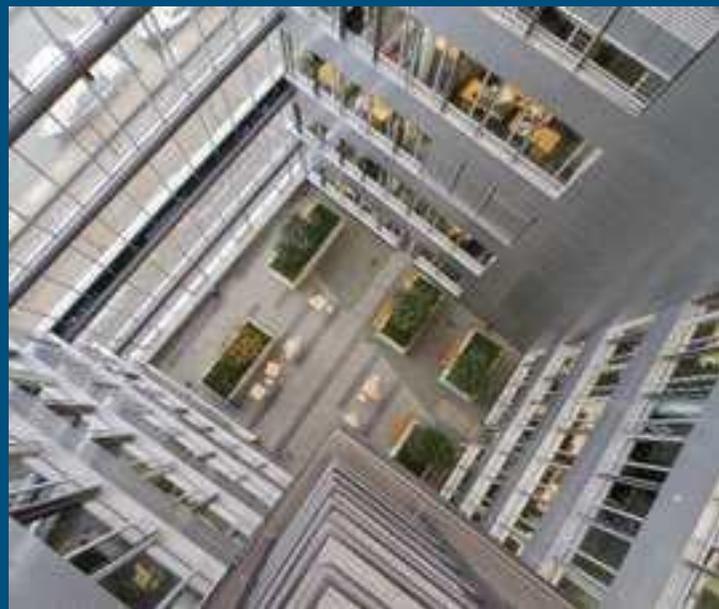
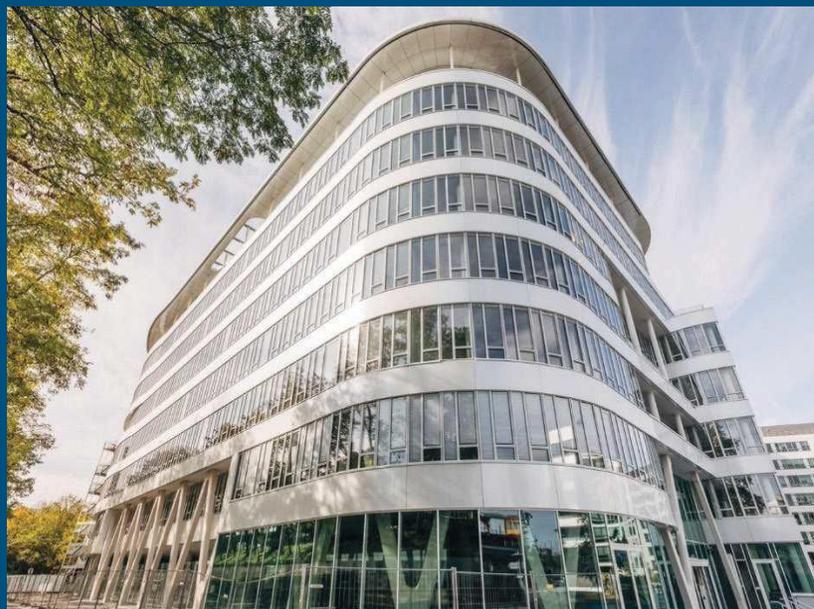


Management's Discussion & Analysis

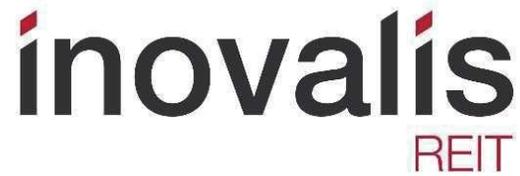
For the years ended December 31, 2025 and 2024



Contents

- Letter to Unitholders 1
- Highlights..... 3
- Basis of Presentation 5
- Forward-Looking Information 5
- Non-GAAP Financial Measures and Other Measures 7
- Market and Industry Data..... 7
- Foreign Currency Environment 7
- France 9
- Germany..... 9
- Spain 10
- Outlook 11
- Portfolio Overview..... 11
- Occupancy and Leasing Activity 13
- Lease Maturities 14
- Discussion of Financial Performance..... 15
- Non-GAAP Financial Measures and Other Measures 15
- FFO and AFFO Calculation 17
- Overview - GAAP and Non-GAAP 18
- Consolidated Financial Information..... 19
- Capital Management..... 24
- Financial Instruments..... 30
- Quarterly Information - Last Eight Quarters 33
- Related party transactions 33
- Subsequent Events..... 34
- Investment in Joint Ventures, Reconciliation..... 35
- Risks and Uncertainties 38
- Critical Accounting Policies and Estimates 47
- Disclosure Controls and Procedures and Internal Controls Over Financial Reporting 47

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 March 25, 2026.



Letter to Unitholders

It has now been five years since the current Board was constituted and undertook the challenge of stabilizing and repositioning the REIT following the severe disruption caused by the global pandemic. The effects of that period were profound. Mandatory closures, prolonged work-from-home arrangements and an unprecedented shock to capital markets created conditions unlike any the modern office sector had previously experienced.

More broadly, the REIT operates today as a fundamentally different business in a real estate marketplace that bears little resemblance to the one that existed at its founding in 2013. At that time, the European office sector benefited from stable occupancy patterns, predictable financing conditions and historically low interest rates. Capital was abundant and tenant demand was anchored in traditional long-term office configurations.

Today, the environment is structurally different. Interest rates have normalized at significantly higher levels. Workplace models have evolved. Tenants prioritize flexibility, sustainability, efficiency and location quality in ways that were not as pronounced a decade ago. As a result, the REIT has had to adapt its operating model, capital allocation priorities and leasing strategies to meet a fundamentally changed market landscape.

In response, the Board and management moved decisively to protect the balance sheet, preserve liquidity and reposition the portfolio for long-term sustainability.

Strategic Asset Recycling

A cornerstone of this effort has been the strategic asset recycling initiative launched shortly after the new Board was established. Since that time, the REIT has completed the sale of a number of assets for aggregate gross sale proceeds of approximately \$194 million, generating cash proceeds of approximately \$87 million.

These transactions have allowed us to reduce leverage,

strengthen liquidity and focus capital on properties with stronger long-term fundamentals. The objective has not been growth for its own sake, but disciplined capital allocation and balance sheet resilience.

Navigating Structural Change

Beyond the immediate pandemic effects, the sector has faced additional structural challenges:

- A rapid and material increase in interest rates after an extended period of historically low borrowing costs;
- Shifts in workplace practices and return-to-office patterns; and
- Evolving tenant expectations favouring flexibility, efficiency and mobility over traditional long-term configurations.

The Board has worked closely with management to respond to these forces. Leasing strategies have been refined, space has been repositioned where appropriate, and operating costs have been carefully managed. Our teams continue to engage actively with existing and prospective creditworthy tenants to maintain occupancy and enhance the quality of the rent roll.

Market Conditions

The French office market has shown encouraging signs of stabilization, particularly in well-located assets that meet modern tenant expectations for quality, sustainability and accessibility. Leasing activity remains selective but constructive.

The German office sector, by contrast, continues to experience more pronounced headwinds, reflecting slower economic momentum and greater tenant caution. In this environment, disciplined leasing execution and proactive asset management remain essential.

Arcueil sale

At Arcueil, where we have entered into an exchange contract for the sale of 87.5% of the property for \$60,510 (€37,540),

progress continues in line with expectations for a closing by the end of the year, conditional to issuance of the building permit.

Marketing efforts are ongoing with respect to the remaining 12.5% office lot.

Refinancing and Balance Sheet Management

A further priority has been refinancing. Through a series of targeted initiatives, we have extended maturities, repositioned debt across assets and reduced risk exposure in a rising rate environment. These actions have strengthened financial flexibility and improved our ability to navigate continued market volatility.

As a result of these efforts, we concluded the fourth quarter in a strong liquidity position, with cash on hand of \$25.1 million. This provides the REIT with important flexibility as we continue to execute on asset sales, leasing initiatives and disciplined capital allocation.

Patience Through the Cycle

Real estate operates in cycles. The return to sustained profitability following a shock of this magnitude takes time. The pandemic was not the result of poor planning or excessive risk-taking; it was a global event that forced businesses to close for extended periods and permanently altered aspects of workplace demand.

While progress may at times appear gradual, the foundations of the REIT are stronger today than they were five years ago. Leverage has been reduced, liquidity has improved, and the portfolio is increasingly concentrated in assets with clearer long-term prospects.

We remain disciplined, focused and committed to restoring value for our Unitholders.

On behalf of the Board and management team, I thank you for your continued support and patience.

Stephane Amine

President and Chief Executive Officer

Inovalis Real Estate Investment Trust

Q4 2025

Quarterly NRI

**\$3.4
Million**

Annual
NRI

**\$10.5
Million**

Total Portfolio
Annual NRI

**\$19.2
Million**

Available cash

**\$25.1
Million**

Highlights

Net Rental Income

For the investment property portfolio that includes assets owned entirely by the REIT ("IP Portfolio"), Net Rental Income ("NRI") for Q4 2025 decreased to \$3,416 (€2,164) compared to \$4,732 (€3,193) for Q4 2024, mostly impacted by the reduced occupancy rate and a bad debt provision on the Gaia property due to an insolvent tenant (\$569).

For the year ended December 31, 2025, the IP Portfolio NRI was \$10,553 (€6,686), compared to \$13,775 (€9,295) for the year 2024, the decrease being mostly attributable to the above-mentioned factors (the Gaia bad debt allowance for tenants in default of rent representing \$2,103) and the sale of the Sabliere property (-\$400).

Leasing Operations

As of December 31, 2025, following the disposition of the Baldi property (65% vacancy), the occupancy rate of the REIT's IP Portfolio was 47.7% and the occupancy rate of the REIT's Total Portfolio was 60.9%. Strategic vacancy has been maintained in the Arcueil property in support of the disposition currently under exchange contract as outlined in the Asset Recycling Plan. Excluding Arcueil, and which was disposed of subsequent to year-end, the Total Portfolio occupancy rate was 82.3% as at December 31, 2025.

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

Asset Recycling Plan & Sale of the Baldi property

With two dispositions completed in 2025 under the Asset Recycling Plan, the REIT continued to advance its long-term strategy. Following the sale of the Sabliere property in April 2025, the Baldi property was sold in December for \$22,607 (€14,000) and total net cash consideration of \$18,363 (€11,244) following the repayment of its mortgage loan.

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.

Management is progressing toward closing the Arcueil sale before the end of the year which is conditional to issuance of the building permit. The sale of 87.5% of the property for \$60,510 (€37,540) is still evolving according to plans. Marketing efforts are ongoing for the remaining 12.5% interest in the property.

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

Sale of the Trio Property

The REIT signed a preliminary exchange agreement for the sale of the Trio property on October 10, 2025 and the disposition closed subsequent to year-end on January 30, 2026 for \$15,797 (€9,800). Concurrently with the closing of the sale, the senior lender agreed to waive the \$17,086 (€10,600) portion of its loan that could not be repaid from the proceeds of the sale, strengthening the REIT's overall financial position. Because the agreement was finalized after December 31, 2025, the waiver was not reflected in the year-end financial statements and will be recognized in the Q1 2026 reporting period.

Capital Market Considerations

Although global equity markets have rallied through 2025, European real estate valuations remain compressed, weighed down by persistent inflation pressure, structurally higher financing costs, and continued geopolitical uncertainty.

Unitholders' equity stood at \$138,800 million (€86,100 million) as at December 31, 2025. Book value per Unit was \$4.18 (\$4.14 fully diluted). The TSX closing price of \$1.06 per Unit reflects continued investor caution toward the office REIT sector and current capital market conditions.

In the current market, the REIT remains focused on balance sheet resilience. As at December 31, 2025, debt to gross book value, net of cash, stood at 61.7% for the Total Portfolio and 53.0% for the IP Portfolio.

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

Special Distribution

On December 31, 2025, the REIT declared a special cash distribution of \$0.04579 per Unit for a total of \$1,525 and a special non-cash distribution of \$0.13738 per Unit, payable by issuance of 4,849,575 Units for a total amount of \$4,575. The non-cash distribution was made to distribute to Unitholders, the taxable income realized by the REIT from transactions completed during the year. The issuance of Units had no impact on the REIT's equity, as the new Units were immediately consolidated, resulting in the same number of Units outstanding as prior to the distribution.

Tax Liability

In December 2025, the Paris Administrative Court issued a ruling regarding withholding tax reassessments related to the Arcueil property for the 2017 to 2019 taxation years, during which the REIT held a 25% interest through a joint venture. The Court upheld the reassessments and, accordingly, an amount of \$9,294 (€5,888) is payable to the French tax authorities.

Subsequent to year-end, the REIT has filed an appeal claiming to recover \$6,635 (€4,116) related to withholding taxes upon submission of documentation supporting the tax residency of CanCorpEurope Luxembourg (the REIT's subsidiary) and the joint venture partner's status as a regulated entity in Korea. There can be no assurance as to the outcome of the appeal process. Management has secured a deferred payment schedule over twelve months, with the remaining balance payable in 2027 or from any sale proceeds.

Funds From Operations and Adjusted Funds From Operations¹

A provision of \$9,294 for income tax payable related to the dispute with the French tax administration materially affected fourth quarter and full year 2025 results. As a result, FFO for Q4 and for the year was \$(0.20) and \$(0.19) per Unit, respectively. Excluding this non-recurring item, full year 2025 FFO was \$0.02 per Unit, reflecting the REIT's underlying occupancy and debt profile.

During the year, the REIT invested \$2,670 in capital expenditures, primarily for value enhancing tenant improvements at the Neu-Isenburg property, held in joint venture.

Annual AFFO was \$(0.26) per Unit, or \$(0.05) per Unit excluding the tax reassessment provision.

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 1.8 years for the Total Portfolio (2.2 years for the IP Portfolio). Excluding the Trio mortgage loan, which was discharged upon its sale in January 2026, the average term to maturity was 2.0 years. Subsequent to year-end, Management obtained a six-month extension of the mortgage loans financing the Stuttgart, Neu-Isenburg and Kosching properties, held in joint-venture, now maturing in August 2026.

For the three-month period ended December 31, 2025, the weighted average interest rate across the Total Portfolio was 3.40%. As at December 31, 2025, 67% of the REIT's Total Portfolio debt was subject to variable interest rates, primarily associated with short-term financing on properties currently being marketed for sale.

Environmental, Social and Governance (ESG)

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

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 audited consolidated financial statements as at and for the years ended December 31, 2025, and 2024, and the notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS").

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 March 25, 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 complete the sale of the Arcueil;
- (ii) the ability to continue to receive financing on acceptable terms;
- (iii) the future level of indebtedness and the REIT's future growth potential will remain consistent with current expectations;
- (iv) there will be no changes to tax laws adversely affecting the REIT's financing capability, operations, activities, or structure;
- (v) the REIT will retain and continue to attract qualified and knowledgeable personnel to manage the portfolio and business;

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

The REIT cautions that this list of assumptions is not exhaustive. Although the forward-looking statements contained in this 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, 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.

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. Additional information regarding these non-GAAP measures, including definitions and reconciliations to the most directly comparable GAAP figure, where applicable, can be found in the section "*Discussion of Financial Performance - Non-GAAP Financial Measures and Other Measures*" in this MD&A.

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 objectives are to:

- Manage a portfolio of income producing office properties in France, Germany and Spain;
- Strengthen financial resilience through disciplined asset recycling, cost reductions, and liquidity preservation; and
- Selectively monetize opportunities where fair value can be achieved, while prioritizing leasing and income stability.

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 €20,000 to €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 years ended December 31, 2025 and 2024 was \$1.5784 and \$1.4820 respectively (6.5% increase).

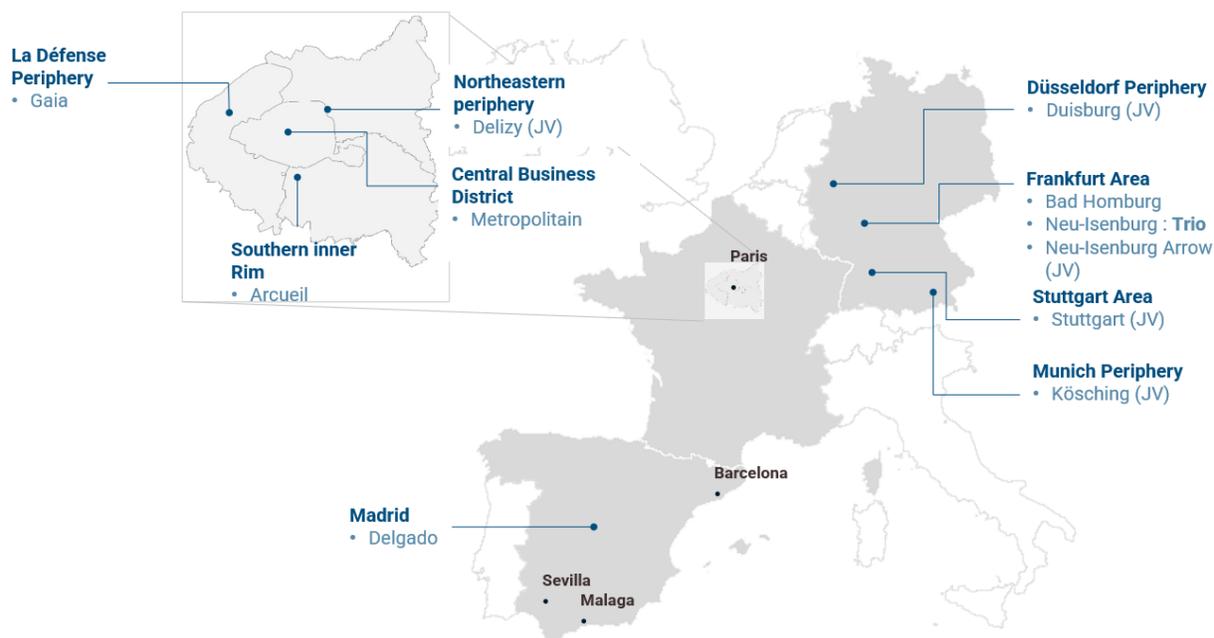
For balance sheet items as at December 31, 2025, projections, or market data, the exchange rate used is \$1.6119, representing an 8.2% increase compared to the \$1.4892 closing rate as at December 31, 2024.

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 December 31, 2025, the REIT's property portfolio consists of ownership interest in six 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 11 properties (4 located in France, 6 located in Germany and 1 in Spain) is approximately 1.4 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.



France

Office Market

Leasing activity in the Greater Paris office market totaled 1,638,100 sq m in 2025, representing one of the lowest levels on record apart from 2020. Volumes declined 9% year over year and were 25% below the 10 year average. The nearly 2,700 transactions recorded represent a decline of 16% below the 10-year average. All area categories are affected. Immediate supply has reached a new peak of 6.2 million sq m (+2% in a quarter, +11% in a year), pushing the vacancy rate to 11.2%.

Demand for large units (>5,000 sq m) remains weak, with only 45 deals in 2025 totaling 513,100 sq m (-8% year-on-year, -33% compared to the 10-year average). Smaller segments show similar decreases (-9% for small, -10% for mid-size).

The 2025 market remained polarized with strong demand for ultra-prime, best-in-class assets in the Central Business District (“CBD”), driven by tenants undergrowing rapid growth, while many other companies continued to rationalize their space requirements, contributing to increased availability.

Supply rose 32% in Paris (52% in the CBD), 13% in the Western Crescent, 4% in Inner Suburbs, and remained stable in La Défense and Outer Suburbs.

Annual prime rents increased 11% to €1,230 per sqm in the CBD, supported by major transaction, while most other Paris districts, the Western Crescent and La Défense saw declines and market fell moderately to €540 (-2%).

Leasing activity in 2026 is expected to benefit from the rollover of a significant number of leases signed in 2017 and 2018, providing tenants with an opportunity to reassess and reposition their space requirements. Together with return-to-office policies, employers continue to favour high-quality buildings as a means of attracting and retaining skilled employees. In addition, the legislative requirement to reduce final energy consumption for buildings with a surface area of 1,000 m² or more are expected to further support demand for modern, energy-efficient buildings. These factors support a more optimistic outlook for leasing activity.

Investment Market

The year 2025 ended with investment volumes up 44% to €8.4 billion. The final quarter accounted for 35% of annual transactions following historical seasonal patterns.

Overall, 2025 volumes remain 41% below the five-year average. By year-end, prime yields were stable across asset classes: offices and retail held at 4.00%, while industrial and logistics assets stood at 5.80% and 4.80% respectively.

Germany

Office Market

Despite solid leasing volumes in the fourth quarter, including 628,000 sqm. Of transactions, total annual volume was 1% below 2024 levels. Across the big seven cities of Berlin, Munich, Hamburg, Frankfurt, Cologne, Stuttgart, and Düsseldorf (the “Big 7”), office space take-up reached approximately 2.67 million sqm. for the year. Frankfurt recorded a notable increase of 53% year-on-year with 565,200 sqm., benefiting from market-defining lease deals early in the year, while Cologne posted a 5% increase. Results in the other five markets remained below those of 2024. Munich posted the highest annual take-up, supported by a strong Q4, at 589,300 sqm. By sector, business services led the market in 2025 with an 18% share, followed by manufacturing with 13% and banking, finance with 10%.

Completion of new office space in 2025 totaled 1.14 million sqm. across the Big 7 cities, representing 29% less than in 2024. This is not expected to increase in 2026 due to many project delays.

Vacancy continued to increase to the end of 2025, with around 8.1 million sqm. available across the Big 7 cities as of Q4. The average vacancy rate in the Big 7 stood at 8.1%, up by 1.3 percentage points year-on-year. Double-digit vacancy rates were observed in Düsseldorf (11.3%) and Frankfurt (10.4%), while Munich (8.5%), Berlin (8.2%) and Hamburg (6.7%) were in the mid-range. Stuttgart

(5.9%) and Cologne (5.0%) posted the lowest rates.

The increase in prime rents continued in 2025, with average values rising by 5.1% compared to 2024. With the exception of Cologne and Stuttgart, prime rents increased across all markets during the year. The largest annual gains were seen in Hamburg (14%) and Munich (10%). The ongoing growth in prime rents is supported by sustained demand for modern premium space in prime locations, yet a selective decline in average rents signals a continued differentiation in market segments.

Investment Market

The German commercial real estate investment market recorded transaction volume of €33.9 billion in 2025, representing a 4% decrease compared to the prior year. While transaction count increased by approximately 10% year over year, the average transaction size declined from €32 million in 2024 to €27 million in 2025. Transactions exceeding €100 million remained limited, and only 51 such transactions were completed during the year, compared to 74 in 2024.

Institutional investors, including insurance companies, open ended funds, sovereign wealth funds and pension funds, continued to exhibit a cautious investment approach, contributing to subdued large scale transaction activity.

Market conditions during 2025 were also influenced by the continued availability of lender support and credit extensions for existing asset holders, which limited forced sales and reduced pricing pressure. The extent to which this dynamic may evolve in 2026 could influence transaction volumes going forward.

Spain

Office Market in Madrid

Leasing activity in Madrid and Barcelona was strong in 2025, above the 10-year average. The Madrid office market recorded 535,000 sqm of new leases in 2025, slightly below 2024 levels but 7% higher than the 10-year average. The CBD and City Centre accounted for 42% of total demand, compared with 45% in the decentralized areas.

The office market is expected to maintain a positive trajectory, with solid demand focused on better located and sustainable assets, further accentuating the polarization between supply and demand. Grade A leasing in Madrid's CBD and City Centre accounted for 51% of total leasing activity, demonstrating that quality and location remain top priorities for occupiers today.

The gradual increase in rents that began in 2021 and continued throughout 2025 was driven by several factors: the growing scarcity of Grade A buildings in central locations, a decline in future supply, and a greater willingness among tenants to pay higher rents for quality space. In Madrid, the limited availability of high-quality space, rising demand in the CBD, and the reduced pipeline of future supply have pushed prime rents to historic highs of €528 per sqm annual (+7.3% year-on-year).

Forecasts indicate that new office supply in Madrid and Barcelona over the next two years is expected to decline by approximately 65% compared to the average level delivered over the past five years. A reduction in future supply may contribute to lower availability rates and support rental levels.

Current availability is approximately 9% in Madrid and 8.8% in Barcelona. In central locations, availability declines to 3.0% and 3.4%, respectively. For Grade A buildings in these areas, availability is more limited, at approximately 0.9% in Madrid and 1.5% in Barcelona. Constrained availability in prime segments may influence tenant location decisions over time.

Investment Market in Madrid

Macroeconomic projections for Spain indicate a positive outlook across the main economic indicators for the 2025–2026 period. GDP growth is forecast to reach 2.3% in 2026, while the unemployment rate continues its downward trend, with an expected decline from 10.5% in 2025 to 10.1% in 2026.

Following several years of subdued activity, office investment in Spain showed signs of stabilization during the year. Earlier uncertainty related to hybrid work patterns, higher financing costs and broader macroeconomic conditions had contributed to cautious capital deployment. More recently, improvements in economic indicators and greater visibility around occupancy and rental trends

have supported a gradual increase in investor engagement.

Current investment activity is concentrated in assets offering stable income profiles, operational efficiency and strong underlying fundamentals. Limited availability of high-quality product and a constrained development pipeline continue to influence transaction selectivity, with capital focused primarily on well-located buildings capable of meeting evolving occupier requirements. While recovery across segments remains uneven, investment decisions are increasingly driven by asset quality and long-term performance considerations.

Outlook

In the context of the prevailing macroeconomic and political challenges, management's 2026 areas of focus are:

- executing the asset recycling plan through the planned dispositions of the Arcueil property in late 2026 which is conditional upon the issuance of a building permit;
- managing cash flow to maintain financial flexibility; and
- strategically modernizing the portfolio properties and enhancing their appeal for today's office tenants.

Portfolio Overview

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

	% owned	Fair value	Bank debt	REIT's Total Portfolio Value	Gross Leaseable Area (GLA) (sq. ft.)	Contribution to Total Portfolio rental revenue	# of tenants	Occupancy rate	WALT (end of lease)	Financing maturity
Metropolitan	100%	104,970	54,073	25%	78,818	19%	6	88.5%	5.8	5.2
Arcueil	100%	63,755	49,608	15%	334,521	0%	0	0.0%	-	1.5
Gaia	100%	44,972	35,109	11%	119,504	13%	5	65.0%	2.7	1.2
Delizy (2)	50%	11,751	10,080	2%	71,618	4%	17	54.5%	2.3	3.7
Subtotal France		225,448	148,870	53%	604,461	35%	28	30.9%	3.5	2.9
Delgado	100%	43,038	23,669	10%	117,274	10%	2	100.0%	7.3	1.2
Trio (1)	95%	15,797	32,461	4%	193,914	14%	7	72.5%	1.3	0.1
Bad Homburg	100%	19,182	9,377	5%	109,104	5%	7	45.2%	5.4	0.9
Duisburg (2)	50%	39,895	26,516	10%	110,210	12%	5	97.9%	3.8	1.2
Stuttgart (2)	50%	31,775	19,708	8%	121,416	11%	2	99.6%	3.5	0.2
Neu-Isenburg (2)	50%	24,868	17,163	6%	67,337	7%	5	94.2%	3.5	0.2
Kosching (2)	50%	15,828	10,402	4%	53,058	5%	1	100.0%	1.9	0.2
Subtotal Spain & Germany		190,382	139,296	47%	772,312	65%	29	81.7%	3.8	0.6
Total Portfolio		415,830	288,166	100%	1,376,773	100%	57	60.9%	3.7	1.8
IP Portfolio		291,713	204,297	70%	953,136	60%	27	47.7%	4.3	2.2
JV Portfolio		124,117	83,869	30%	423,639	40%	30	90.7%	3.2	0.9

(1) The Trio property met the criteria for classification as "asset held for sale" as at December 31, 2025 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 decreased to 65% at December 31, 2025 and will further decrease to 47% following termination of the lease of an insolvent tenant. This area on the ground floor is being marketed to a

clinic and medical center with potential lease execution anticipated in early Q2 2026. The DSCR covenant test resulted in a breach, triggering a temporary cash trap provision. Under this mechanism, cash flows from the property may be applied only to debt service and operating costs, with excess funds deposited into a reserve account until the covenant breach is remedied. In April 2025, \$322 was allocated to the reserve account and an additional \$403 was deposited in February 2026. Active leasing efforts are underway for the remaining vacant space.

- The sale of the **Trio property** was completed subsequent to year-end, on January 30, 2026 and the outstanding loan amount exceeding the sale proceeds of \$17,086 (€10,600) allocated to the reimbursement was waived by the bank, releasing pledge and securities on this asset. As the sale contract was signed in October 2025 with closing scheduled for January 2026, the property was classified as at December 31, 2025 as an “asset held for sale” on a separate line of the balance sheet for an amount of \$15,797 representing the offered sale price.
- At the **Bad Homburg property** management intends to refinance the 18-month mezzanine financing facility with conventional financing as leasing activity progresses. The REIT may selectively engage capital expenditures to support leasing.
- The **Delgado property** in Spain is fully leased to two blue-chip tenants (7.3-year WALT and 2.3 years including break options). The REIT intends to formalize in Q1 2026 the waiver of the June 2027 and 2029 break options with one tenant, improving the marketability of this property in a dynamic Spanish real estate market.
- At the **Neu-Isenburg property**, the REIT leased most of the remaining vacant area on a long term-lease (10 years and penalty if break option after 5-year years) bringing occupancy to 94% and increasing the WALT to 3.5 years. In connection with the mortgage extension and following discussions with the financing bank in late 2024, the REIT entered into an agreement in October 2025 to market the property for sale. Any net proceeds are expected to be applied toward the amortization of mortgages secured by the Stuttgart and Kösching properties.
- Subsequent to year-end, the financing bank for the **Isenburg, Kosching and Stuttgart** properties granted a 6-month extension to the in-place mortgage loans, now maturing at the end of August 2026.

Asset Recycling Plan

The REIT executed on its asset recycling plan with two dispositions completed in 2025:

- On April 30, 2025, the REIT closed the sale of the **Sabliere property** for a sale price of \$28,625 (€18,200), excluding transaction and eviction costs of \$1,269 (€812). Of this amount, \$641 (€410) in broker and advisory fees was paid to related parties, Inovalis S.A. and an affiliated company. The disposition generated net proceeds of \$15,300 which the REIT deployed to pay down debt, and to support value-enhancing initiatives across its portfolio, including leasing and redevelopment opportunities.
- On December 23, 2025, the REIT closed the **sale of the Baldi property** at a sale price of \$22,607 (€14,000). The REIT paid transaction costs amounting to \$589 (€361), which included €210 (\$343) in broker fees, \$229 (€140) in disposition fees and \$18 (€11) in loan breakage costs.

An exchange contract relating to the sale of an 87.5% interest in the **Arcueil property** for \$60,510 (€37,540), as previously announced in January 2025, remains in effect. Closing is expected before the end of 2026. The long closing is required to satisfy the administrative, building permit and financing conditions. The remaining 12.5% interest in the Arcueil office property is being marketed. Following discussions with the senior lender, scheduled amortization was suspended from Q2 2024 through Q1 2025, deferring approximately \$4,200 in annual principal payments. Following advanced negotiations and discussions with the senior lender for the Arcueil property, scheduled debt amortization was suspended from Q2 2024 through Q4 2025, deferring approximately \$4,200 of annual mortgage principal payments.

Tenant Profile

As at December 31, 2025, the REIT had 27 tenants across the IP Portfolio compared to 43 tenants as at December 31, 2024, and 57 tenants across the Total Portfolio (73 as at December 31, 2024). End 2024, the REIT owned 2 additional buildings, Sabliere and Baldi, occupied by 17 tenants.

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 December 31, 2025. The tenant base is well diversified by industry segment, with some 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	15%	86,501	9.1%	0.0
ITP Aero	Aeronautics	9%	59,159	6.2%	9.0
Indra	IT systems	8%	58,115	6.1%	5.5
Bureau Veritas	Consulting and Advisory	11%	38,998	4.1%	2.0
Time matters	Logistics	4%	25,549	2.7%	3.3
Top 5 tenants		48%	268,321	28.2%	3.8
Other tenants	Diversified	52%	186,345	19.5%	5.9
Total occupied space		100%	454,667	47.7%	4.7
Vacant			498,469	52.3%	
IP Portfolio			953,136	100.0%	

Total Portfolio

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

Tenant in the Total Portfolio	Tenant Sector	% of annual contractual rental revenue	Occupied space (sq. ft.)	% of Total Areas	Average remaining lease term (years)
Daimler Truck	Manufacturer	10%	117,431	8.5%	3.4
The Lorenz Bahlsen Snack-World	Food and beverage	9%	86,501	6.3%	0.0
ITP Aero	Aeronautics	5%	59,159	4.3%	9.0
Indra	IT systems	5%	58,115	4.2%	5.5
Hitachi Power	Manufacturer	5%	54,354	3.9%	2.0
Top 5 tenants		35%	375,559	27.3%	3.6
Other tenants	Diversified	65%	463,553	33.7%	3.8
Total occupied space		100%	839,112	60.9%	3.7
Vacant			537,662	39.1%	
Total Portfolio			1,376,773	100.0%	

No tenant represents more than 10% of the REIT's rental revenue of the Total Portfolio. The Lorenz Bahlsen Snack-World, the tenant representing 9% of the annual contractual rental revenue of the Total Portfolio, is in the Trio property which was sold subsequent to year-end, on January 30, 2026.

Occupancy and Leasing Activity

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

Occupied space (sq. ft.)									
IP Portfolio	January 1, 2025	Acquisition / Disposition	New leases	Lease Expiries	December 31, 2025	Occupancy rate	Committed space (sq. ft)	Total occupied space (sq. ft)	Committed occupancy
France	224,728	(56,725)	3,239	(23,756)	147,486	27.7%	(12,160)	135,326	25.4%
Germany	191,063	-	16,213	(17,370)	189,906	62.7%	(86,501)	103,405	34.1%
Spain	117,274	-	-	-	117,274	100.0%	-	117,274	100.0%
Total IP Portfolio	533,065	(56,725)	19,452	(41,126)	454,666	47.7%	(98,661)	356,006	37.4%

(1) Committed space represents the new lease on the Metropolitan property, bringing occupancy to 100% effective February 2026, offset by the lease termination on the Gaia (insolvent tenant) and Trio property (Lorenz Bahlsen)

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 December, 2025, was as follows:

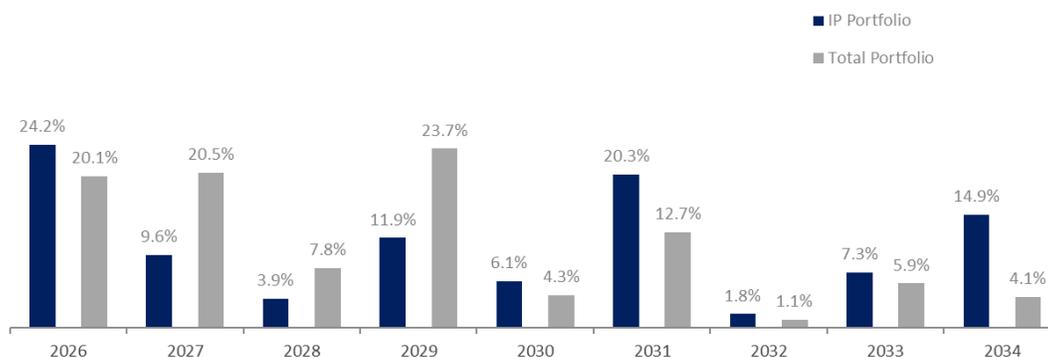
Occupied space (sq. ft.)									
Total Portfolio	January 1, 2025	Acquisition / Disposition	New leases	Lease Expiries	December 31, 2025	Occupancy rate	Committed space (sq. ft) ⁽¹⁾	Total occupied space (sq. ft)	Committed occupancy
France	269,947	(56,725)	3,239	(29,913)	186,548	30.9%	(12,160)	174,388	28.9%
Germany	527,148	-	26,741	(18,599)	535,290	81.7%	(85,272)	450,018	68.7%
Spain	117,274	-	-	-	117,274	100.0%	-	117,274	100.0%
Total Portfolio	914,369	(56,725)	29,980	(48,512)	839,112	60.9%	(97,432)	741,680	53.9%

(1) Committed space represents the same new leases as in the IP Portfolio above and a new lease on small areas in the Neu-Isenburg property effective March 2026.

Lease Maturities

Lease Maturity Profile

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



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

The average remaining lease terms, not including tenant early termination rights, in the IP Portfolio was 4.3 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 2.3 years (Total Portfolio 2.6 years).

Out of the 153,000 sq.ft. with a 2026 potential maturity, 86,500 reflects the Lorenz lease that matured on December 31, 2025 and 23,700 sq.ft. related to the Delizy property which is undergoing redevelopment and requires evictions. In addition, 21,000 sq.ft. represented the insolvent tenant of the Gaia property who vacated the premises in January 2026 following a forced termination of the lease.

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 per Unit" or **"AFFO per 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 six wholly owned properties of the REIT.

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

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

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

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

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

FFO and AFFO Calculation

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

	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Net income (loss) attributable to the Trust (including share of net earnings from investments in joint	(46,834)	(27,853)	(55,974)	(71,935)
Add/(Deduct):				
Net change in fair value of investment properties	42,521	31,625	51,099	76,901
Net change in fair value of financial derivatives	-	(669)	-	24
Loss on sale of investment properties	537	-	704	-
Adjustment for property taxes accounted for under IFRIC 21	(979)	(984)	-	-
Net change in fair value of Exchangeable securities	102	(181)	31	(735)
Foreign exchange loss (gain)	117	-	49	-
Deferred income tax recoveries	(1,297)	(877)	(1,139)	(2,103)
Non-controlling interest	(1,015)	(399)	(1,227)	(898)
FFO	(6,865)	662	(6,474)	1,254
Add/(Deduct):				
Non-cash effect of straight line rents	-	(219)	400	95
Cash effect of the rental guarantee	-	178	-	855
Amortization of transaction costs on mortgage loans	66	62	121	403
Capex	(1,089)	(326)	(2,670)	(2,494)
AFFO	(7,888)	357	(8,623)	113
FFO / Units (diluted) (\$)	(0.20)	0.02	(0.19)	0.04
AFFO / Units (diluted) (\$)	(0.23)	0.01	(0.26)	0.00

FFO for the three- and twelve-month periods ended December 31, 2025 reflects a \$7,033 income tax provision related to the litigation with the French tax authorities concerning withholding tax for the 2017 to 2019 taxation years in respect of the Arcueil property. Excluding this non-recurring item, quarterly and annual FFO was \$0.00 and \$0.02 per Unit, respectively.

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:

	December 31, 2025		December 31, 2024	
	IP Portfolio	Total Portfolio	IP Portfolio	Total Portfolio
Operating metrics				
Number of properties	6	11	8	13
Gross leasable area (sq. ft.)	953,136	1,376,773	1,117,830	1,541,469
Occupancy rate - end of period	47.7%	60.9%	47.7%	59.3%
Weighted average lease term	4.3 years	3.7 years	4.0 years	4.0 years
Average initial yield ⁽¹⁾	4.8%	6.1%	3.9%	4.7%
Capital management metrics				
Available cash ⁽³⁾	\$25,057	\$27,431	\$6,249	\$7,572
Fair value of investment properties ⁽³⁾	\$291,713	\$415,829	\$353,850	\$476,579
Debt-to-gross book value ⁽²⁾	56.3%	64.0%	52.3%	59.8%
Debt-to-gross book value, net of cash ⁽²⁾	53.0%	61.7%	51.5%	59.2%
Weighted average loan term to maturity	2.2 years	1.8 years	3.0 years	2.7 years
Weighted average interest rate ⁽²⁾	3.46%	3.40%	4.00%	4.12%
Interest coverage ratio ⁽²⁾	0.6 x	1.1 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 December 31,		Year ended December 31,	
(thousands of \$ except per Unit and other data)	2025	2024	2025	2024
Financial performance metrics				
Rental revenue	4,267	5,258	17,304	18,639
Rental revenue - Total Portfolio ⁽¹⁾	6,714	7,546	26,896	27,059
Net rental income	3,416	4,732	10,553	13,775
Net rental income - Total Portfolio ⁽¹⁾	5,761	6,817	19,172	22,353
Net income, attributable to the Trust	(46,834)	(25,999)	(55,974)	(69,133)
Funds from Operations (FFO) ⁽¹⁾⁽²⁾	(6,865)	662	(6,474)	1,254
Adjusted Funds from Operations (AFFO) ⁽¹⁾⁽²⁾	(7,888)	357	(8,623)	113
FFO per Unit (diluted) ⁽¹⁾⁽²⁾	(0.20)	0.02	(0.19)	0.04
AFFO per Unit (diluted) ⁽¹⁾⁽²⁾	(0.23)	0.01	(0.26)	0.00

(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 December 31,		Year ended December 31,	
	2025	2024	2025	2024
Rental revenue	4,267	5,258	17,304	18,639
Property operating cost recoveries	757	1,503	4,560	5,103
Property operating costs	(1,597)	(1,255)	(9,849)	(10,153)
Other revenues	517	(813)	579	367
Other property operating expenses	(528)	39	(2,041)	(181)
Net rental income	3,416	4,732	10,553	13,775
General and Administration expenses	(1,639)	(1,388)	(5,442)	(5,990)
Foreign exchange loss	(117)	-	(49)	-
Loss on disposal of investment properties	(537)	-	(704)	-
Share of net loss from joint ventures	(3,111)	(2,080)	(4,998)	(5,910)
Operating earnings	(1,988)	1,264	(640)	1,875
Net change in fair value of investment properties	(34,208)	(26,914)	(40,568)	(66,774)
Net change in fair value of financial derivatives	-	671	-	(20)
Net change in fair value of Exchangeable securities	(102)	181	(31)	735
Impairment loss of financial assets	(3,514)	-	(3,514)	-
Finance income	785	718	3,070	3,282
Finance costs	(1,839)	(2,829)	(8,369)	(10,336)
Distributions on Exchangeable securities	17	-	17	-
Loss before income taxes	(40,849)	(26,909)	(50,035)	(71,238)
Current income tax expense	(7,000)	27	(7,166)	(106)
Deferred income tax recovery	-	484	-	1,313
Total income tax (expense) recovery	(7,000)	511	(7,166)	1,207
Net loss	(47,849)	(26,398)	(57,201)	(70,031)
Non-controlling interest	(1,015)	(399)	(1,227)	(898)
Net loss attributable to the Trust	(46,834)	(25,999)	(55,974)	(69,133)

Selected Three-Year Information

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

	For the year ended December 31,				
	2025	2024	2023	2025 vs. 2024	2024 vs. 2023
Rental revenue	17,304	18,639	24,656	(1,335)	(6,017)
Net Rental Income (NRI)	10,553	13,775	23,216	(3,222)	(9,441)
Net change in fair value of investment properties	(40,568)	(66,774)	(28,117)	26,206	(38,657)
Finance costs	(8,369)	(10,336)	(7,012)	1,967	(3,324)
Net loss	(57,201)	(70,031)	(29,954)	12,830	(40,077)
Net loss attributable to the Trust	(55,974)	(69,133)	(29,631)	13,159	(39,502)

Net Rental Income

For the IP Portfolio, Net Rental Income (“NRI”) for Q4 2025 decrease to \$3,416 (€2,164) compared to \$4,732 (€3,193) for

Q4 2024. The decline was primarily attributable to lower occupancy and a \$569 bad debt provision recorded at the Gaia property in respect of an insolvent tenant.

For the year ended December 31, 2025, NRI for the IP Portfolio NRI totaled \$10,553 (€6,686), compared to \$13,775 (€9,295) in 2024. The decrease was primarily attributable to the factors noted above, including a \$2,103 bad debt allowance recorded at the Gaia property in respect of tenants in default, as well as the impact of the sale of the Sablière property, which reduced NRI by approximately \$400.

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 months and year ended December 31, 2025 and 2024 is set out below.

In thousands of \$	For the three months ended December 31,			For the year ended December 31,		
	2025	2024	Variance	2025	2024	Variance
Net rental income	3,416	4,732	(1,316)	10,553	13,775	(3,222)
IFRIC 21 impact	(870)	(881)	11	-	-	-
Adjusted net rental income - IFRIC 21 ⁽¹⁾	2,546	3,851	(1,305)	10,553	13,775	(3,222)

In thousands of Euros	For the three months ended December 31,			For the year ended December 31,		
	2025	2024	Variance	2025	2024	Variance
Net rental income	2,164	3,193	(1,029)	6,686	9,295	(2,609)
IFRIC 21 impact	(551)	(595)	44	0	0	0
Adjusted net rental income - IFRIC 21 ⁽¹⁾	1,613	2,598	(985)	6,686	9,295	(2,609)

(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 December 31,			For the year ended December 31,		
	2025	2024	Variance	2025	2024	Variance
Net rental income	3,416	4,732	(1,316)	10,553	13,775	(3,222)
Net rental income - proportionate share of JVs	2,345	2,085	260	8,619	8,578	41
IFRIC 21 impact	(979)	(984)	5	0	0	0
Adjusted net rental income - IFRIC 21 - including proportionate share of JVs ⁽¹⁾	4,782	5,833	(1,051)	19,172	22,353	(3,181)

(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.

Although Q4 2025 expenses were elevated due to timing related costs, full year 2025 G&A totaled \$5,442, a decrease of \$548 year over year. The decline was mainly attributable to lower legal fees (\$198) and reduced asset management fees (\$231), reflecting changes in underlying property values. The following table outlines the major categories of G&A expenses.

	Three months ended December 31,			Year ended December 31,		
	2025	2024	Variance	2025	2024	Variance
Asset management fees – Inovalis SA	(386)	(464)	78	(1,777)	(1,931)	154
Less: amount invoiced to joint ventures	323	297	26	1,255	1,178	77
	(63)	(167)	104	(522)	(753)	231
Professional fees for accounting, tax and audit	(772)	(599)	(173)	(2,261)	(2,194)	(67)
Legal expenses	(151)	(105)	(46)	(541)	(739)	198
Trustee fees	(141)	(86)	(55)	(346)	(314)	(32)
Travel expenses	(131)	(50)	(81)	(488)	(319)	(169)
Governance expenses	(79)	(74)	(5)	(280)	(321)	41
Bank and depositary expenses	(53)	(58)	5	(248)	(277)	29
Listing, transfer agent and publication fees	(8)	(13)	5	(49)	(148)	99
Other general and administrative expenses	(241)	(236)	(5)	(707)	(925)	218
Total G&A expenses	(1,639)	(1,388)	(251)	(5,442)	(5,990)	548

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 the year 2025 was \$4,998 compared to \$5,910 for the same period in 2024 when fair value of properties was drastically impacted by cap rate decompression. This amount included in 2025 a \$3,498 impairment on loans to the Delizy and Stuttgart joint ventures, representing the expected credit loss in case of a sale at current fair market value.

Net Change in Fair Value of IP Portfolio

The net decrease in fair value of the IP Portfolio for the three- and twelve-month periods ended December 31, 2025 was \$34,208 and \$40,568, respectively (compared to decreases of \$26,914 and \$66,774 for the corresponding periods in 2024).

The adjustment primarily reflects a fair value reduction of \$24,465 recorded in 2025 on the Trio property to align its carrying value with the agreed sale price, compared to its Q4 2024 appraised value.

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 \$1.06 on December 31, 2025, compared to \$0.98 at close of December 31, 2024, resulting in a (\$31) net change in fair value of Exchangeable Securities for the year 2025.

Finance Income

In Q4 2025, similar to Q4 2024, finance income was primarily \$785 in interest on loans granted to joint ventures.

For the year ended December 31, 2025, finance income included mostly \$3,038 interest on joint venture loans, the increase from the \$2,827 earned in 2024 being solely attributable to the foreign exchange impact. In 2024, finance income also included \$454 cashed-in income related to the sale of forward currency exchange contracts.

Finance Costs

The \$1,839 finance costs for Q4 2025 (decrease from \$2,829 in Q4 2024), reflected the progressive decline in borrowing costs since the beginning of the year and the sale of the Sabliere property in April 2025.

For the year ended December 31, 2025, finance costs were \$8,369 compared to \$10,336, including \$7,868 interest on mortgage and lease liabilities (compared to \$9,002 for the same period in 2024), the decrease being mostly attributable to

the penalty interest recognized on the Trio loan in Q1 2024, the decrease of borrowing costs over 2025 as well as Sabliere loan full repayment following its disposition in April 2025.

Consolidated Balance Sheet

Assets	As at December 31, 2025	As at December 31, 2024	Variance
Non-current assets			
Investment properties	275,916	327,789	(51,873)
Investments in joint ventures	35,174	37,047	(1,873)
Other financial assets	460	407	53
Restricted cash	684	1,611	(927)
Total non-current assets	312,234	366,854	(54,620)
Current assets			
Trade receivables and other financial assets	7,975	9,528	(1,553)
Other current assets	1,944	1,873	71
Restricted cash	373	1,651	(1,278)
Cash	25,057	6,249	18,808
Total current assets	35,349	19,301	16,048
Asset held for sale	15,797	26,061	(10,264)
Total assets	363,380	412,216	(48,836)
Liabilities and Unitholders' equity			
	As at December 31, 2025	As at December 31, 2024	Variance
Liabilities			
Non-current liabilities			
Interest-bearing loan	205	189	16
Mortgage loans	57,993	53,961	4,032
Lease liabilities	90,682	95,752	(5,070)
Tenant deposits	2,176	2,228	(52)
Total non-current liabilities	151,056	152,130	(1,074)
Current liabilities			
Interest-bearing loan	26	83	(57)
Mortgage loans	42,623	60,488	(17,865)
Lease liabilities	12,999	5,035	7,964
Tenant deposits	-	255	(255)
Exchangeable securities	416	385	31
Trade and other payables	8,535	8,668	(133)
Provisions	278	243	35
Income tax payable	9,550	2,238	7,312
Deferred income	248	586	(338)
Total current liabilities	74,675	77,981	(3,306)
Total liabilities	225,731	230,111	(4,380)
Equity			
Trust units	300,859	296,206	4,653
Retained earnings	(191,908)	(129,834)	(62,074)
Accumulated other comprehensive income	29,856	15,666	14,190
Total Equity	138,807	182,038	(43,231)
Non-controlling interest	(1,158)	67	(1,225)
Total liabilities and equity	363,380	412,216	(48,836)

Selected Consolidated Balance Sheet Information

	Dec 31, 2025	Dec. 31, 2024	Dec. 31, 2023	2025 vs. 2025	2024 vs. 2023
Fair value of investment properties - IP Portfolio ⁽¹⁾	291,713	353,850	412,967	(62,137)	(59,117)
Fair value of investment properties - Total Portfolio ⁽¹⁾	415,829	476,579	541,001	(60,750)	(64,422)
Investment in joint ventures - carrying value	35,997	37,047	41,632	(1,050)	(4,585)
Total assets	367,791	412,216	484,060	(44,425)	(71,844)
Total debt ⁽²⁾	204,750	215,508	219,446	(10,758)	(3,938)
Total non-current liabilities	151,056	152,130	165,706	(1,074)	(13,576)
Unitholders' equity	143,201	182,038	246,418	(38,837)	(64,380)
Number of outstanding Units	33,302,307	33,206,180	32,594,711	96,127	611,469

(1) Including assets 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 December 31, 2025, excluding assets held for sale, was \$275,916 (€171,174), a decrease compared to \$327,789 (€220,110) as at December 31, 2024. The decrease was mainly attributable to the sale of the Baldi property (\$22,607) and the classification of sa property as held for sale (\$15,797), partially offset by a positive foreign exchange adjustment of \$26,204. The Sabliere property had been classified as held for sale as at December 31, 2024 and was sold on April 30, 2025.

Management uses the Direct Capitalization Method ("DCM") to determine the fair value of all the REIT's properties in France, Germany and Spain. The values are supported by external appraisals of the Total Portfolio as at December 31, 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 immobiliere", 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 6.03% reflecting the risk associated with this long-term sale (second half of 2026). The Trio property value was based on the price in the preliminary exchange contract signed on October 10, 2025 for the disposition of the property which occurred subsequent to year-end, in January 2026.

Investments in Joint Ventures

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

- the Duisburg property (50%), through a joint venture agreement maturing in March 2027 in line with the current senior financing agreement;
- the Stuttgart property (50%), through a joint venture agreement maturing in August 2026 correlated with the senior financing that was extended subsequent to year-end in February 2026.
- 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 August 2026 correlated with the senior financing that was extended subsequent to year-end in February 2026
- the Kosching property (50%), through a joint venture agreement maturing in August 2026 correlated with the senior financing that was extended subsequent to year-end in February 2026.

The REIT's investment in joint ventures was \$35,997 reflecting a minor decrease from \$37,047 as at December 31, 2024 due to the \$925 negative result from joint ventures (including the net change in fair value of properties).

In addition, an impairment charge of \$3,280 was recognized on the Delizy loan, almost fully offset by the positive \$3,155 foreign exchange difference.

Trade Receivables and Other Financial Assets

Trade receivables and other financial assets as at December 31, 2025 amounted to \$7,975, in decrease compared to \$9,528 at December 31, 2024 (excluding \$785 foreign exchange difference), mostly attributable to \$3,916 interest receivable on joint venture loans that are presented net of an impairment loss on the Delizy loan recorded during the year for \$3,588. 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 \$8,330 as of December 31, 2025, reflecting minimal change from \$8,668 as at December 31, 2024.

Income Tax Payable

In December 2025, the Paris Administrative Court issued a ruling regarding withholding tax reassessments related to the Arcueil property for the 2017 to 2019 taxation years, during which the REIT held a 25% interest through a joint venture. The Court upheld the reassessments and, accordingly, an amount of €5,888 (\$9,294) is payable to the French tax authorities.

Subsequent to year-end, the REIT has filed an appeal claiming to recover €4.116 million (\$6.635 million) related to withholding taxes upon submission of documentation supporting the tax residency of CanCorpEurope, Luxembourg (the REIT's subsidiary) and the joint venture partner's status as a regulated entity in Korea. There can be no assurance as to the outcome of the appeal process. Management has secured a deferred payment schedule over twelve months, with the remaining balance payable in 2027 or from any sale proceeds.

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 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 redevelopment, 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	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Capital management metrics				
Debt-to-gross book value	56.3%	52.3%	64.0%	59.8%
Debt-to-gross book value, net of cash	53.0%	51.5%	61.7%	59.2%
Debt due in the next 12 months ⁽¹⁾	55,622	65,523	103,167	66,192
Weighted average loan term to maturity	2.2 years	3.0 years	1.8 years	2.7 years
Weighted average interest rate ⁽¹⁾	3.46%	4.00%	3.40%	4.12%
Interest coverage ratio ⁽²⁾	0.6	0.8	1.1	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 December 31, 2025 representing a total of \$47,275.

Financing covenants

As at December 31, 2025, the Interest Coverage Ratio covenant for the Gaia property was below the required threshold. As at December 31, 2025, one tenant in default had vacated the premises and two tenants, representing 25% of occupancy, were subject to liquidation proceedings. As a result of the related rent defaults, the ICR covenant required under the financing agreement was breached, triggering a temporary cash trap provision.

Under this mechanism, cash flows generated by the property may be applied only to operating costs and debt service, with excess amounts retained in the restricted account until the covenant is restored. Accordingly, the Gaia mortgage loan, totaling \$35,109, continues to be classified as a non-current liability as at December 31, 2025. In April 2025, \$322 was transferred to the cash reserve in accordance with the cash trap provision and is presented as restricted cash.

The REIT has been in communication with the lender of the Gaia property to update them on eviction, leasing, rent collection and disposition plans that would remedy the covenant breach. Although the lenders have given no indication that would indicate an intention to call the capital on loans despite the breach of covenants, the lenders could enforce their rights and the applicable loan amounts would then 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	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Lease liabilities	103,681	100,787	113,761	110,131
Mortgage loans	100,616	114,449	174,407	182,946
Interest-bearing loans	205	189	278	542
Deferred tax liabilities	-	-	3,138	3,974
Total debt outstanding	204,502	215,425	291,584	297,593
Less : Cash	(25,057)	(6,249)	(27,431)	(7,572)
Debt net of cash	179,445	209,176	264,153	290,021
Gross book value	363,380	412,216	455,272	497,617
Gross book value, net of cash	338,323	405,967	427,841	490,045
Debt-to-gross book value	56.3%	52.3%	64.0%	59.8%
Debt-to-gross book value, net of cash	53.0%	51.5%	61.7%	59.2%

As fair value of properties for the Total portfolio declined over 2025, consequently, the debt-to-gross book value ratio increased to 56.3% for the IP Portfolio (64% for the Total Portfolio). Excluding the Trio property, fair value for \$15,797, presented as held for sale and sold in January 2026, and its mortgage financing for \$32,461, the debt-to-gross book value ratio was 59% for the Total Portfolio and remains within the REIT's mandated threshold of maximum 60%.

Interest Coverage Ratio

Interest coverage ratio	Consolidated basis - IP Portfolio		Proportionate share basis - Total Portfolio	
	Year ended	Year ended	Year ended	Year ended
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Net rental income	10,553	13,775	19,172	22,353
Indemnities	(458)	(651)	(458)	(1,698)
Net rental income adjusted for non-recurring income	10,095	13,124	18,714	20,655
General and Administrative expenses	(5,442)	(5,990)	(6,995)	(7,540)
Interest income ⁽²⁾	-	455	-	455
Total income	4,653	7,589	11,719	13,570
Interest expense ⁽¹⁾	(7,989)	(9,406)	(11,020)	(12,782)
Interest coverage ratio	0.6	0.8	1.1	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

The EURIBOR 3M basis interest rate stabilized at approximately 2% from the second quarter of 2025 through the end of December. The weighted average interest rate across the IP and Total Portfolio debt, including bank margin, declined to 3.46% and 3.40% respectively, 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. Management is negotiating debt service reduction with senior lenders, including the refinancing of the 12% mezzanine facility with conventional financing as leasing activity progresses.

Debt Profile

Debt profile as at December 31, 2025

	IP Portfolio		Total Portfolio	
	Carrying value	%	Carrying value	%
Lease liabilities	103,681	51%	113,761	39%
Mortgage loans	100,616		174,407	
<i>of which : Amortized mortgage loan</i>	23,669	12%	34,073	12%
<i>Bullet mortgage loan</i>	76,947	38%	140,334	49%
Total	204,297	100%	288,168	100%

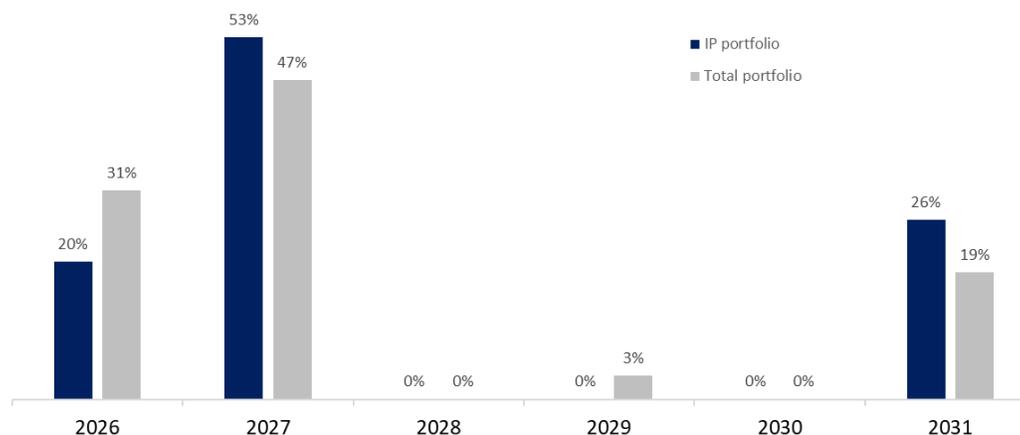
As at December 31, 2025, the debt on the IP Portfolio is composed of 51% lease liabilities and 49% mortgage loans, under contracts expiring from 2026 (Trio, Bad Homburg) to 2031 (Metropolitan). The average term of repayment of financing is 2.2 years (1.8 years on the Total Portfolio). Lease liabilities contracts are not bound by loan-to-value or debt-service-coverage-ratio covenants.

The REIT usually repays principal amounts quarterly on both mortgage and lease liabilities. This represents 63% of the REIT's IP Portfolio financing, excluding bullet mortgage loans (41% on the Total Portfolio). Management is in regular communication with the senior lenders, including those of 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 advanced negotiations and discussions with the senior lender for the Arcueil property, scheduled debt amortization was suspended from Q2 2024 through Q4 2025, deferring approximately \$4,200 of annual mortgage principal payments. Following significant progress in the sale process, including the submission of the building permit application, an extension of the amortization deferral was discussed with the lender as at the reporting date.

A similar deferral was granted by lenders on the Delizy lease liability at the end of 2024 which was extended at the end of 2025, deferring the amortization for one year until Q4 2026.

Leasehold and Mortgage Financing Maturity Profile

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



The 2026 maturity includes the Trio facility which was repaid upon disposition subsequent to year-end and the Bad Homburg mezzanine financing which matures in November 2026 and for which management is seeking conventional refinancing which will be contingent on ongoing leasing initiatives.

The 2026 maturities relate primarily to the three properties held as joint ventures (Stuttgart, Neu-Isenburg and Kosching) with mortgage loans maturing in February 2026 (total of \$47,275). 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.

Equity

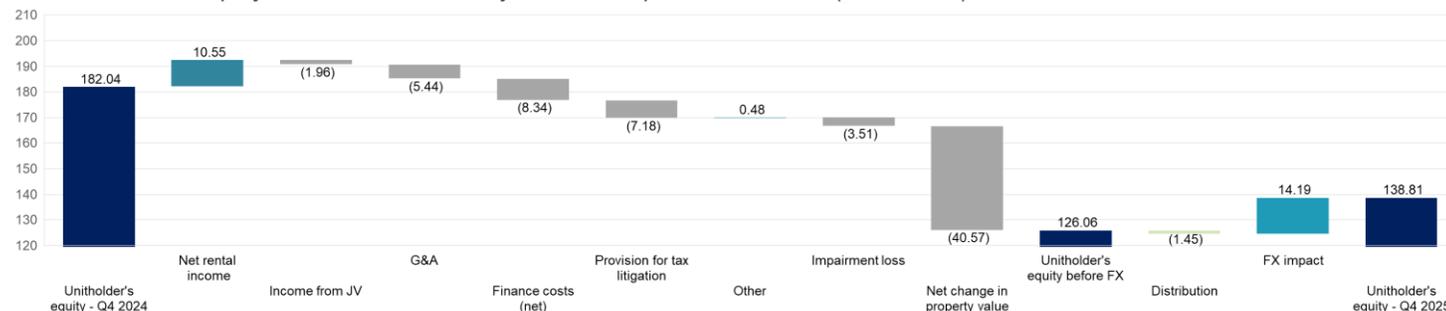
Management's discussion about equity is inclusive of Exchangeable Securities. In the consolidated financial statements, the Exchangeable Securities are classified as current liabilities under IFRS because of the conversion feature that can be exercised by the holder of those securities at any time.

As at December 31, 2025, the REIT has 33,302,307 Units issued and outstanding, plus 392,892 Exchangeable Securities. Under the Deferred Units Plan, 96,127 Deferred Units were exercised over the year.

	Three months ended December 31, 2025	Year ended December 31, 2025
<u>Units</u>		
Number at beginning of period	33,263,869	33,206,180
Increase in number during the period	38,438	96,127
Number at end of period	33,302,307	33,302,307
Weighted average number during the period	33,294,932	33,230,374
<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	392,891
<u>Units and Exchangeable securities</u>		
Number at beginning of period	33,656,761	33,599,072
Increase in number during the period	38,438	96,127
Number at end of period	33,695,199	33,695,199
Weighted average number during the period	33,687,824	33,623,265

Unitholder's Equity

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



Notes to the Unitholder's equity chart:

- Foreign exchange impact: The closing foreign exchange rate was 1.6119 as at December 31, 2025, an increase of 8.2% compared to 1.4892 as at December 31, 2024, leading to a positive \$14,293 impact on the REIT's NAV as at December 31, 2025.
- Income from JV includes the share of net loss for \$4,998, offset by \$3,038 in finance income from interest on joint venture loans.
- Finance costs of \$8,369 are presented net of finance income (exclusively \$3,038 interest on joint venture loans).
- The impairment loss of \$3,514 relates primarily to the Delizy joint venture loan.

Special cash and non-cash distribution

On December 31, 2025, the REIT declared a special cash distribution of \$0.04579 per Unit for a total of \$1,525 and a special non-cash distribution of \$0.13738 per Unit, payable by issuance of 4,849,575 Units for a total amount of \$4,575. The non-cash distribution was made to distribute to Unitholders, the taxable income realized by the REIT from transactions completed during the year. The issuance of Units had no impact on the REIT's equity, as the new Units were immediately consolidated, resulting in the same number of Units outstanding as prior to distribution.

Available and Restricted Cash

Following the successful dispositions of its Sabliere (\$15,300 net proceeds) and Baldi (\$18,363 net proceeds) properties, the REIT's available cash was \$25,057 as at December 31, 2025 (compared to \$6,249 as at December 31, 2024). Available funds are intended to be used for senior debt payments (interest and amortization), investment in tenant improvements for leasing and tax litigation payment (pending potential partial refund in appeal). In addition to this available cash, the REIT held:

- \$1,057 of restricted cash, that could be used for partial deleverage ahead of loan extensions or repayment upon sale.
- \$4,352 of cash in the assets held in joint venture, including \$1,978 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 years 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.

	Year ended December 31,		Variance
	2025	2024	
Cash at the beginning of the year	6,249	12,489	(6,240)
Cash provided by (used in):			
Operating activities	(4,958)	913	(5,871)
Investing activities	51,091	701	50,390
Financing activities	(28,116)	(7,918)	(20,198)
Net change during the year	18,017	(6,304)	24,321
Impacts of FX adjustment on cash	791	64	727
Cash at period-end	25,057	6,249	18,808

Unit-Based Compensation Plan

The REIT, through its Deferred Share Unit ("DSU") Plan, grants DSUs to its trustees as non-cash compensation. 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.

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. 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 December 31, 2025, 252,204 DSUs are outstanding and 647,830 DSUs are available for grant under the DSU Plan.

Subsequent to year-end, in February 2026, the Trustees approved the immediate vesting of all previously unvested DSUs held by Trustees and the outstanding DSUs were exercised for Units of the REIT. The Trustees also determined that, effective February 4, 2026, the DSU Plan will no longer be used as a form of Trustee compensation and that no further DSU grants will be made unless the Board determines otherwise. All outstanding DSUs will continue to be governed by the terms of the DSU Plan until settlement. Effective January 1, 2026, all Trustee compensation, including annual retainers, committee fees and meeting fees, will be paid solely in cash, with the annual cash retainer for each Trustee increased from \$30,000 to \$50,000 in lieu of DSU compensation.

Financial Instruments

The REIT has the following financial assets and liabilities as at December 31, 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 year ended December 31, 2025.

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

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

	<u>December 31, 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	21,683	21,683	23,168	23,168
Financial liabilities				
Mortgage loans	99,153	100,616	113,145	114,449
Tenant deposits	2,176	2,176	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 December 31, 2025 and December 31, 2024.

The fair value of the mortgage loans was determined by discounting the cash flows of these financial obligations using December 31, 2024 market rates for debt with similar terms (Level 2). Based on these assumptions, the fair value of the mortgage loans as at December 31, 2025 was estimated to be \$99,153 (December 31, 2024 - \$113,145) compared with the carrying value before deferred financing costs of \$100,616 (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. In doing so, management has determined that there is a material uncertainty associated with this going concern assumption, as it requires the completion of refinancing or extension of bank loans maturing within the 12 months following the release of the financial statements.

A - Availability of financing

The mortgage loans financing the Stuttgart (\$19,708), Neu-Isenburg (\$17,163) and Kosching (\$10,403) properties, held 50% in joint venture, were scheduled to mature on February 28, 2026. Subsequent to year-end, the REIT obtained a six-month extension on similar terms, with no deleveraging requirements. This short-term extension provides the REIT with additional time to assess refinancing options or negotiate a potential sale. Management remains confident in its ability to secure refinancing or negotiate a further extension at the new maturity date. However, should repayment be required at maturity, any liquidity risk arising from a default would remain isolated at the entity level.

The Gaia loan (\$35,109) matures on March 27, 2027. Management is in ongoing discussions with the lender regarding the reletting strategy for the property, which has a 65% projected vacancy rate. Based on discussions held to date, management expects to secure an extension of the loan at maturity; however, the lender may require deleveraging as part of the extension process.

The Delgado loan (\$23,669) matures on March 31, 2027. Given the 100% occupancy rate, the 55% LTV based of Q4'2025 external appraisal and the advanced negotiations regarding the extension of one significant lease, management is confident in its ability to obtain an extension or refinancing. In addition, this asset could be marketed and generate significant working capital that the REIT could use to mitigate any existing liquidity risk (see Liquidity Risk).

The mortgage financing for Duisburg (\$25,516), a property held 50% in a joint venture, matures on March 31, 2027. The property is 100% let and management is confident in obtaining an extension of the existing loan or in refinancing it. Shareholders have already suspended distributions in order to retain cash for tenant improvements and potential debt

deleveraging. However, should repayment be required at maturity, the asset could be marketed, and any liquidity risk arising from a default would remain isolated at the entity level.

B – Risk Mitigation

Ability to unlock liquidity

In addition to the above-mentioned possible disposition of Delgado and Duisburg properties, management also notes that the REIT has the ability to unlock liquidity as required through the disposal of other marketable and in-demand assets (notably Metropolitan). The sale of this asset would generate significant positive working capital that the REIT could use to mitigate any existing liquidity risk.

Sale of the Arcueil property

On December 18, 2024, the REIT signed an exchange contract for the sale of 88% of the Arcueil property for redevelopment. Over the year 2025, the REIT completed administrative milestones, progressively waiving conditions precedent, such that the final closing sale is still anticipated for end 2026. The sale would generate net cash proceeds of \$5.5 million.

Management assessment

Management expects that any remaining short-term liquidity requirements can be addressed through the active management of working capital and capital expenditure commitments. This includes the ability to defer certain tax payment deadlines, adjust capex schedules, and manage vendor payment terms. In forming this assessment, management also considered the REIT's history of successfully implementing capital management strategies.

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 December 31, 2025, 33% of the REIT's Investment Portfolio and Total Portfolio long-term debt obligation has no exposure to interest rate risk. Floating rate debt is 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 December 31, 2025.

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

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

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

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

Quarterly Information - Last Eight Quarters

	As at and for the three months ended								
	Dec.31 2025	Sept.30 2025	June 30 2025	March 31 2025	Dec. 31 2024	Sept.30 2024	June 30 2024	March 31 2024	Dec. 31 2023
Rental revenue	4,267	4,380	4,419	4,238	5,258	4,688	4,062	4,631	4,788
Rental revenue - Total Portfolio (1)	6,714	6,877	6,877	6,541	7,546	6,689	6,067	6,757	6,827
Net rental income	3,416	3,701	3,280	155	4,732	3,518	4,616	912	4,084
Net rental income - Total Portfolio (1)	5,761	6,053	5,401	1,957	6,817	5,101	6,799	3,636	6,118
Net income attributable to Unitholders	(46,834)	189	(11,251)	1,922	(25,999)	(9,417)	(20,140)	(13,579)	(35,574)
FFO (1)	(6,865)	591	(222)	183	662	(1,181)	727	1,042	488
AFFO (1)	(7,888)	(875)	(514)	631	357	(887)	(108)	747	412
FFO per Unit (diluted) (1) (2)	(0.20)	0.02	(0.01)	0.01	0.02	(0.04)	0.02	0.03	0.01
AFFO per Unit (diluted) (1) (2)	(0.23)	(0.03)	(0.02)	0.02	0.01	(0.03)	(0.00)	0.02	0.01
Declared distribution per Unit (3)	-	-	-	-	-	-	-	-	0.07
FFO payout ratio (2)	-	-	-	-	-	-	-	-	481.4%
AFFO payout ratio (2)	-	-	-	-	-	-	-	-	570.3%

(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 \$0.1831 and \$0.225 special distributions declared on December 31, 2025 and December 31, 2024 respectively

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 and December 23, 2025, the REIT completed the sales of the Sabliere and Baldi properties. In conjunction with these sales, the REIT incurred disposition fees totaling €320 (\$505) paid to Inovalis SA and paid a portion of broker fees totaling €438 (\$691) to Advenis Conseil, a subsidiary of Inovalis SA.

Management Agreement

The Management Agreement term of three years ends March 31, 2026, and has been extended for an additional term of one year.

Subsequent Events

Disposition of the Trio property

Subsequent to year-end, on January 30, 2026, the REIT completed the sale of the Trio property at a sale price of €9,800 (\$15,797). Concurrently with the closing of the sale, the senior lender agreed to partially forgive the outstanding mortgage, in the amount of €10,600 (\$17,086). The mortgage loan and related securities were fully terminated on the transaction date. In conjunction with the sale, the REIT incurred disposition fees totaling €98 (\$158) paid to Inovalis SA and paid a portion of broker fees amounting to €100 (\$161) to Advenis Germany, a subsidiary of Inovalis SA. These broker fees were paid to secure the transaction and ensure that all parties involved were adequately compensated for their services. These transactions are considered related-party transactions due to the affiliation between the REIT and Inovalis SA.

Extension of the mortgage loans financing the Stuttgart, Neu-Isenburg and Kosching properties

On February 26, 2026, the REIT obtained a 6-month extension to the current mortgage loans financing the Stuttgart, Neu-Isenburg and Kosching properties, held 50% in joint ventures. The new maturity set to August 30, 2026 grants Management with a bit of time to assess refinancing options and/or continue the asset management work to market these properties.

Discontinuation of the DSU Plan and Vesting of Outstanding DSUs

Subsequent to year-end, in February 2026, the Trustees approved the immediate vesting of all previously unvested DSUs held by Trustees. The Trustees also determined that, effective February 4, 2026, the DSU Plan will no longer be used as a form of Trustee compensation and that no further DSU grants will be made unless the Board determines otherwise. All outstanding DSUs will continue to be governed by the terms of the DSU Plan until settlement. Effective January 1, 2026, all Trustee compensation, including annual retainers, committee fees and meeting fees, will be paid solely in cash, with the annual cash retainer for each Trustee increased from \$30,000 to \$50,000 in lieu of DSU compensation.

Income Tax Appeal

Subsequent to year-end, an appeal was filed with the Paris Administrative Court of Appeal regarding a December 2025 ruling of the Paris Administrative Court on withholding tax reassessments related to the Arcueil property for the 2017 to 2019 taxation years, during which the REIT held a 25% interest through a joint venture. The Court upheld the reassessments and, accordingly, an amount of €5,888 (\$9,491) is payable to the French tax authorities. Based on legal advice, Management believes the appeal has a reasonable prospect of success and could result in a partial refund of approximately \$7,182. As the appeal does not suspend payment, Management has secured a deferred payment schedule over ten months, with the remaining balance payable in 2027 or from any sale proceeds.

Investment in Joint Ventures, Reconciliation

Consolidated Statement of Earnings - Reconciliation to Consolidated Financial Statements

	Three months ended					
	December 31, 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 income	4,267	2,447	6,714	5,258	2,288	7,546
Property operating cost recoveries	757	980	1,737	1,503	295	1,798
Property operating costs	(1,597)	(1,132)	(2,729)	(1,255)	(534)	(1,789)
Other revenues	517	9	526	(813)	(43)	(856)
Other property operating expenses	(528)	41	(487)	39	79	118
Net rental income	3,416	2,345	5,761	4,732	2,085	6,817
General and administrative expenses	(1,639)	(397)	(2,036)	(1,388)	(409)	(1,797)
Foreign exchange loss	(117)	-	(117)	-	-	-
Loss on disposal of investment properties	(537)	-	(537)	-	-	-
Share of net loss from joint ventures	(3,111)	3,111	-	(2,080)	2,080	-
Operating income	(1,988)	5,059	3,071	1,264	3,756	5,020
Net change in fair value of investment properties	(34,208)	(8,313)	(42,521)	(26,914)	(4,711)	(31,625)
Net change in fair value of financial derivatives	-	-	-	671	(2)	669
Net change in fair value of Exchangeable securities	(102)	-	(102)	181	-	181
Impairment loss of financial asset	(3,514)	3,514	-	-	-	-
Finance income	785	(785)	-	718	(718)	-
Finance costs	(1,839)	(765)	(2,604)	(2,829)	(586)	(3,415)
Distributions on Exchangeable securities	17	-	17	-	-	-
Loss before income taxes	(40,849)	(1,290)	(42,139)	(26,909)	(2,261)	(29,170)
Current income tax expense	(7,000)	(7)	(7,007)	27	14	41
Deferred income tax (expense) recovery	-	1,297	1,297	484	393	877
Total income tax (expense) recovery	(7,000)	1,290	(5,710)	511	407	918
Net loss ⁽²⁾	(47,849)	-	(47,849)	(26,398)	(1,854)	(28,252)
Non-controlling interest	(1,015)	-	(1,015)	(399)	-	(399)
Net loss attributable to the Trust	(46,834)	-	(46,834)	(25,999)	(1,854)	(27,853)

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

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

Consolidated Statement of Earnings - Reconciliation to Consolidated Financial Statements

	Year ended					
	December 31, 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	17,304	9,592	26,896	18,639	8,420	27,059
Property operating cost recoveries	4,560	2,824	7,384	5,103	2,246	7,349
Property operating costs	(9,849)	(3,716)	(13,565)	(10,153)	(3,340)	(13,493)
Other revenues	579	50	629	367	1,309	1,676
Other property operating expenses	(2,041)	(131)	(2,172)	(181)	(57)	(238)
Net rental income	10,553	8,619	19,172	13,775	8,578	22,353
General and administrative expenses	(5,442)	(1,553)	(6,995)	(5,990)	(1,550)	(7,540)
Foreign exchange gain	(49)	-	(49)	-	-	-
Loss on disposal of investment properties	(704)	-	(704)	-	-	-
Share of net loss from joint ventures	(4,998)	4,998	-	(5,910)	5,910	-
Operating income	(640)	12,064	11,424	1,875	12,938	14,813
Net change in fair value of investment properties	(40,568)	(10,531)	(51,099)	(66,774)	(10,127)	(76,901)
Net change in fair value of financial derivatives	-	-	-	(20)	(4)	(24)
Net change in fair value of Exchangeable securities	(31)	-	(31)	735	-	735
Impairment loss of financial asset	(3,514)	3,514	-	-	-	-
Finance income	3,070	(3,038)	32	3,282	(2,827)	455
Finance costs	(8,369)	(3,026)	(11,395)	(10,336)	(3,503)	(13,839)
Distributions on Exchangeable securities	17	-	17	-	-	-
Loss before income taxes	(50,035)	(1,017)	(51,052)	(71,238)	(3,523)	(74,761)
Current income tax expense	(7,166)	(122)	(7,288)	(106)	(69)	(175)
Deferred income tax (expense) recovery	-	1,139	1,139	1,313	790	2,103
Total income tax (expense) recovery	(7,166)	1,017	(6,149)	1,207	721	1,928
Net loss ⁽²⁾	(57,201)	-	(57,201)	(70,031)	(2,802)	(72,833)
Non-controlling interest	(1,227)	-	(1,227)	(898)	-	(898)
Net loss attributable to the Trust	(55,974)	-	(55,974)	(69,133)	(2,802)	(71,935)

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

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

Balance Sheet Reconciliation to Consolidated Financial Statements

Assets	As at December 31, 2025			As at December 31, 2024		
	As per REIT's financial statements ⁽¹⁾	Share from investments in joint-ventures ⁽²⁾	Proportionate Consolidation	As per REIT's financial statements ⁽¹⁾	Share from investments in joint-ventures ⁽²⁾	Proportionate Consolidation
Investment properties	275,916	124,116	400,032	327,789	122,729	450,518
Investments in joint ventures	35,174	(35,174)	-	37,047	(37,047)	-
Other financial assets	460	(31)	429	407	-	407
Restricted cash	684	-	684	1,611	-	1,611
Total non-current assets	312,234	88,911	401,145	366,854	85,682	452,536
Current assets						
Trade receivables and other financial assets	7,975	(2,213)	5,762	9,528	(3,861)	5,667
Other current assets	1,944	842	2,786	1,873	420	2,293
Restricted cash	373	1,978	2,351	1,651	1,837	3,488
Cash	25,057	2,374	27,431	6,249	1,323	7,572
Total current assets	35,349	2,981	38,330	19,301	(281)	19,020
Asset held for sale	15,797	-	15,797	26,061	-	26,061
Total assets	363,380	91,892	455,272	412,216	85,401	497,617
Liabilities and Unitholders' equity						
Liabilities						
Non-current liabilities						
Interest-bearing loan	205	73	278	189	353	542
Mortgage loans	57,993	26,516	84,509	53,961	68,006	121,967
Lease liabilities	90,682	9,810	100,492	95,752	9,166	104,918
Tenant deposits	2,176	62	2,238	2,228	138	2,366
Deferred tax liabilities	-	3,138	3,138	-	3,974	3,974
Total non-current liabilities	151,056	39,599	190,655	152,130	81,637	233,767
Current liabilities						
Interest-bearing loan	26	209	235	83	(63)	20
Mortgage loans	42,623	47,275	89,898	60,488	491	60,979
Lease liabilities	12,999	270	13,269	5,035	178	5,213
Tenant deposits	-	289	289	255	180	435
Exchangeable securities	416	-	416	385	-	385
Trade and other payables	8,535	2,862	11,397	8,668	1,817	10,485
Provisions	278	-	278	243	-	243
Income tax payable	9,550	-	9,550	2,238	-	2,238
Deferred income	248	558	806	586	212	798
Total current liabilities	74,675	51,463	126,138	77,981	2,815	80,796
Total liabilities	225,731	91,062	316,793	230,111	84,452	314,563
Equity						
Trust units	300,859	-	300,859	296,206	-	296,206
Retained earnings ⁽²⁾	(191,908)	885	(191,023)	(129,834)	903	(128,931)
Accumulated other comprehensive income	29,856	(55)	29,801	15,666	46	15,712
	138,807	830	139,637	182,038	949	182,987
Non-controlling interest	(1,158)	-	(1,158)	67	-	67
Total liabilities and equity	363,380	91,892	455,272	412,216	85,401	497,617

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

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

Risks and Uncertainties

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

Risks Relating to the REIT and its Business

Financing risks, leverage and restrictive covenants may limit the ability to implement the REIT's strategy

The real estate industry is capital intensive. The REIT requires access to capital to maintain its properties, as well as to fund 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 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 lender for the mortgage loan to refinance the loan and remediate the covenants that has been breached.

Following a comprehensive analysis by management that considered a wide range of factors related to the REIT's future cash flow and financing obligations, management has concluded that there is a material uncertainty that may cast significant doubt upon the REIT's ability to continue as a going concern for at least the next twelve months, as it requires the completion of refinancing or extension of bank loans maturing within the 12 months following the release of the financial statements.

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.

Current conditions in the French political environment may negatively impact our ability to secure financing and the value of the assets in France

France's political landscape has become more fragmented. The ongoing absence of a clear majority government has created 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. The continuing succession of government changes has led to a tightening of lending criteria by lenders, making it increasingly difficult for businesses to secure loans. 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. Transaction activity in Paris has slowed sharply, and even prime assets are experiencing reduced liquidity.

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. 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, the value of the REIT's assets which could adversely impact the REIT's liquidity and operating results or financial condition. 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.

Recent political developments and ongoing discussions around potential fiscal reforms may contribute to increased volatility in the country's economic outlook. Any related impact on France's sovereign credit rating may be subject to review by credit rating agencies, depending on how the political and fiscal landscape evolves. Together, these elements may exert upward pressure on real estate capitalization rates and could influence asset valuations across the portfolio in the coming quarters. Management will continue to monitor closely, the macroeconomic and political environment in France, which is expected to remain uncertain in the near term.

Management has reason to believe that notwithstanding the most recent external valuations received for its French properties in Q4 2025, that the market has since further deteriorated and there is no assurance that the REIT would receive the appraised value for its French properties if it were to sell these properties at this time.

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 the REIT's ability to sell its assets promptly in response to changing economic or investment conditions. The costs of holding real estate are considerable and during an economic recession, the REIT may be faced with ongoing expenditures with a declining prospect of incoming receipts. In such circumstances, it may be necessary for the REIT to dispose of properties at lower prices to generate sufficient cash for operations and making distributions and interest payments.

Concentration of Tenants May Result in Significant Vacancies on the Properties

As at December 31, 2025, five of the REIT's largest tenants, by percentage of total GLA, occupy 28% of the total area, with the main tenant in Trio representing 9% of total area and 15% of the IP Portfolio rental income. Subsequent to year-end, on January 30, 2026, the Trio property was sold.

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 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's three-year term ends on March 31, 2026 and has been renewed for one year.

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. 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 assurance 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

The Tax Act includes rules which 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 (the "EIFEL Rules"). 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 (a “non-cash distribution”). 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 arising from non-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 assurance can be given that the Luxembourg SPV will not be subject to TT.

Luxco taxation

CanCorpEurope S.A. (“CCE” or “Luxco”), a public limited liability company and a subsidiary of the REIT is a Special Investment Fund within the meaning of the Luxembourg law of 13 February 2007 (“SIF”), with multiple compartments and variable capital 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 are subject to a 15% Luxembourg withholding tax.

CCE is a SIF and as such is exempt from corporate income tax, municipal business tax and net wealth tax. CCE is subject to a “taxe d’abonnement”.

Arcueil SCS is a Luxembourg partnership (société 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.

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, 2025.

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 December 31, 2025.

Internal Controls Over Financial Reporting ("ICFR")

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

An evaluation of the adequacy of the design and effective operation of the REIT's ICFR was conducted under the supervision of management, including the CEO and CFO, as at December 31, 2025. The evaluation included documentation review, enquiries and other procedures considered by management to be appropriate. Based on that evaluation, the CEO and the CFO have concluded that the design and implementation of ICFR were complete as at December 31, 2025.

Inherent Limitations

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