



Management's Discussion & Analysis

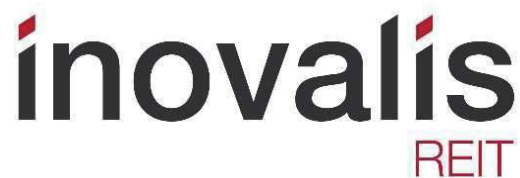
June 30, 2025



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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 August 7, 2025.



Letter to Unitholders

In the past five years, a combination of office closures due to the pandemic, evolving workplace habits, higher interest rates, and the war in Ukraine has brought about lasting changes in the European real estate sector. In response, we have taken a number of steps to adapt and preserve value.

We significantly reduced general and administrative expenses, suspended distributions to conserve cash, and invested in tenancy improvements to sign leases and to address vacancies. We also negotiated a pause on loan amortization payments, sold the Sabliere property for €18.2 million (\$28.3 million), entered into an agreement to sell Arcueil for €37.5 million (\$56.5 million) by the end of 2026, and in recent weeks, signed an exchange contract to sell Baldi for €14 million (\$22.5 million), which is expected to close by the end of the fourth quarter of 2025, thus executing our asset recycling plan.

The REIT's funds from operations was slightly negative for the quarter (-\$0.01 per unit) largely due to a provision related to bad debt at the Gaia property, where two tenants have defaulted on rent. We are actively addressing the situation. One of the tenants is in the process of being evicted, and we are working to stabilize the property by 2026.

Our primary focus continues to be on asset management, portfolio stability, and maintaining liquidity while improving cash flow, tenant mix, and operating costs, to maximize exit values when divestment opportunities consistent with our fair market values will occur.

Liquidity remains a key concern in the current environment. We are carefully managing capital expenditures, reviewing non-core assets for potential sale, and remaining in close contact with our lenders. These efforts are intended to give the REIT the flexibility to navigate the remainder of the cycle and be well-positioned when the market improves.

Thank you for your confidence in us.

Stephane Amine

President and Chief Executive Officer
Inovalis Real Estate Investment Trust

Q2 2025

Highlights

Net Rental Income

For the portfolio that includes assets owned entirely by the REIT ("IP Portfolio"), Net Rental Income ("NRI") for Q2 2025 decreased to \$3,280 (€2,130), compared to the \$4,616 (€3,144) NRI for Q2 2024, notably caused by the vacancies at the Trio and Metropolitan properties, and the bad debt allowance on the Gaia property for the two tenants in default of rent payments.

For the six months ended June 30, 2025, the IP Portfolio Net Rental Income ("NRI") was \$3,436 (€2,231), compared to \$5,528 (€3,765) for the same period of 2024, the decrease being mostly attributable to the above-described factors and the main tenant departure at the Bad Homburg property in Q1 2024.

In Q2 2025, NRI, adjusted for IFRIC 21¹ for the portfolio that includes the REIT's proportionate share in joint ventures ("Total Portfolio"), was \$4,289 (€2,785), compared to \$5,841 (€3,978) for Q2 2024. The decrease is due to the same factors as for the IP Portfolio, and the non-recurring \$1,720 indemnity placed on the Duisburg and Trio properties made necessary by the early departure of tenants in Q1 2024, that were partially offset by new leases at the Duisburg property on 18% building areas.

Leasing Operations

As of June 30, 2025, the occupancy rate of the REIT's IP Portfolio was 46.7% 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 dispositions as outlined in the Asset Recycling Plan. Excluding properties designated for asset recycling, the Total Portfolio occupancy rate was 80.5% at June 30, 2025.

During the second quarter of 2025, Management negotiated a long-term lease for most of the vacant area of the Neu Isenburg property which will be effective beginning in September. The lease execution requires significant capital expenditures and incentives but is expected to bring approximately \$300 annual NRI over a 10-year term (with a potential break option in year five).

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

**\$3.3
Million**

Adjusted NRI
– IFRIC 21¹

**\$4.3
Million**

FFO/Unit

(\$0.01)

Available cash

**\$12.6
Million**

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.

Asset Recycling Plan

On April 30, 2025, the REIT completed the sale of the Sablière property, located in downtown Paris, for €18,200 (\$28,625), 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 \$15,300 (€9,700) 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.

Subsequent to the quarter end, on August 1, 2025, the REIT signed an exchange contract for the disposition of the Baldi property at €14,000 (\$22,457), subject to a financing condition. 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 REIT's Total Portfolio have been significantly pressured, primarily due to geopolitical tensions, high inflation, high interest rates and energy costs. The decline in net asset values significantly reduced Unitholders' equity which stood at \$186,770 (€116,433) at June 30, 2025. The book value per Unit at June 30, 2025 was \$5.62/Unit and \$5.57/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 June 30, 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 debt-to-gross-book value ratio of 51.4% of the IP Portfolio (59.5% on the Total Portfolio) at June 30, 2025.

Funds From Operations and Adjusted Funds From Operations¹

The REIT's funds from operations (FFO) was slightly negative for the quarter (-\$0.01 per unit) largely due to a provision related to bad debt at the Gaia property, where two tenants have defaulted on rent. We are actively addressing the situation. One of the tenants is in the process of being evicted, and we expect the property to return to a more stable position by 2026.

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 2.2 years for the Total Portfolio (2.6 years for the IP Portfolio).

For the three-month period ended June 30, 2025, the weighted average interest rate across the Total Portfolio, despite the downward trend in EURIBOR, slightly increased to 3.73% reflecting the 12% fixed interest rate on the short-term €5,600 financing of the Bad Homburg property. As at June 30, 2025, 68% 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.

In Q2, a new mezzanine loan was taken out on the Bad Homburg property, which was used to repay the €5,500 Trio mortgage and satisfy a waiver condition related to a second-ranking mortgage held by HCOB on the Bad Homburg property. Management intends to refinance the

18-month 12% mezzanine facility with conventional financing as leasing activity progresses.

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.

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 and six months ended June 30, 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 August 7, 2025. Additional information about Inovalis REIT has been filed with applicable Canadian securities regulatory authorities and is available at 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, 11th 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 six months ended June 30, 2025 and 2024 was \$1.5400 and \$1.4684 respectively (4.9% increase).

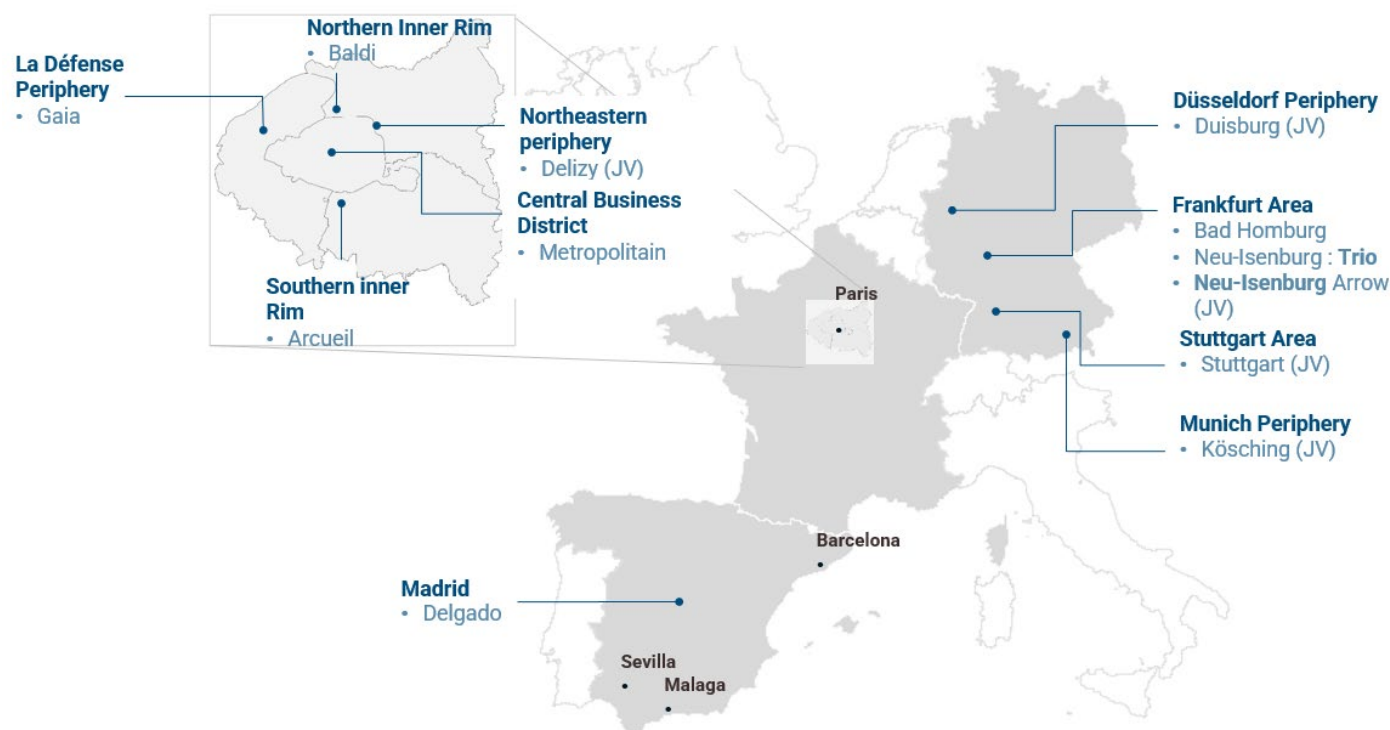
For balance sheet items as at June 30, 2025, projections, or market data, the exchange rate used is \$1.6041, representing a 7.7% increase compared to the \$1.4892 closing rate as at December 31, 2024.

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 June 30, 2025, the REIT's property portfolio consists of ownership interest in seven 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 12 properties (5 located in France, 6 located in Germany and 1 in Spain) is approximately 1.5 million square feet of gross leasable area ("GLA").

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 June 30, 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
Baldi (1)	100%	22 772	3 969	5%	123 657	6%	12	35,4%	1,4	2,3
Metropolitain	100%	105 886	55 116	22%	78 818	18%	6	88,5%	4,4	5,7
Arcueil	100%	62 848	50 029	13%	334 521	0%	0	0,0%	-	2,0
Gaia	100%	56 901	34 809	12%	119 499	14%	7	74,9%	3,5	1,7
Delizy (2)	50%	13 854	10 048	2%	71 618	4%	17	63,1%	2,7	4,2
Subtotal France		262 261	153 971	54%	728 112	41%	42	34,1%	3,2	3,4
Delgado	100%	42 829	23 502	9%	117 274	10%	2	100,0%	6,7	1,7
Trio	95%	36 092	36 991	8%	193 914	14%	7	72,5%	1,7	0,2
Bad Homburg	100%	19 730	8 983	4%	109 104	4%	6	38,6%	5,3	1,4
Duisburg (2)	50%	40 664	26 383	9%	110 210	11%	5	97,9%	4,3	1,7
Stuttgart (2)	50%	33 867	19 512	7%	121 416	11%	2	99,6%	4,0	0,7
Neu-Isenburg (2)	50%	24 668	17 105	5%	67 337	5%	6	78,6%	2,7	0,7
Kosching (2)	50%	17 677	10 447	4%	53 058	5%	1	100,0%	2,4	0,7
Subtotal Spain & Germany		215 527	142 923	46%	772 313	59%	29	79,0%	3,9	1,0
Total Portfolio		477 788	296 894	100%	1 500 425	100%	71	58,9%	3,7	2,2
IP Portfolio		347 060	213 399	73%	1 076 787	63%	40	46,7%	3,9	2,6
JV Portfolio		130 728	83 495	27%	423 639	37%	31	89,7%	3,5	1,4

(1) The Baldi property met the criteria for classification as "asset held for sale" and is presented on a separate line on the balance sheet.

(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 75% at June 30, 2025, following one tenant's departure in Q2 2025 leaving a 6,500 sq.ft. vacancy. Two tenants representing 24% of the remaining 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 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 breach is remedied. In April, a \$321 cash payment was allocated to the reserve account. Active leasing efforts are underway for the remaining vacant space. The REIT has initiated an eviction process for the tenants in default and is taking steps toward reletting the asset and recovering the rent owed.
- The **Trio property** has a 73% occupancy rate following the space reduction from one tenant in Q1 2025. Following the six-month extension of the mortgage loan granted by the bank and the €5,500 (\$8,823) repayment in May 2025,

Management engaged with a broker to sell the property, as requested by the financing bank. Marketing of the vacant area by a local broker is also ongoing.

- At the **Bad Homburg property**, the REIT secured mezzanine financing of €5,600 (\$8,983) in May 2025 on the Bad Homburg property to fund the partial repayment of the Trio mortgage loan. 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. A new lease on 7,300 sq.ft. vacant area was signed, effective in August. Several prospective tenants are also interested in the property and selective capital expenditures to upgrade the lobby of this property are expected to take place by the end of 2025.
- The **Delgado property** in Spain is fully leased to two blue-chip tenants (6.7-year WALT and 3.0 years including break options). 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.
- At the **Neu-Isenburg property**, the REIT signed a 10-year lease contract on most of the vacant area, effective beginning in September 2025, when occupancy is expected to be 94%. The lease requires significant tenant improvement and capital expenditures which will be financed by the release of cash reserves that had been set aside since early 2024.

Asset Recycling Plan

Subsequent to the quarter end, on August 1, 2025, an exchange contract was signed for the disposition of the **Baldi property** at a sale price of €14,000 (\$22,457), subject to a financing condition. Disposition is scheduled to take place before year end.

On April 30, 2025, the REIT closed the sale of the **Sablere property** for a sale price of \$28,625 (€18,200), excluding transaction and eviction costs of \$1,277 (€812). Of this amount, \$645 (€410) in broker and advisory fees was paid to related parties, including Inovalis S.A. and an affiliated company. The disposition generated net proceeds of \$15,300 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 €37,540 (\$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. 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. With the support of advancing plans toward the sale, management will seek to extend this amortization deferral to 2026.

Tenant Profile

As at June 30, 2025, the REIT had 40 tenants across the IP Portfolio compared to 43 tenants as at December 31, 2024, and 71 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 June 30, 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	8.0%	0.5
ITP Aero	Aeronautics	8%	59,159	5.5%	9.5
Indra	IT systems	7%	58,115	5.4%	3.9
Bureau Veritas	Consulting and Advisory	10%	38,998	3.6%	1.5
Time matters	Logistics	3%	25,549	2.4%	3.8
Top 5 tenants		42%	268,322	24.9%	3.7
Other tenants	Diversified	58%	234,657	21.8%	4.2
Total occupied space		100%	502,979	46.7%	3.9
Vacant			573,808	53.3%	
IP Portfolio			1,076,787	100.0%	

Total Portfolio

The following table shows the REIT's five largest tenants across the Total Portfolio at June 30, 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	7.8%	3.9
The Lorenz Bahlsen Snack-World	Food and beverage	9%	86,501	5.8%	0.5
ITP Aero	Aeronautics	5%	59,159	3.9%	9.5
Indra	IT systems	5%	58,115	3.9%	3.9
Hitachi Power	Manufacturer	5%	54,354	3.6%	2.5
Top 5 tenants		33%	375,560	24.9%	3.8
Other tenants	Diversified	67%	509,789	33.9%	3.6
Total occupied space		100%	885,349	58.8%	3.7
Vacant			615,078	41.2%	
Total Portfolio			1,500,425	100.0%	

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 June 30, 2025 was as follows:

Occupied space (sq. ft.)									
IP Portfolio	January 1, 2025	Acquisition / Disposition	New leases	Lease Expiries	June 30, 2025	Occupancy rate	Committed space (sq. ft)	Total occupied space (sq. ft)	Committed occupancy
France	224,728	(16,770)	7,028	(12,013)	202,973	30.9%	(4,543)	198,430	30.2%
Germany	191,063	-	4,310	(12,644)	182,730	60.3%	7,330	190,060	62.7%
Spain	117,274	-	-	-	117,274	100.0%	-	117,274	100.0%
Total IP Portfolio	533,065	(16,770)	11,338	(24,656)	502,977	46.7%	2,787	505,764	47.0%

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 June 30, 2025, was as follows:

Occupied space (sq. ft.)									
Total Portfolio	January 1, 2025	Acquisition / Disposition	New leases	Lease Expiries	June 30, 2025	Occupancy rate	Committed space (sq. ft) ⁽¹⁾	Total occupied space (sq. ft)	Committed occupancy
France	269,947	(16,770)	7,028	(12,013)	248,192	34.1%	(4,543)	243,649	33.5%
Germany	527,148	-	4,310	(13,872)	517,586	79.0%	10,694	528,280	80.6%
Spain	117,274	-	-	-	117,274	100.0%	-	117,274	100.0%
Total Portfolio	914,369	(16,770)	11,338	(25,885)	883,052	58.9%	6,151	889,203	59.3%

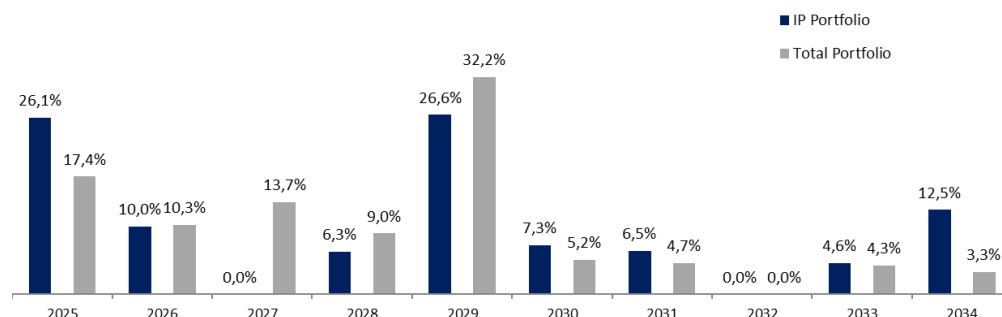
New Leases Signed During the Quarter:

- At the Neu Isenburg property, held in a 50% partnership, a logistic tenant signed a 10-year lease (5 years firm) on 10,700 sq.ft. of vacant areas, representing \$300 annual rental income for the REIT share starting in September 2025.
- At the Bad Homburg property, a new lease effective August was signed on 7,300 sq.ft. office space (7% GLA) for 7 firm years (+5 years optional).

Lease Maturities

Lease Maturity Profile

(in % of total GLA as at June 30, 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 3.9 years (3.7 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 2.4 years (Total Portfolio 2.8 years).

The 2025 maturities relate mostly to the Trio property's anchor tenant, Lorenz Bahlse 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 / Unit" or "FFO / 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 seven 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 seven 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- and six-month periods ended June 30, 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 June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Net loss attributable to the Trust (including share of net earnings from investments in joint	(11,251)	(20,710)	(9,329)	(34,555)
Add/(Deduct):				
Net change in fair value of investment properties	11,917	24,466	7,174	36,460
Net change in fair value of financial derivatives	-	8	-	413
Loss on sale of investment properties	167	-	167	-
Adjustment for property taxes accounted for under IFRIC 21	(1,112)	(958)	1,931	1,954
Net change in fair value of Exchangeable securities	(28)	(394)	(31)	(779)
Foreign exchange gain (loss)	19	-	(46)	-
Deferred income tax recoveries (expenses)	175	(1,231)	135	(1,231)
Other adjustments ⁽¹⁾	114	-	114	-
Non-controlling interest	(223)	(454)	(213)	(492)
FFO	(222)	727	(98)	1,770
Add/(Deduct):				
Non-cash effect of straight line rents	37	98	229	289
Cash effect of the rental guarantee	(184)	175	-	346
Amortization of transaction costs on mortgage loans	(81)	64	(8)	127
Capex	(64)	(1,172)	(64)	(1,893)
AFFO	(514)	(108)	59	639
FFO / Units (diluted) (\$)	(0.01)	0.02	0.00	0.05
AFFO / Units (diluted) (\$)	(0.02)	0.00	0.00	0.02

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:

	June 30, 2025		December 31, 2024	
	IP Portfolio	Total Portfolio	IP Portfolio	Total Portfolio
Operating metrics				
Number of properties	7	12	8	13
Gross leasable area (sq. ft.)	1 076 787	1 500 425	1 117 830	1 541 469
Occupancy rate - end of period	46,7%	58,9%	47,7%	59,3%
Weighted average lease term	3,9 years	3,7 years	4,0 years	4,0 years
Average initial yield ⁽¹⁾	3,0%	3,9%	3,9%	4,7%
Capital management metrics				
Available cash ⁽³⁾	\$12 605	\$14 385	\$6 249	\$7 572
Fair value of investment properties ⁽³⁾	\$347 060	\$477 788	\$353 850	\$476 579
Debt-to-gross book value ⁽²⁾	51,4%	59,5%	52,3%	59,8%
Debt-to-gross book value, net of cash ⁽²⁾	49,9%	58,4%	51,5%	59,2%
Weighted average loan term to maturity	2,6 years	2,2 years	3,0 years	2,7 years
Weighted average interest rate ⁽²⁾	3,83%	3,73%	4,00%	4,12%
Interest coverage ratio ⁽²⁾	0,6 x	0,9 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 June 30,		Six months ended June 30,	
(thousands of \$ except per Unit and other data)	2025	2024	2025	2024
Financial performance metrics				
Rental revenue	4,419	4,062	8,657	8,693
Rental revenue - Total Portfolio ⁽¹⁾	6,877	6,067	13,418	12,824
Net rental income	3,280	4,616	3,436	5,528
Net rental income - Total Portfolio ⁽¹⁾	5,401	6,799	7,358	10,435
Net income, attributable to the Trust	(11,251)	(20,140)	(9,329)	(33,718)
Funds from Operations (FFO) ⁽¹⁾⁽²⁾	(222)	727	(98)	1,770
Adjusted Funds from Operations (AFFO) ⁽¹⁾⁽²⁾	(514)	(108)	59	639
FFO per Unit (diluted) ⁽¹⁾⁽²⁾	(0.01)	0.02	(0.00)	0.05
AFFO per Unit (diluted) ⁽¹⁾⁽²⁾	(0.02)	(0.00)	0.00	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 June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Rental revenue	4,419	4,062	8,657	8,693
Property operating cost recoveries	1,159	1,638	2,511	2,829
Property operating costs	(1,770)	(2,053)	(7,044)	(7,156)
Other revenues	4	977	31	1,171
Other property operating expenses	(532)	(8)	(719)	(9)
Net rental income	3,280	4,616	3,436	5,528
General and Administration expenses	(1,403)	(1,383)	(2,720)	(3,167)
Foreign exchange (loss) gain	(19)	-	46	-
Loss on disposal of investment properties	(167)	-	(167)	-
Share of net loss from joint ventures	(1,886)	(4,044)	(1,529)	(3,174)
Operating earnings	(195)	(811)	(934)	(813)
Net change in fair value of investment properties	(9,944)	(19,320)	(5,788)	(31,305)
Net change in fair value of financial derivatives	-	(10)	-	(415)
Net change in fair value of Exchangeable securities	28	394	31	779
Finance income	781	704	1,508	1,845
Finance costs	(2,085)	(2,334)	(4,258)	(5,041)
Loss before income taxes	(11,415)	(21,377)	(9,441)	(34,950)
Current income tax expense	(59)	(40)	(101)	(83)
Deferred income tax recovery	-	823	-	823
Total income tax (expense) recovery	(59)	783	(101)	740
Net loss	(11,474)	(20,594)	(9,542)	(34,210)
Non-controlling interest	(223)	(454)	(213)	(492)
Net loss attributable to the Trust	(11,251)	(20,140)	(9,329)	(33,718)

Selected Three-Year Information

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

	For the six months ended June 30,				
	2025	2024	2023	2025 vs. 2024	2024 vs. 2023
Rental revenue	8 657	8 693	12 078	(36)	(3 385)
Net change in fair value of investment properties	(5 788)	(31 305)	(17 942)	25 517	(13 363)
Finance costs	(4 258)	(5 041)	(2 609)	783	(2 432)
Net loss	(9 542)	(34 210)	(10 609)	24 668	(23 601)
Net loss attributable to the Trust	(9 329)	(33 718)	(10 667)	24 389	(23 051)

Net Rental Income

For the IP Portfolio NRI for Q2 2025 decreased to \$3,280 (€2,130), compared to the \$4,616 (€3,144) NRI for Q2 2024, notably caused by the vacancies at the Trio and Metropolitan properties, and the bad debt allowance on the Gaia property for the two tenants in default of rent. For the six months ended June 30, 2025, the IP Portfolio NRI was \$3,436 (€2,231), compared to \$5,528 for the same period of 2024, the decrease being mostly attributable to the above-described factors and the main tenant departure in Bad Homburg in Q1 2024.

In Q2 2025, NRI, adjusted for IFRIC 21¹ for the Total Portfolio, was \$4,289 (€2,785), compared to \$5,841 (€3,978) for Q2 2024, a decrease mostly related to non-recurring \$1,720 indemnity obtained on the Duisburg and Trio property related to the early departure of tenants in Q1 2024.

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 NRI in the first quarter of each year with relatively higher Net Rental Income in the subsequent three quarters.

The impact of IFRIC 21 on NRI (in \$ and in €) for the three and six months ended June 30, 2025 and 2024 is set out below.

In thousands of \$	For the three months ended June 30,			For the six months ended June 30,		
	2025	2024	Variance	2025	2024	Variance
Net rental income	3 280	4 616	(1 336)	3 436	5 528	(2 092)
IFRIC 21 impact	(1 011)	(858)	(153)	1 715	1 749	(34)
Adjusted net rental income - IFRIC 21 ⁽¹⁾	2 269	3 758	(1 489)	5 151	7 277	(2 126)

In thousands of Euros	For the three months ended June 30,			For the six months ended June 30,		
	2025	2024	Variance	2025	2024	Variance
Net rental income	2 130	3 144	(1 014)	2 231	3 765	(1 533)
IFRIC 21 impact	(657)	(584)	(72)	1 114	1 191	(77)
Adjusted net rental income - IFRIC 21 ⁽¹⁾	1 473	2 559	(1 086)	3 345	4 956	(1 611)

(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 NRI including the REIT's share in joint ventures is set out below.

In thousands of \$	For the three months ended June 30,			For the six months ended June 30,		
	2025	2024	Variance	2025	2024	Variance
Net rental income	3 280	4 616	(1 336)	3 436	5 528	(2 092)
Net rental income - proportionate share of JVs	2 121	2 183	(62)	3 922	4 907	(985)
IFRIC 21 impact	(1 112)	(958)	(154)	1 931	1 954	(23)
Adjusted net rental income - IFRIC 21 - including proportionate share of JVs ⁽¹⁾	4 289	5 841	(1 552)	9 289	12 389	(3 100)

(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 the first six months of 2025 (\$2,720) reflected a significant decrease of (\$447), primarily related to a reduction of audit and other professional fees (-\$221) and legal fees on Canadian and Luxembourg matters (-\$71). The following table outlines the major categories of G&A expenses.

	Three months ended June 30,			Six months ended June 30,		
	2025	2024	Variance	2025	2024	Variance
Asset management fees – Inovalis SA	(482)	(502)	20	(944)	(1 001)	57
Less: amount invoiced to joint ventures	313	293	20	613	584	29
	(169)	(209)	40	(331)	(417)	86
Professional fees for accounting, tax and audit	(427)	(424)	(3)	(985)	(1 206)	221
Legal expenses	(113)	(186)	73	(266)	(337)	71
Trustee fees	(89)	(81)	(8)	(153)	(140)	(13)
Travel expenses	(113)	(135)	22	(218)	(219)	1
Governance expenses	(80)	(64)	(16)	(157)	(158)	1
Bank and depositary expenses	(66)	(65)	(1)	(117)	(141)	24
Listing, transfer agent and publication fees	(9)	(9)	-	(28)	(23)	(5)
Other general and administrative expenses	(336)	(210)	(126)	(464)	(526)	62
Total G&A expenses	(1 403)	(1 383)	(20)	(2 720)	(3 167)	447

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 loss from joint ventures for Q2 2025 was \$1,886 compared to \$4,044 for Q2 2024 due to the decline in fair value of properties as assessed by and induced by cap rate decompression.

Net Change in Fair Value of IP Portfolio

The negative net change in fair value of the IP portfolio for the three and six-month periods ended June 30, 2025 was \$9,944 and \$5,788 respectively (compared to \$19,320 and \$31,305 for the same periods last year). The 2024 values were impacted by the \$14,360 (€9,800) adjustment of the Arcueil fair value to reflect the offer for redevelopment, and the significant decrease of the Trio fair value (\$9,818; 18%) to align with the confirmation of departure of the main tenant at the end of 2025.

Refer to the paragraph "IP Portfolio" in the "Consolidated balance sheet" section of this MD&A 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 June 30, 2025, compared to \$0.98 at close of December 31, 2024, resulting in a small gain of \$31 in the net change in fair value of Exchangeable Securities for the first six months of 2025.

Finance Income

In Q2 2025, similar to Q2 2024, finance income was primarily \$753 in interest on loans granted to joint ventures.

For the six months ended June 2025, finance income included mostly \$1,480 interest on joint venture loans. In the same period in 2024, finance income included \$436 cashed-in income related to the sale of forward currency exchange contracts, on top of \$1,391 interest on joint venture loans.

Finance Costs

The \$2,085 finance costs for Q2 2025 (decrease from \$2,334 in Q2 2024), reflected the progressive decline in borrowing costs since the beginning of the year.

For the six-month period ended June 2025, finance costs were \$4,258 compared to \$5,041, including \$4,028 interests on mortgage and lease liabilities (compared to \$5,323 for the same period in 2024), the decrease being mostly attributable to the penalty interest recognized on the Trio loan in Q1 2024 and reflecting the decrease in financing costs in 2025.

Consolidated Balance Sheet

Assets	As at June 30, 2025	As at December 31, 2024	Variance
Non-current assets			
Investment properties	324 603	327 789	(3 186)
Investments in joint ventures	38 426	37 047	1 379
Other financial assets	458	407	51
Restricted cash	2 096	1 611	485
Total non-current assets	365 583	366 854	(1 271)
Current assets			
Trade receivables and other financial assets	11 270	9 528	1 742
Other current assets	2 971	1 873	1 098
Restricted cash	642	1 651	(1 009)
Cash	12 605	6 249	6 356
Total current assets	27 488	19 301	8 187
Asset held for sale	22 457	26 061	(3 604)
Total assets	415 528	412 216	3 312
Liabilities and Unitholders' equity	As at June 30, 2025	As at December 31, 2024	Variance
Liabilities			
Non-current liabilities			
Interest-bearing loan	204	189	15
Mortgage loans	66 513	53 961	12 552
Lease liabilities	96 664	95 752	912
Tenant deposits	2 368	2 228	140
Total non-current liabilities	165 749	152 130	13 619
Current liabilities			
Interest-bearing loan	151	83	68
Mortgage loans	41 741	60 488	(18 747)
Lease liabilities	8 481	5 035	3 446
Tenant deposits	114	255	(141)
Exchangeable securities	354	385	(31)
Trade and other payables	9 025	8 668	357
Provisions	264	243	21
Income tax payable	2 419	2 238	181
Deferred income	587	586	1
Total current liabilities	63 136	77 981	(14 845)
Total liabilities	228 885	230 111	(1 226)
Equity			
Trust units	296 206	296 206	-
Retained earnings	(139 163)	(129 834)	(9 329)
Accumulated other comprehensive income	29 727	15 666	14 061
Total Equity	186 770	182 038	4 732
Non-controlling interest	(127)	67	(194)
Total liabilities and equity	415 528	412 216	3 312

Selected Consolidated Balance Sheet Information

	June 30, 2025	Dec. 31, 2024	Dec. 31, 2023	2025 vs. 2025	2024 vs. 2023
Fair value of investment properties - IP Portfolio ⁽¹⁾	347 060	353 850	412 967	(6 790)	(59 117)
Fair value of investment properties - Total Portfolio ⁽¹⁾	477 788	476 579	541 001	1 209	(64 422)
Investment in joint ventures - carrying value	38 426	37 047	41 632	1 379	(4 585)
Total assets	415 528	412 216	484 060	3 312	(71 844)
Total debt ⁽²⁾	213 754	215 508	219 446	(1 754)	(3 938)
Total non-current liabilities	165 749	152 130	165 706	13 619	(13 576)
Unitholders' equity	186 770	182 038	246 418	4 732	(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 June 30, 2025, excluding the asset held for sale, was \$324,603 (€202,358), a slight decrease compared to \$327,789 (€220,110) as at December 31, 2024, mostly impacted by a positive foreign currency adjustment of \$25,051. This decrease was offset by the reclassification of the Baldi property as an asset held for sale in Q2 2025 for \$22,457. The Sabliere property was classified as asset held for sale as at December 31, 2024 and was sold 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 June 30, 2025, 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. 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 5.95% reflecting the risk associated with this long-term sale (second half of 2026). The Baldi property value is recognized based on the price in the exchange contract signed on August 1, 2025 for the disposition of the property, which is expected to close in Q4 2025.

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 \$38,426 reflecting a minor increase from \$37,047 as at December 31, 2024. The \$1,529 negative result from joint ventures (including the net change in fair value of properties) was largely offset by the positive \$2,908 foreign exchange difference.

Trade Receivables and Other Financial Assets

Trade receivables and other financial assets as at June 30, 2025 amounted to \$11,270, stable when compared to \$9,528 at December 31, 2024 (excluding \$735 foreign exchange difference), and included \$6,620 of interest receivable on joint venture loans. Interest payments have been deferred on four of the joint venture properties to prioritize the use of free cashflow to meet new financing terms (amortization or cash reserve payments) or to tenant incentives for reletting.

Trade and Other Payables

Trade and other payables totaled \$9,025 as of June 30, 2025, reflecting minimal change from \$8,668 as at December 31, 2024. Pursuant to IFRIC 21, the trade payables amount in Q2 2025 include approximately \$1,820 property taxes accounted for the whole year. Proceeds from the Sabliere sale in Q2 2025 were applied toward the settlement of outstanding liabilities, including unpaid property taxes.

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, 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	
	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024
Capital management metrics				
Debt-to-gross book value	51.4%	52.3%	59.5%	59.8%
Debt-to-gross book value, net of cash	49.9%	51.5%	58.4%	59.2%
Debt due in the next 12 months ⁽¹⁾	50,222	65,523	97,800	66,192
Weighted average loan term to maturity	2.6 years	3.0 years	2.2 years	2.7 years
Weighted average interest rate ⁽¹⁾	3.83%	4.00%	3.73%	4.12%
Interest coverage ratio ⁽²⁾	0.6	0.8	0.9	1.1

(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 Total 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 June 30, 2025 representing a total of \$46,919.

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 is classified as a \$3,969 current liability on the balance sheet as at June 30, 2025. The mortgage loan will be fully repaid upon the disposition of the Baldi property, which is scheduled to close in Q4 2025.

Since December 31, 2024, the projected ICR covenant for the Gaia property has been breached. Two tenants representing 24% of the occupied space are in arrears on rent payments. The ICR covenant test required by the financing agreement has been breached as a result of these rent defaults, 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 \$34,809 remains classified under non-current liabilities as at June 30, 2025 and a \$321 cash payment was transferred to the cash reserve in April 2025.

The REIT has been in communication with the lenders of the Baldi and Gaia properties, to update them on eviction, reletting, collection or disposition plans that would remedy the covenant breach. 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	
	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024
Lease liabilities	105 145	100 787	115 194	110 131
Mortgage loans	108 254	114 449	181 700	182 946
Interest-bearing loans	204	189	584	542
Deferred tax liabilities	-	-	4 421	3 974
Total debt outstanding	213 603	215 425	301 899	297 593
Less : Cash	(12 605)	(6 249)	(14 385)	(7 572)
Debt net of cash	200 998	209 176	287 514	290 021
Gross book value	415 528	412 216	507 010	497 617
Gross book value, net of cash	402 923	405 967	492 625	490 045
Debt-to-gross book value	51,4%	52,3%	59,5%	59,8%
Debt-to-gross book value, net of cash	49,9%	51,5%	58,4%	59,2%

The debt-to-gross book value ratio remained stable compared to the period ending December 31, 2024, at 51.4% for the IP Portfolio (59.5% 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	
	6 months ended June 30, 2025	Year ended December 31, 2024	6 months ended June 30, 2025	Year ended December 31, 2024
Net rental income	3,436	13,775	7,358	22,353
IFRIC 21 adjustment	1,715	-	1,931	-
Indemnities	-	(651)	(1,047)	(1,698)
Net rental income adjusted	5,151	13,124	8,242	20,655
General and Administrative expenses	(2,720)	(5,990)	(3,483)	(7,540)
Interest income ⁽²⁾	-	455	-	455
Total income	2,431	7,589	4,759	13,570
Interest expense ⁽¹⁾	(4,020)	(9,406)	(5,594)	(12,782)
Interest coverage ratio	0.6	0.8	0.9	1.1

(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 declined to 3.83% and 3.73%, respectively, for the Total Portfolio, compared to 4.00% and 4.12% at December 31, 2024, despite the introduction in Q2 of a 12% mezzanine loan on the Bad Homburg property. 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 below 2.00 % from Q2 2025 onward (1.95 as at June 30, 2025). Plans include the refinancing of the 12% mezzanine facility with conventional financing as leasing activity progresses.

Debt Profile

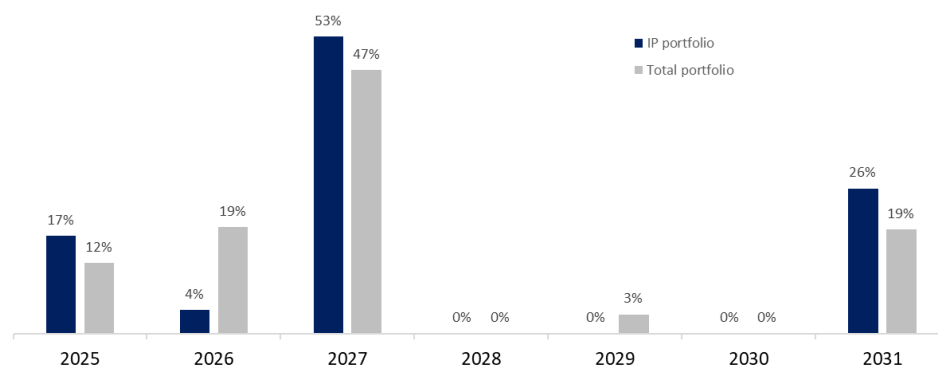
Debt profile as at June 30, 2025				
	IP Portfolio		Total Portfolio	
	Carrying value	%	Carrying value	%
Lease liabilities	105 145	49%	115 194	39%
Mortgage loans	108 254		181 700	
<i>of which : Amortized mortgage loan</i>	27 471	13%	37 917	13%
<i>Bullet mortgage loan</i>	80 783	38%	143 783	48%
Total	213 399	100%	296 894	100%

As at June 30, 2025, the debt on the IP Portfolio is composed of 51% mortgage loans and 49% lease liabilities, under contracts expiring from 2025 (Trio) to 2031 (Metropolitan). The average term of repayment of financing is 2.6 years (2.2 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 62% of the REIT's IP Portfolio financing, excluding bullet mortgage loans (52% on the Total Portfolio). Management is in regular communication with the senior lenders, including those of Baldi, Gaia, 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 June 30, 2025)



As at June 30 2025, the Baldi mortgage loans is scheduled to mature in October 2027 and has been presented as such in the above chart. As a result of the lender's right to demand repayment upon covenant breach and its classification as an asset held for sale, the associated loan has been presented as current liabilities, totaling \$3,969.

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

The 2026 maturities relate mostly to the three properties held as joint ventures (Stuttgart, Neu-Isenburg and Kosching) with mortgage loans maturing in February 2026 (total of \$46,919). In addition, the new mezzanine 18-month loan on the Bad Homburg property matures in November 2026.

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

Equity

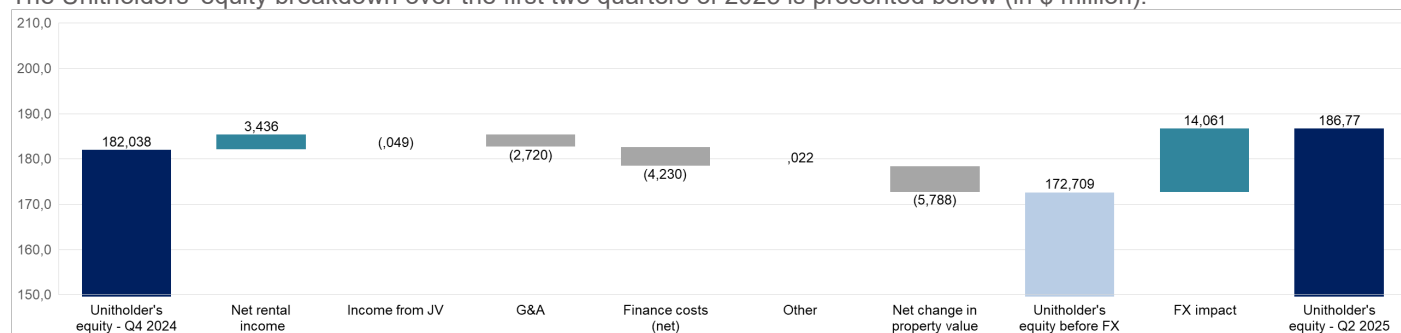
Management's discussion about equity is inclusive of Exchangeable Securities. In the consolidated financial statements, the Exchangeable Securities are classified as current liabilities under IFRS because of the conversion feature that can be exercised by the holder of those securities at any time.

As at June 30, 2025, the REIT has 33,206,180 Units issued and outstanding, plus 392,892 Exchangeable Securities. No change occurred during the first semester.

	Three months ended June 30, 2025	Six months ended June 30, 2025
<u>Units</u>		
Number at beginning of period	33 206 180	33 206 180
Number at end of period	33 206 180	33 206 180
Weighted average number during the period	33 206 180	33 206 180
<u>Exchangeable securities</u>		
Number at beginning of period	392 892	392 892
Number at end of period	392 892	392 892
Weighted average number during the period	392 892	392 892
<u>Units and Exchangeable securities</u>		
Number at beginning of period	33 599 072	33 599 072
Number at end of period	33 599 072	33 599 072
Weighted average number during the period	33 599 072	33 599 072

Unitholder's Equity

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



Notes to the Unitholder's equity chart:

- Foreign exchange impact: The closing foreign exchange rate was 1.6041 as at June 30, 2025, in increase of 7.7% compared to the 1.4892 as at December 31, 2024, leading to a positive \$14,061 impact on the REIT's NAV as at June 30, 2025.
- Income from JV includes the share of net loss for \$1,529, offset by \$1,480 in finance income from interest on joint venture loans.
- Finance costs of \$4,258 are presented net of \$1,480 interest on joint venture loans.

Available and Restricted Cash

The REIT's available cash was \$12,605 as at June 30, 2025 (compared to \$6,249 as at December 31, 2024) following the sale of the Sabliere property at the end of April 2025 which generated \$15,300. Available funds are intended to be used for senior debt payments (interest and amortization). In addition to this available cash, the REIT held:

- \$2,738 of restricted cash, that could be used for either capital expenditure financing on the Trio property or its partial deleverage for the loan extension or repayment upon sale.
- \$4,254 of cash in the assets held in joint venture, including \$2,474 restricted cash constituted upon refinancing of debts and intended to secure senior lenders or finance capital expenditures and incentives for future reletting.

Cash Flows

The table below shows the cash utilization throughout the half 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.

	Six months ended June 30,		Variance
	2025	2024	
Cash at the beginning of the year	6 249	12 489	(6 240)
Cash provided by (used in):			
Operating activities	(6 339)	(219)	(6 120)
Investing activities	29 078	662	28 416
Financing activities	(17 343)	(6 530)	(10 813)
Net change during the period	5 396	(6 087)	11 483
Impacts of FX adjustment on cash	960	26	934
Cash at period-end	12 605	6 428	6 177

Unit-Based Compensation Plan

The REIT, through its Deferred Share Unit ("DSU") Plan, grants DSUs to its trustees 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 trustees 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.

On May 13, 2025, the REIT's Unitholders approved an additional 700,034 units of the REIT for issuance upon the exercise of DSUs granted under the Plan.

As of June 30, 2025, 199,054 DSUs are outstanding and 700,980 DSUs are available for grant under the DSU Plan.

Financial Instruments

The REIT has the following financial assets and liabilities as at June 30, 2025:

	<u>Classification</u>
Financial assets	
Loans to joint ventures	Amortized cost
Trade receivables and other financial assets	Amortized cost
Restricted cash	Amortized cost
Cash	Amortized cost
Financial liabilities	
Mortgage loan	Amortized cost
Tenant deposits	Amortized cost
Exchangeable Securities	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 six-month period ended June 30, 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

	<u>June 30, 2025</u>		<u>December 31, 2024</u>	
	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Financial assets				
Loans to joint ventures	25 068	25 068	23 168	23 168
Financial liabilities				
Mortgage loans	98 256	108 254	113 145	114 449
Tenant deposits	2 482	2 482	2 483	2 483

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

- 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.
- 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 June 30, 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 debt with similar terms (Level 2). Based on these assumptions, the fair value of the mortgage loans as at June 30, 2025 was estimated to be \$98,256 (December 31, 2024 - \$113,145) compared with the carrying value before deferred financing costs of \$108,254 (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.
- 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 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.

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 close the disposition of its Baldi property (on which an exchange contract was signed on August 1, 2025) and 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.

- As at June 30, 2025, the Trio property was in breach of the loan to value ratio on the \$37,555 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 (\$8,823) 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 was funded by a €5,600 (\$8,983) 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 June 30, 2025, the SCI Baldi entity was in breach of its ICR covenant on its \$3,969 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 anticipated for Q4'25. 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.

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 June 30, 2025, 32% of the REIT's Investment Portfolio and Total Portfolio long-term debt obligation has no exposure to interest rate risk). Floating rate debts are mostly on assets included in the Asset Recycling Plan or with short- term financing maturities.

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 June 30, 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							
	June 30 2025	March 31 2025	Dec. 31 2024	Sept.30 2024	June 30 2024	March 31 2024	Dec. 31 2023	Sept. 30 2023
Rental revenue	4 419	4 238	5 258	4 688	4 062	4 631	4 788	4 972
Rental revenue - Total Portfolio (1)	6 877	6 541	7 546	6 689	6 067	6 757	6 827	6 643
Net rental income	3 280	155	4 732	3 518	4 616	912	4 084	4 830
Net rental income - Total Portfolio (1)	5 401	1 957	6 817	5 101	6 799	3 636	6 118	6 668
Net income attributable to Unitholders	(11 251)	1 922	(25 999)	(9 417)	(20 140)	(13 579)	(35 574)	1 260
FFO (1)	(222)	183	662	(1 181)	727	1 042	488	1 984
AFFO (1)	(514)	631	357	(887)	(108)	747	412	2 294
FFO per Unit (diluted) (1) (2)	(0,01)	0,01	0,02	(0,04)	0,02	0,03	0,01	0,06
AFFO per Unit (diluted) (1) (2)	(0,02)	0,02	0,01	(0,03)	(0,00)	0,02	0,01	0,07
Declared distribution per Unit (3)	-	-	-	-	-	-	0,07	0,10
FFO payout ratio (2)	-	-	-	-	-	-	481,4%	173,7%
AFFO payout ratio (2)	-	-	-	-	-	-	570,3%	150,2%

- (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.

On April 30, 2025, upon disposition of its Sabliere property, the REIT paid transaction and disposition costs amounting to \$723 (€460) to Inovalis S.A (disposition fees) and Advenis Conseil (broker fees), subsidiary of Inovalis S.A.

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

Baldi – Signature of an Exchange contract

In March 2025, the REIT received an offer from a third-party purchaser (the "Purchaser") relating to the Baldi property, which it then accepted on April 10, 2025. The Baldi property has a gross leasable area of 11,488 sqm (123,657 sq. ft.) and is located in Saint Ouen, in the Northern first ring of Paris.

Subsequent to the quarter end, on August 1, 2025, the REIT signed an exchange contract at a sale price of €14,000 (\$22,457), subject to financing condition, and a scheduled disposition before the end of 2025.

Investment in Joint Ventures, Reconciliation

Consolidated Statement of Earnings - Reconciliation to Consolidated Financial Statements

	Three months ended					
	June 30, 2025			June 30, 2024		
	Amounts per REIT's financial statements ⁽¹⁾	Share of net earnings from investments in joint ventures ⁽²⁾	Total	Amounts per REIT's financial statements ⁽¹⁾	Share of net earnings from investments in joint ventures ⁽²⁾	Total
Rental income	4,419	2,458	6,877	4,062	2,005	6,067
Property operating cost recoveries	1,159	579	1,738	1,638	744	2,382
Property operating costs	(1,770)	(893)	(2,663)	(2,053)	(823)	(2,876)
Other revenues	4	7	11	977	299	1,276
Other property operating expenses	(532)	(30)	(562)	(8)	(42)	(50)
Net rental income	3,280	2,121	5,401	4,616	2,183	6,799
General and administrative expenses	(1,403)	(386)	(1,789)	(1,383)	(435)	(1,818)
Foreign exchange loss	(19)	-	(19)	-	-	-
Loss on disposal of investment properties	(167)	-	(167)	-	-	-
Share of net loss from joint ventures	(1,886)	1,886	-	(4,044)	4,044	-
Operating income	(195)	3,621	3,426	(811)	5,792	4,981
Net change in fair value of investment properties	(9,944)	(1,973)	(11,917)	(19,320)	(5,146)	(24,466)
Net change in fair value of financial derivatives	-	-	-	(10)	2	(8)
Net change in fair value of Exchangeable securities	28	-	28	394	-	394
Finance income	781	(753)	28	704	(709)	(5)
Finance costs	(2,085)	(697)	(2,782)	(2,334)	(894)	(3,228)
Loss before income taxes	(11,415)	198	(11,217)	(21,377)	(955)	(22,332)
Current income tax expense	(59)	(23)	(82)	(40)	(23)	(63)
Deferred income tax (expense) recovery	-	(175)	(175)	823	408	1,231
Total income tax (expense) recovery	(59)	(198)	(257)	783	385	1,168
Net loss ⁽²⁾	(11,474)	-	(11,474)	(20,594)	(570)	(21,164)
Non-controlling interest	(223)	-	(223)	(454)	-	(454)
Net loss attributable to the Trust	(11,251)	-	(11,251)	(20,140)	(570)	(20,710)

(1) Statement of Earnings amounts presented for the REIT were taken respectively from unaudited interim consolidated financial statements as at June 30, 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

Consolidated Statement of Earnings - Reconciliation to Consolidated Financial Statements

	Six months ended					
	June 30, 2025			December 31, 2024		
	Amounts per REIT's financial statements ⁽¹⁾	Share of net earnings from investments in joint ventures ⁽²⁾	Total	Amounts per REIT's financial statements ⁽¹⁾	Share of net earnings from investments in joint ventures ⁽²⁾	Total
Rental revenue	8 657	4 761	13 418	8 693	4 131	12 824
Property operating cost recoveries	2 511	1 063	3 574	2 829	1 515	4 344
Property operating costs	(7 044)	(1 821)	(8 865)	(7 156)	(2 048)	(9 204)
Other revenues	31	37	68	1 171	1 352	2 523
Other property operating expenses	(719)	(118)	(837)	(9)	(43)	(52)
Net rental income	3 436	3 922	7 358	5 528	4 907	10 435
General and administrative expenses	(2 720)	(763)	(3 483)	(3 167)	(896)	(4 063)
Foreign exchange gain	46	-	46	-	-	-
Loss on disposal of investment properties	(167)	-	(167)	-	-	-
Share of net loss from joint ventures	(1 529)	1 529	-	(3 174)	3 174	-
Operating income	(934)	4 688	3 754	(813)	7 185	6 372
Net change in fair value of investment properties	(5 788)	(1 386)	(7 174)	(31 305)	(5 155)	(36 460)
Net change in fair value of financial derivatives	-	-	-	(415)	2	(413)
Net change in fair value of Exchangeable securities	31	-	31	779	-	779
Finance income	1 508	(1 480)	28	1 845	(1 391)	454
Finance costs	(4 258)	(1 599)	(5 857)	(5 041)	(1 830)	(6 871)
Loss before income taxes	(9 441)	223	(9 218)	(34 950)	(1 189)	(36 139)
Current income tax expense	(101)	(88)	(189)	(83)	(56)	(139)
Deferred income tax (expense) recovery	-	(135)	(135)	823	408	1 231
Total income tax (expense) recovery	(101)	(223)	(324)	740	352	1 092
Net loss ⁽²⁾	(9 542)	-	(9 542)	(34 210)	(837)	(35 047)
Non-controlling interest	(213)	-	(213)	(492)	-	(492)
Net loss attributable to the Trust	(9 329)	-	(9 329)	(33 718)	(837)	(34 555)

(1) Statement of Earnings amounts presented for the REIT were taken respectively from unaudited interim consolidated financial statements as at June 30, 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

Assets	As at June 30, 2025			As at December 31, 2024		
	As per REIT's financial statements ⁽¹⁾	Share from investments in joint-ventures	Proportionate Consolidation	As per REIT's financial statements ⁽¹⁾	Share from investments in joint-ventures	Proportionate Consolidation
Non-current assets						
Investment properties	324 603	130 728	455 331	327 789	122 729	450 518
Investments in joint ventures	38 426	(38 426)	-	37 047	(37 047)	-
Deferred tax assets	-	-	-	-	-	-
Other financial assets	458	-	458	407	-	407
Restricted cash	2 096	-	2 096	1 611	-	1 611
Total non-current assets	365 583	92 302	457 885	366 854	85 682	452 536
Current assets						
Trade receivables and other financial assets	11 270	(5 376)	5 894	9 528	(3 861)	5 667
Derivative financial instruments	-	-	-	-	-	-
Other current assets	2 971	302	3 273	1 873	420	2 293
Restricted cash	642	2 474	3 116	1 651	1 837	3 488
Cash	12 605	1 780	14 385	6 249	1 323	7 572
Total current assets	27 488	(820)	26 668	19 301	(281)	19 020
Assets classified as held for sale (2)	22 457	-	22 457	26 061	-	26 061
Total assets	415 528	91 482	507 010	412 216	85 401	497 617
Liabilities and Unitholders' equity						
Liabilities						
Non-current liabilities						
Interest-bearing loan	204	380	584	189	353	542
Mortgage loans	66 513	26 383	92 896	53 961	68 006	121 967
Lease liabilities	96 664	9 534	106 198	95 752	9 166	104 918
Tenant deposits	2 368	114	2 482	2 228	138	2 366
Derivative financial instruments	-	-	-	-	-	-
Deferred tax liabilities	-	4 421	4 421	-	3 974	3 974
Total non-current liabilities	165 749	40 832	206 581	152 130	81 637	233 767
Current liabilities						
Interest-bearing loan	151	(282)	(131)	83	(63)	20
Mortgage loans	41 741	47 063	88 804	60 488	491	60 979
Lease liabilities	8 481	515	8 996	5 035	178	5 213
Tenant deposits	114	228	342	255	180	435
Exchangeable securities	354	-	354	385	-	385
Derivative financial instruments	-	-	-	-	-	-
Trade and other payables	9 025	2 080	11 105	8 668	1 817	10 485
Provision	264	-	264	243	-	243
Income tax payable	2 419	-	2 419	2 238	-	2 238
Deferred income	587	139	726	586	212	798
Total current liabilities	63 136	49 743	112 879	77 981	2 815	80 796
Total liabilities	228 885	90 575	319 460	230 111	84 452	314 563
Equity						
Trust units	296 206	-	296 206	296 206	-	296 206
Retained earnings	(139 163)	903	(138 260)	(129 834)	903	(128 931)
Accumulated other comprehensive income	29 727	4	29 731	15 666	46	15 712
	186 770	907	187 677	182 038	949	182 987
Non-controlling interest	(127)	-	(127)	67	-	67
Total liabilities and equity	415 528	91 482	507 010	412 216	85 401	497 617

(1) Balance sheet amounts presented for the REIT were taken respectively from unaudited interim consolidated financial statements as at June 30, 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.

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 favourable 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.

The REIT is currently in breach of the restrictive covenant contained in a debt obligation relating to a Debt Service Coverage Ratio**. See the "*Capital Management Financing Covenants*" section. If this breach was to be enforced by the relevant lender, 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 is expected to stabilize following May 2026 municipality elections. 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 June 30, 2025, five of the REIT's largest tenants, by percentage of total GLA, occupy 25% of the total area, with the main tenant in Trio representing 8% of total area and 13% of the IP Portfolio rental income. The main 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 in REIT properties 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 have been 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"), 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 June 30, 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 June 30, 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 June 30, 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.