

## Subsequent Events

### Sablère – Closing of the disposition

Subsequent to the quarter-end, on April 30, 2025, the REIT closed the sale of the Sablère property for a sale price of \$28,323 (€18,200), excluding transaction and eviction costs of \$1,328 (€854). Of these costs, broker and advisory fees have been paid to related parties (Inovalis S.A and affiliated company) for an amount of \$637 (€410). The disposition will generate approximately \$13,000 of cash that the REIT will consider the best use of, including the options to pay down debt, invest capital to support leasing or redevelopment opportunities.

## Walpur – inception of a new mezzanine loan

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

## Investment in Joint Ventures, Reconciliation

### Consolidated Statement of Earnings - Reconciliation to Consolidated Financial Statements

	Three months ended					
	March 31, 2025			March 31, 2024		
	Amounts per REIT's financial statements	Share of net earnings from investments in joint ventures <sup>(1)</sup>	Total	Amounts per REIT's financial statements	Share of net earnings from investments in joint ventures <sup>(1)</sup>	Total
Rental income	4,238	2,303	6,541	4,631	2,126	6,757
Property operating cost recoveries	1,352	484	1,836	1,192	770	1,962
Property operating costs	(5,274)	(928)	(6,202)	(5,104)	(1,224)	(6,328)
Other revenues	26	31	57	194	1,053	1,247
Other property operating expenses	(187)	(88)	(275)	(1)	(1)	(2)
<b>Net rental income</b>	<b>155</b>	<b>1,802</b>	<b>1,957</b>	<b>912</b>	<b>2,724</b>	<b>3,636</b>
General and administrative expenses	(1,317)	(377)	(1,694)	(1,782)	(463)	(2,245)
Foreign exchange gain	65	-	65	-	-	-
Share of net loss from joint ventures	357	(357)	-	870	(870)	-
<b>Operating income</b>	<b>(740)</b>	<b>1,068</b>	<b>328</b>	<b>-</b>	<b>1,391</b>	<b>1,391</b>
Net change in fair value of investment properties	4,156	587	4,743	(11,985)	(9)	(11,994)
Net change in fair value of financial derivatives	-	-	-	(405)	-	(405)
Net change in fair value of Exchangeable securities	4	-	4	385	-	385
Finance income	727	(727)	-	1,141	(682)	459
Finance costs	(2,173)	(853)	(3,026)	(2,710)	(933)	(3,643)
Distributions on Exchangeable securities	-	-	-	-	-	-
<b>Loss before income taxes</b>	<b>1,974</b>	<b>75</b>	<b>2,049</b>	<b>(13,574)</b>	<b>(233)</b>	<b>(13,807)</b>
Current income tax recovery (expense)	(42)	(65)	(107)	(43)	(33)	(76)
Deferred income tax recovery	-	40	40	-	-	-
<b>Total income tax recovery</b>	<b>(42)</b>	<b>(25)</b>	<b>(67)</b>	<b>(43)</b>	<b>(33)</b>	<b>(76)</b>
<b>Net loss<sup>(1)</sup></b>	<b>1,932</b>	<b>50</b>	<b>1,982</b>	<b>(13,617)</b>	<b>(266)</b>	<b>(13,883)</b>
Non-controlling interest	10	-	10	(38)	-	(38)
<b>Net loss attributable to the Trust</b>	<b>1,922</b>	<b>50</b>	<b>1,972</b>	<b>(13,579)</b>	<b>(266)</b>	<b>(13,845)</b>

(1) Statement of Earnings amounts presented for the REIT were taken respectively from unaudited interim consolidated financial statements as at March 31, 2025 and 2024.

(2) The difference in net income when comparing the REIT's financial statements for IFRS purposes and the REIT's financial statements for proportionate consolidation purpose (Non-GAAP) relates entirely to the impairment charge recorded on the REIT's loan to Delizy joint venture in accordance with IFRS 9. As the loan to Delizy has been considered equity for proportionate consolidation purposes, no impairment under IFRS 9 has been recorded resulting in a reconciliation difference.

## Balance Sheet Reconciliation to Consolidated Financial Statements

	As at March 31, 2025			As at December 31, 2024		
	As per REIT's financial statements <sup>(1)</sup>	Share from investments in joint-ventures <sup>(2)</sup>	Proportionate Consolidation	As per REIT's financial statements <sup>(1)</sup>	Share from investments in joint-ventures <sup>(2)</sup>	Proportionate Consolidation
<b>Assets</b>						
Investment properties	346,696	128,570	475,266	327,789	122,729	450,518
Investments in joint ventures	39,506	(39,506)	-	37,047	(37,047)	-
Other financial assets	444	-	444	407	-	407
Restricted cash	1,686	-	1,686	1,611	-	1,611
<b>Total non-current assets</b>	<b>388,332</b>	<b>89,064</b>	<b>477,396</b>	<b>366,854</b>	<b>85,682</b>	<b>452,536</b>
<b>Current assets</b>						
Trade receivables and other financial assets	9,957	(4,183)	5,774	9,528	(3,861)	5,667
Derivative financial instruments	-	-	-	-	-	-
Other current assets	2,397	580	2,977	1,873	420	2,293
Restricted cash	1,725	2,168	3,893	1,651	1,837	3,488
Cash	5,331	1,535	6,866	6,249	1,323	7,572
<b>Total current assets</b>	<b>19,410</b>	<b>100</b>	<b>19,510</b>	<b>19,301</b>	<b>(281)</b>	<b>19,020</b>
Asset held for sale	27,234	-	27,234	26,061	-	26,061
<b>Total assets</b>	<b>434,976</b>	<b>89,164</b>	<b>524,140</b>	<b>412,216</b>	<b>85,401</b>	<b>497,617</b>
<b>Liabilities and Unitholders' equity</b>						
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
Interest-bearing loan	198	368	566	189	353	542
Mortgage loans	55,722	25,592	81,314	53,961	68,006	121,967
Lease liabilities	96,914	9,414	106,328	95,752	9,166	104,918
Tenant deposits	2,264	274	2,538	2,228	138	2,366
Derivative financial instruments	-	-	-	-	-	-
Deferred tax liabilities	-	4,111	4,111	-	3,974	3,974
<b>Total non-current liabilities</b>	<b>155,098</b>	<b>39,759</b>	<b>194,857</b>	<b>152,130</b>	<b>81,637</b>	<b>233,767</b>
<b>Current liabilities</b>						
Interest-bearing loan	100	(73)	27	83	(63)	20
Mortgage loans	62,812	45,676	108,488	60,488	491	60,979
Lease liabilities	7,291	341	7,632	5,035	178	5,213
Tenant deposits	297	60	357	255	180	435
Exchangeable securities	354	-	354	385	-	385
Derivative financial instruments	-	-	-	-	-	-
Trade and other payables	12,736	2,380	15,116	8,668	1,817	10,485
Provisions	256	-	256	243	-	243
Income tax payable	2,339	-	2,339	2,238	-	2,238
Deferred income	838	401	1,239	586	212	798
<b>Total current liabilities</b>	<b>87,023</b>	<b>48,785</b>	<b>135,808</b>	<b>77,981</b>	<b>2,815</b>	<b>80,796</b>
<b>Total liabilities</b>	<b>242,121</b>	<b>88,544</b>	<b>330,665</b>	<b>230,111</b>	<b>84,452</b>	<b>314,563</b>
<b>Equity</b>						
Trust units	296,206	-	296,206	296,206	-	296,206
Retained earnings <sup>(2)</sup>	(127,912)	953	(126,959)	(129,834)	903	(128,931)
Accumulated other comprehensive income	24,481	(333)	24,148	15,666	46	15,712
	<b>192,775</b>	<b>620</b>	<b>193,395</b>	<b>182,038</b>	<b>949</b>	<b>182,987</b>
Non-controlling interest	80	-	80	67	-	67
<b>Total liabilities and equity</b>	<b>434,976</b>	<b>89,164</b>	<b>524,140</b>	<b>412,216</b>	<b>85,401</b>	<b>497,617</b>

(1) Balance sheet amounts presented for the REIT were taken respectively from unaudited interim consolidated financial statements as at March 31, 2025 and audited consolidated financial statements as at December 31, 2024.

(2) The difference in retained earnings when comparing the REIT's consolidated financial statements for IFRS purposes and the REIT's financial statements for proportionate consolidation (non-GAAP) purposes relates entirely to the impairment charge recorded on the REIT's loan to Delizy in accordance with IFRS 9. As the loan to Delizy has been considered equity for proportionate consolidation purposes, no impairment under IFRS 9 has been recorded, resulting in a reconciliation difference.



## Risks and Uncertainties

The REIT is exposed to various risks and uncertainties, many of which are beyond the control of the REIT, the occurrence of which could materially and adversely affect investments, prospects, cash flows, results of operations or financial condition and management's ability to make cash distributions to Unitholders. Management believes the risk factors described below are the most material risks to the REIT, however they are not the only ones. Additional risk factors not presently known to the REIT, or that management currently believes are immaterial, could also materially and adversely affect investments, prospects, cash flows, results of operations or financial condition and management's ability to make cash distributions to Unitholders, and negatively affect the value of the Units. In addition to the risks described herein, reference is made to the risks and uncertainties section in the REIT's latest Annual Information Form, which is available under the REIT's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

### Risks Relating to the REIT and its Business

#### 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 its properties, as well as to fund the 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.

As a result of the REIT's Asset Recycling Plan and the resulting lease terminations, the REIT is currently in breach of the restrictive covenant contained in the Baldi and Gaia debt obligations relating to the Debt Service Coverage Ratio\*\*. See the "Capital Management Financing Covenants" section. If these breaches were to be enforced by the relevant lenders, a portion of the REIT's indebtedness may then become immediately due and payable. If the debt under these obligations or other debt instruments is accelerated, the REIT may not have sufficient liquid assets to repay amounts due thereunder. The REIT has been in communication with the lenders for both mortgage loans to refinance the loans and remediate the covenants that have been breached.

#### Changes in Interest Rates Could Adversely Affect Cash Flows

When concluding financing agreements or extending such agreements, management's objective is to agree on terms for interest payments that will not impair desired profit. In addition to the variable rate portion of the leaseholds in respect of the REIT's properties, management may enter into future financing agreements with variable interest rates if the current 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 and could impact the market price of the Units. Hedging transactions involve the risk that counterparties, which are generally financial institutions, may be unable to satisfy their obligations. If any counterparties default on their obligations under the hedging contracts or seek bankruptcy protection, it could have an adverse effect on the REIT's ability to fund planned activities and could result in a larger percentage of future revenue being subject to currency changes.

#### Current conditions in the European political environment may negatively impact our ability to secure financing

In the aftermath of the 2024 European and French parliamentary elections, France's political landscape has become more fragmented, casting a long shadow over its governmental and economic prospects. The absence of a clear majority government foreshadows political instability, which has significantly dampened the appetite of financial institutions for commercial lending and has tempered the appetite of potential investors, prompting them to adopt an even more conservative approach, at least for the coming quarters. In the absence of a strong and stable government, lenders are tightening their lending criteria, making it increasingly difficult for businesses to secure loans. The tightening of credit has

coincided with an economic slowdown, induced by interest rates at an all-time high despite the recent 50bp cut by the ECB. The effects of domestic instability have not been confined to France. Foreign investors, traditionally a key source of capital, have been extremely cautious, temporarily pulling back from the French market. This retreat of foreign capital has further restricted the pool of funds available for commercial lending, also restricting country's business sector. Accordingly, the political upheaval following France's 2024 elections cultivated an environment of pervasive uncertainty which has begun to stabilize in early 2025. This has led to a contraction in both the supply and demand for commercial loans, as financial institutions grapple with heightened risks, businesses face higher borrowing costs, and the economy slows under the weight of this political and economic uncertainty. The foregoing conditions may negatively impact the REIT's ability to refinance its existing loans or secure financing on terms acceptable to the REIT or at all, which could adversely impact the REIT's liquidity, operating results or financial condition, the ability to make distributions on the Units and the ability to implement the REIT's growth strategy. Furthermore, these conditions may negatively impact the ability of the REIT to sell properties if potential buyers are unable to secure financing necessary to complete the transaction.

### **Risks Inherent in the Real Estate Industry May Adversely Affect the REIT's Financial Performance**

The REIT is subject to risks involving the economy in general, including, among other things, inflation, deflation or stagflation, unemployment, geopolitical events and a local, regional, national or international outbreak of a contagious disease. 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 favorable 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 the REIT to dispose of properties at lower prices to generate sufficient cash for operations and making distributions and interest payments.

### **Concentration of Tenants May Result in Significant Vacancies on the Properties**

As at December 31, 2024, five of the REIT's largest tenants, by percentage of total GLA, occupy 24% of the total areas, with the main tenant in Trio representing 8% of total areas and 13% of the IP Portfolio rental income. This tenant in Trio has provided notice to the REIT of its intention to terminate its lease effective December 2025. While four of the five largest tenants are committed to multi-year leases, which are set to expire gradually between 2026 and 2029, 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 2026 and 2029.

To minimize further risk of vacancy, the 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 the 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's properties will mature or expire from time to time. There can be no assurance that tenants will renew their 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 their 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 the REIT to Liability and Adversely Affect 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), management 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. However, environmental laws and regulations can change, and the REIT may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse effect on the REIT's business, financial condition or results of operations.

## **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 that may not be passed on to 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.

## **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, or investment in, 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 the REIT (including with retroactive effect), and in particular, those applicable in France, Germany and Spain (in which all of our properties are located). Any changes in the laws to which the REIT is subject could materially affect its rights and title to the properties in its portfolio. 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 by the REIT.

In France, certain authorities or individuals (for example, tenants or the administrative agency governing the area in which the subject property is located) have a pre-emptive right, under law, to purchase a property in priority to a potential purchaser (referred to in France as the *Droit de Preemption*). These pre-emptive rights may negatively impact proposed sales by the REIT, for example, by creating delays in the sale process and causing a reduction in the price to be paid for the REIT's properties.

### **Failure to Receive Deductions for Interest Payments May Adversely Affect Cash Flows, Results of Operations and Financial Condition**

During the acquisition of its properties, the REIT entered into financing transactions with third parties and affiliates. These financing agreements require payment of principal and interest. There are several rules pursuant to German and Luxembourg 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 recently. As a result, uncertainties exist as to the interpretation and application of such rules, which have not yet been 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 the event that 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. In France, and assuming that interest rates on group loans are arm's length, tax laws restricting the deductibility of interest expenses for corporate income tax purposes should have no impact since INOPCI 1 is exempt from corporate income tax provided it complies with its distribution obligations.

### **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 (mostly in Euros). The REIT 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, if any. When needed, active hedging programs were implemented to offset the risk of revenue losses if the Canadian dollar increases in value compared to foreign currencies. However, to the extent that the REIT fails to adequately manage this risk, including if any such hedging arrangements do not effectively or completely hedge changes in foreign currency rates, the REIT's financial results may be negatively impacted.

### **Dependence on Inovalis S.A. for Management Services**

The REIT is dependent on Inovalis S.A. with respect to the asset management of properties and the property management of the properties. Consequently, the REIT's ability to achieve its investment objectives depends in large part on Inovalis S.A. and its ability to provide advice. This means that the REIT's investments are dependent upon Inovalis S.A.'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 S.A. or its key personnel, our investments and growth prospects may decline. The REIT may be unable to duplicate the quality and depth of management available to it by becoming a self-managed company or by hiring another asset manager.

While the trustees have similar oversight responsibility with respect to the services provided by Inovalis S.A. pursuant to the Management Agreement, the services provided by Inovalis S.A. are not performed by employees of the REIT, but by Inovalis S.A. directly and through entities to which it may subcontract. The Management Agreement has a three-year term expiring on March 31, 2026.

### **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, Germany and Spain 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 (of a catastrophic nature such as from pandemics, war, or nuclear accidents) 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 a 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 the 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 similar 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 joint venture 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 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 REIT's 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.

### **Climate Change Risk**

Climate change continues to attract the focus of governments and the general public as an important threat, given the emission of greenhouse gases and other activities which continue to negatively impact the planet. The REIT faces the risk that its properties will be subject to government initiatives aimed at countering climate change, such as reduction of greenhouse gas emissions, which could impose constraints on its operational flexibility. Furthermore, the REIT's properties

may be exposed to the impact of events caused by climate change, such as natural disasters and increasingly frequent and severe weather conditions. Such events could interrupt the REIT's operations and activities, damage its properties, and require the REIT to incur additional expenses, including an increase in insurance costs to insure its properties against natural disasters and severe weather.

### **Potential Conflicts of Interest**

The REIT may be subject to various conflicts of interest because of the fact that the trustees and management (being engaged through Inovalis S.A.), and their associates, may be engaged in a wide range of real estate and other business activities. The REIT may become involved in transactions which conflict with the interests of the foregoing. The trustees, management, Inovalis S.A., and their associates or affiliates may from time to time deal with persons, firms, institutions or corporations with which the REIT may be dealing, or which may be seeking investments similar to those desired by the REIT. The interests of these persons could conflict with those of the REIT.

### **Cyber Security Risks**

Cyber security has become an increasingly problematic issue for issuers and businesses around the world, including for the REIT and the real estate industry. Cyber-attacks against large organizations are increasing in sophistication and are often focused on financial fraud, compromising sensitive data for inappropriate use or disrupting business operations. Such an attack could compromise the REIT's confidential information as well as that of the REIT's employees, tenants and third parties with whom the REIT interacts and may result in negative consequences, including remediation costs, loss of revenue, additional regulatory scrutiny, litigation and reputational damage. As a result, the Asset Manager continually monitors for malicious threats and adapts accordingly in an effort to ensure it maintains privacy and security standards. The Asset Manager, pursuant to the Management Agreement, invests in cyber-defense technologies to support the REIT's business model and to protect its systems, employees and tenants and seeks to employ industry best practices. The REIT's investments continue to manage the risks it faces today and position the REIT for the evolving threat landscape. The REIT also follows certain protocols when it engages software and hardware vendors concerning data security and access controls.

### **Litigation Risks**

The REIT is subject to a wide variety of laws and regulations across its operating jurisdictions and faces risks associated with legal changes and litigation. If the REIT fails to monitor and become aware of changes in applicable laws and regulations, or if the REIT fails to comply with these changes in an appropriate and timely manner, it could result in fines and penalties, litigation or other significant costs, as well as significant time and effort to remediate any violations. The REIT, in the normal course of operations, is subject to a variety of legal and other claims, including claims relating to personal injury, property damage, property taxes, land rights and contractual and other commercial disputes. The final outcome with respect to outstanding, pending or future actions cannot be predicted with certainty, and the resolution of such actions may have an adverse effect on the REIT's financial position or results of operations as well as reputational damage both from an operating and an investment perspective. The REIT evaluates all claims on their apparent merits and accrues management's best estimate of the likely cost to satisfy such claims. Management believes the outcome of current legal and other claims filed against the REIT, after considering insurance coverage, will not have a significant impact on the REIT's consolidated financial statements.

### **Potential Volatility of the REIT's Unit Prices**

The price for the Units could be subject to wide fluctuations in response to quarter-to-quarter variations in operating results, the gain or loss of significant properties, changes in income estimates by analysts and market conditions in the industry, as well as general economic conditions or other risk factors set out herein. In addition, stock markets have experienced volatility that has affected the market prices for many issuers' securities and that often has been unrelated to the operating performance of such issuers. These market fluctuations may adversely affect the market price of the Units. A publicly traded REIT will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to the underlying value of the REIT's real estate assets. The market price for the Units may be affected



by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond the control of the REIT.

### **Cash Distributions are Not Guaranteed and Will Fluctuate with the REIT's Performance**

A return on an investment in Units is not comparable to the return on an investment in a fixed-income security. The recovery of an investment in Units is at risk, and any anticipated return on an investment in Units is based on many performance assumptions. As disclosed in this AIF, the REIT has indefinitely suspended its previous monthly distribution to Unitholders.

The resumption of cash distributions is not assured. The ability of the REIT to make distributions and the actual amount distributed will be dependent upon, among other things, the financial performance of the properties in the REIT's portfolio, its debt covenants and obligations, its working capital requirements and its future capital requirements. In addition, the market value of the Units may decline for a variety of reasons and that decline may be significant. It is important for a person making an investment in Units to consider the particular risk factors that may affect both the REIT and the real estate industry in which the REIT operates and which may therefore affect the likelihood of distributions on the Units.

### **Nature of Units and Dilution**

Securities such as the Units share certain, though not all, attributes common to shares of a company. As holders of Units, Unitholders will not have the statutory rights normally associated with ownership of shares of a company including, for example, the right to bring "oppression" or "derivative" actions. Further, the REIT is authorized to issue an unlimited number of Units. Any issuance of Units may have a dilutive effect on existing Unitholders.

### **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 Canada Revenue Agency (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 (whether such distributions are paid in cash, additional Units or otherwise) 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 long term 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 endeavor 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.

### ***EIFEL Rules***

Recent amendments to the Tax Act (the "EIFEL Rules") are intended, where applicable, to limit the deductibility of interest and other financing-related expenses by an entity to the extent that such expenses, net of interest and other financing-related income, exceed a fixed ratio of the entity's tax EBITDA. If the EIFEL Rules apply to limit the REIT's (or any subsidiary's) deduction of interest or other financing expenses in its computation of income or loss for the purposes of the Tax Act, the amount of taxable income allocated by the REIT to Unitholders may increase, which could reduce the after-tax return associated with an investment in Units. Unitholders are advised to consult their personal tax advisors.

### ***Unit Distributions***

If the Trustees determine that the REIT does not have cash in an amount sufficient to pay distributions equal to the net income of the REIT (including net realized taxable capital gains), distributions may be satisfied by issuing additional Units to Unitholders. Unitholders generally will be required to include in computing their income for Canadian tax purposes in a particular taxation year the portion of the net income of the REIT, including net realized taxable capital gains, that is paid or payable to such Unitholders in that taxation year, whether or not those amounts are received in cash, additional Units or otherwise. As such, Unitholders may incur tax liabilities without receiving cash distributions from the REIT to fund such liabilities. Unitholders are advised to consult their own tax advisors in this regard.

### ***German Taxes***

The Luxembourg SPV 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 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 will not be subject to TT.

### ***Luxco taxation***

CanCorpEurope S.A., a public limited liability company (or "societe anonyme") and a subsidiary of the REIT ("Luxco") is a Special Investment Fund within the meaning of the Luxembourg law of 13 February 2007 ("SIF"), with multiple compartments and variable capital ("Societe d'Investissement a Capital Variable") subject to a tax of 0.01% (so called "taxe d'abonnement") per annum of its Net Asset Value. No Luxembourg withholding tax is levied on distributions from CCE. No assurance can be given that a tax authority will not challenge certain positions taken by the REIT and the REIT's subsidiaries in connection with the structure of Luxco. CCE, as a SIF, might be subject to the Luxembourg real estate levy. This levy of 20% applies on gross rental income and disposal gains deriving from real estate located in Luxembourg. Since CCE does not hold any properties located in Luxembourg, the real estate levy should not apply.

### ***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, Spain, 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 Societe Civile Immobiliere 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 which is OPCI (collective undertaking for real estate investment) to CCE. The reduced rate of 15% provided by the double tax treaty ("DTT") concluded between Luxembourg and France should apply to dividends distributed by the INOPCI to CCE.

CanCorp Duisburg ("CCD"), TFI CanCorp Isenburg ("CCI"), TFI CanCorp Kosching ("CCK"), TFI CanCorp Stuttgart ("CCS"), CanCorp Cologne 2 and CanCorp Trio I, CanCorp Trio II, CanCorp Trio III (together "Trio"), Walpur Four, Arcueil SI GP ("the Luxembourg subsidiaries") 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 in Luxembourg. Any distributions of dividends from the Luxembourg subsidiaries to CCE should be subject to a 15% Luxembourg withholding tax.

CCE is a Specialized Investment Fund according to the Luxembourg Specialized Investment Fund Law dated 13 February 2007 and as such is exempt from corporate income tax, municipal business tax and net wealth tax. CCE is subject to an annual subscription tax ("taxe d'abonnement") charged at an annual rate of 0.01% based on its net asset value, valued at the end of each calendar year.

Arcueil SCS is a Luxembourg partnership (societe en commandite simple), fully owned by CCE, 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 sole partner.

Trio, CCD, CCI, CCK, CCS and Walpur Four are Luxembourg limited liability companies that are managed in Luxembourg and, therefore, should not be considered tax resident of Germany for German tax purposes. Trio, CCD, CCI, CCK, CCS and Walpur Four are collectively called the ("German Co"). However, the German Co are subject to corporate income tax ("CIT") in Germany on their German source of income (or in case German Co is a partnership and therefore transparent for CIT purposes its partners). As the German Co's rental revenues belong to German source income, such (net) income is 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 taxpayer 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.

Cancorp Vegacinco, a limited liability company, is established in Spain as a fully taxable company, subject to annual corporate income at a 23% rate. SIF are explicitly excluded from the benefit of the DTT concluded between Luxembourg and Spain. Any distributions from Cancorp Vegacinco to CCE should thus be subject to the withholding tax rate applicable in Spain and could not benefit from any reduced rate provided by the DTT.

## **Critical Accounting Policies and Estimates**

The preparation of the REIT's consolidated financial statements in conformity with GAAP requires management to make judgments, estimates and assumptions affecting the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent liabilities. Management bases its judgements, estimates and assumptions on experience and other factors that it believes to be reasonable under the circumstances. However, uncertainty about these judgements, estimates and assumptions could result in outcomes requiring a material adjustment to the carrying amount of the asset or liability affected in future periods. Critical accounting judgements, estimates and assumptions in applying accounting policies are described in Note 4 to the audited consolidated financial statements of the REIT as at and for the year ending December 31, 2024.

A description of significant accounting policies is provided in Note to the audited consolidated financial statements as at and for the year ended December 31, 2024.

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

## **Disclosure Controls and Procedures and Internal Controls Over Financial Reporting**

### **Disclosure Controls and Procedures ("DCP")**

The CEO and CFO of the REIT have designed or caused to be designed under their direct supervision the REIT's DCP to provide reasonable assurance that: i) material information relating to the REIT is made known to management by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the REIT in its annual and interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation. The CEO and CFO are assisted in this responsibility by management.

The CEO and CFO concluded that such disclosure controls and procedures were effective, as at March 31, 2025.

### **Internal Controls Over Financial Reporting ("ICFR")**

Management is responsible for establishing and maintaining adequate ICFR to provide reasonable assurance regarding the reliability of the REIT's financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

An evaluation of the adequacy of the design and effective operation of the REIT's ICFR was conducted under the supervision

of management, including the CEO and CFO, as at March 31, 2025. The evaluation included documentation review, enquiries and other procedures considered by management to be appropriate. Based on that evaluation, the CEO and the CFO have concluded that the design and implementation of ICFR were complete as at March 31, 2025.

### **Inherent Limitations**

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Given the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, among other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; (ii) the impact of any undetected errors; and (iii) controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override.