

Condensed Interim Consolidated Financial Statements

Quarter ended September 30, 2022
Unaudited



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Consolidated Balance Sheets

[unaudited, in thousands of Canadian dollars]

		September 30, 2022	December 31, 2021
	Note	\$	\$
Assets			
Investment properties			
Income properties	4	2,168,680	2,517,447
Properties under development	5	—	28,944
Land held for future development	5	54,759	29,635
		2,223,439	2,576,026
Investment properties held for sale	6	278,459	3,363,500
Investments in joint ventures	7	12,876	76,383
Accounts receivable		23,290	32,661
Prepaid expenses and other assets		22,441	18,230
Cash and cash equivalents		38,507	7,604
Total assets		2,599,012	6,074,404
Liabilities			
Mortgages payable	8	813,280	1,058,049
Mortgages payable related to investment properties held for sale	6, 8	100,765	992,785
Debentures	9	269,769	871,973
Bank borrowings	10	—	537,093
Accounts payable and accrued liabilities		75,052	131,380
Total liabilities		1,258,866	3,591,280
Unitholders' equity			
Unitholders' equity		1,340,146	2,483,124
Total liabilities and unitholders' equity		2,599,012	6,074,404

See accompanying notes to the condensed interim consolidated financial statements.

Interim Consolidated Statements of Unitholders' Equity

For the periods ended September 30

[unaudited, in thousands of Canadian dollars]

	Note	Unitholders' contributions \$	Cumulative net income \$	Cumulative distributions \$	Contributed surplus \$	Total \$
Balance as at January 1, 2022		3,233,486	1,590,967	(2,350,252)	8,923	2,483,124
Net loss and comprehensive loss		—	(60,545)	—	—	(60,545)
Distributions to unitholders	11	—	—	(1,073,999)	—	(1,073,999)
Special distribution in units	11	1,300,000	—	(1,300,000)	—	—
Parent company subscription under the Arrangement ¹	11	2,143,800	—	—	—	2,143,800
Repurchase of units under the Arrangement ¹	11	(4,533,486)	2,389,686	—	—	(2,143,800)
Long-term incentive plan	11	—	490	—	(8,923)	(8,433)
Balance as at September 30, 2022		2,143,800	3,920,598	(4,724,251)	—	1,340,147

¹ Refer to note 1 for more information on the Arrangement

	Note	Unitholders' contributions \$	Cumulative net income \$	Cumulative distributions \$	Contributed surplus \$	Total \$
Balance as at January 1, 2021		3,233,486	1,783,589	(2,300,990)	8,396	2,724,481
Net income and comprehensive income		—	8,975	—	—	8,975
Distributions to unitholders	11	—	—	(49,262)	—	(49,262)
Long-term incentive plan	11	—	611	—	1,566	2,177
Balance as at September 30, 2021		3,233,486	1,793,175	(2,350,252)	9,962	2,686,371

See accompanying notes to the condensed interim consolidated financial statements.

Interim Consolidated Statements of Comprehensive Income

For the periods ended September 30

[unaudited, in thousands of Canadian dollars, except per unit amounts]

	Note	Quarter		Year-to-date (nine months)	
		2022	2021	2022	2021
		\$	\$	\$	\$
Operating revenues					
Rental revenue from investment properties	12	81,605	161,684	301,764	495,683
Operating expenses					
Operating costs		(19,923)	(30,831)	(80,085)	(105,824)
Realty taxes and services		(18,621)	(38,813)	(68,266)	(116,518)
Property administrative expenses		(2,431)	(4,587)	(8,473)	(13,979)
		(40,975)	(74,231)	(156,824)	(236,321)
Net operating income		40,630	87,453	144,940	259,362
Finance charges		(11,933)	(33,358)	(58,750)	(99,577)
Trust administrative expenses	13	(11,685)	(4,617)	(24,140)	(17,470)
Change in fair value of investment properties	4, 5, 6	(118,298)	(506)	(44,294)	(130,136)
Share in joint ventures' net income (loss)	7	—	1,256	2,128	(2,867)
Transaction costs	14	(576)	(127)	(80,554)	(337)
Net income (loss) before income taxes		(101,862)	50,101	(60,670)	8,975
Income taxes					
Current		(5)	—	(5)	—
Deferred		130	—	130	—
		125	—	125	—
Net income (loss) and comprehensive income (loss)		(101,737)	50,101	(60,545)	8,975

See accompanying notes to the condensed interim consolidated financial statements.

Interim Consolidated Statements of Cash Flows

For the nine-month period ended September 30
[unaudited, in thousands of Canadian dollars]

	Note	Year-to-date (nine months)	
		2022	2021
		\$	\$
Operating activities			
Net income (loss)		(60,545)	8,975
Adjustments for:			
Excess of share of net income (loss) over distributions received from the joint ventures	7	(2,128)	6,690
Change in fair value of investment properties	4, 5, 6	44,294	130,136
Depreciation and amortization		3,569	4,867
Compensation expense related to long-term incentive plan		—	2,177
Recognition of leases on a straight-line basis	4, 6	135	(946)
Financing costs and other asset write-offs		12,542	—
Changes in non-cash working capital items	15	(34,840)	4,524
Cash flows provided by (used in) operating activities		(36,973)	156,423
Investing activities			
Investments in income properties	4, 15	(34,742)	(86,483)
Investments in properties under development	5, 15	(3,733)	(5,767)
Proceeds from the sale of investment properties net of assigned mortgages payable	3, 6	2,882,041	27,840
Proceeds from the dissolution of a joint venture	7	60,390	—
Proceeds from the disposition of interest in a joint venture	7	6,265	—
Contributions to the capital of a joint venture	7	(1,020)	(225)
Change in other assets		585	182
Cash flows provided by (used in) investing activities		2,909,786	(64,453)
Financing activities			
Cash distributions to unitholders	11	(1,073,999)	(43,790)
Net variation of bank borrowings	10	(537,093)	(5,247)
Financing costs incurred for mortgages payable	8	(185)	(485)
Net proceeds from issuance of debentures	9	—	(99)
Parent company subscription under the Arrangement ¹	11	2,049,629	—
Repurchase of units under the Arrangement ¹	11	(2,049,744)	—
Settlement of long term incentive instruments under the Agreement ¹		(8,923)	—
Repayment of debentures	9	(603,985)	—
Repayments of mortgages payable	8	(598,162)	(3,375)
Monthly repayments of mortgages payable	8	(19,448)	(37,306)
Cash flows used in financing activities		(2,841,910)	(90,302)
Net change in cash and cash equivalents		30,903	1,668
Cash and cash equivalents, beginning of period		7,604	13,594
Cash and cash equivalents, end of period		38,507	15,262
Other information			
Interest paid		52,957	88,772
Cash distributed by a joint venture	7	—	3,823

¹ Refer to note 1 for more information on the Arrangement

See accompanying notes to the condensed interim consolidated financial statements.

Notes to Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2022 and 2021

[unaudited, in thousands of Canadian dollars, except per unit amounts]

1) Description of the Trust

Cominar Real Estate Investment Trust ("Cominar", the "Trust" or the "REIT") is an unincorporated real estate investment trust created by a Contract of Trust on March 31, 1998, under the laws of the Province of Quebec. As at September 30, 2022, Cominar owned and managed a real estate portfolio of 73 properties that covered a total area of approximately 12.5 million square feet in the Province of Quebec and in Ottawa, Ontario.

The head office of Cominar is located at Complexe Jules-Dallaire – T3, 2820 Laurier Boulevard, Suite 750, Québec City, Quebec, Canada, G1V 0C1. Additional information about the Trust is available on Cominar's website at www.cominar.com.

The Board of Trustees approved Cominar's condensed interim consolidated financial statements on November 2, 2022.

The Arrangement:

On March 1, 2022, Cominar announced the closing of a transaction pursuant to which all of Cominar's issued and outstanding units (the "Units") were acquired under a plan of arrangement for \$11.75 per Unit in cash by a consortium, Iris Acquisition II LP ("IRIS"), led by an affiliate of Canderel Management Inc., and including FrontFour Capital Group LLC, Artis Real Estate Investment Trust ("Artis"), partnerships managed by Sandpiper Group, and Koch Real Estate Investments, LLC ("KREI"), with KREI and Artis also providing preferred equity (the "Arrangement").

As part of the Arrangement, an affiliate of Mach Capital Inc. acquired certain of the REIT's office and retail properties and an affiliate of Blackstone Real Estate Services L.L.C. acquired most of the REIT's industrial portfolio (see note 3 Dispositions).

As part of the Arrangement, Cominar's existing trustees resigned and were replaced by Alex Avery, Renzo Barazzuol, Navdeep Gill, Stephen Loukas, Samir Manji, Brett Miller, Ben Rodney, Ryan Ross and Jonathan Wener.

As a result of the completion of the Arrangement, the Units were delisted from the Toronto Stock Exchange (the "TSX") at the close of trading on March 2, 2022.

2) Significant Accounting Policies

a) Basis of presentation

Cominar's unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, and comply notably with the requirements of IAS 34, "Interim Financial Reporting." They do not include all the disclosures that will normally be found in the Trust's annual consolidated financial statements. The accounting policies and application methods thereof have been consistently applied throughout each of the periods presented in these condensed interim consolidated financial statements. These condensed interim consolidated financial statements should be read in conjunction with Cominar's annual consolidated financial statements prepared in accordance with IFRS for the fiscal year ended December 31, 2021.

b) Basis of preparation

Consolidation

These condensed interim consolidated financial statements include the accounts of Cominar and its wholly owned subsidiaries.

Use of estimates, assumptions and judgments

The preparation of the condensed interim consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements. Those estimates, assumptions and judgments also affect the disclosure of contingencies as at the date of the financial statements and the reported amounts of revenues and expenses during the period. The critical accounting estimates and judgments have been set out in note 2 to Cominar's consolidated financial statements for the year ended December 31, 2021. There have been no changes to the critical accounting estimates and judgments during the nine-month period ended September 30, 2022.

- **COVID-19 related critical accounting estimates and judgments**

The continued spread of the respiratory illness caused by the novel coronavirus ("COVID 19") globally have materially and adversely impacted Cominar and certain of its tenants' businesses and operations and could continue to impact Cominar and its tenants' business and operations in the short term and in the long term. Certain aspects of Cominar's business and operations that have been impacted or could be potentially impacted in the future include, without limitation, employee health, rental income, occupancy, tenant improvements, demand for space and market rents, which all

ultimately affect the current and future valuation of our portfolio of properties and other factors that depend on future developments beyond Cominar's control. Expected credit losses related to tenant's financial strength during this pandemic are also subject to significant uncertainty.

Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

- **Investment properties**
Investment properties are recorded at fair value at the balance sheet date. Fair value is determined using valuations from internal and independent real estate appraisers, performed in accordance with recognized valuation techniques, as well as definitive agreements to sell investment properties. Techniques used include the discounted cash flow method that involves estimating expected future cash flows, as well as discount and terminal capitalization rates, and the direct capitalized net operating income method that involves stabilized net operating income and overall capitalization rates. Estimates regarding stabilized net operating income, expected future cash flows, overall capitalization rates, discount and terminal capitalization rates have all been impacted by COVID-19 and impacts have been considered in these condensed interim consolidated financial statements.
- **Provision for expected credit losses**
Cominar's provision for expected credit losses includes estimates of the uncertainty of the recoverability of rents related to tenants and the uncertainty of the recoverability of all other trade receivables.

3) Dispositions

Dispositions of Investment Properties Held for Sale

Date	Property type	Number of properties	Geographic market	Total selling price (\$)
February 1, 2022	Industrial and flex	1	Montreal	2,500
March 1, 2022	Office/Retail and Industrial and flex ¹	226	Montréal/Québec/Ottawa	3,361,000
July 12, 2022	Retail	1	Quebec City	4,100
August 9, 2022	Retail	1	Montreal	1,400
September 19, 2022	Retail	1	Montreal	29,250
September 28, 2022	Office	3	Montreal	12,800
		233		3,411,050

¹ Refer to note 1 for more information on the Arrangement

Dispositions of Investment Properties

Date	Property type	Number of properties	Geographic market	Total selling price (\$)
February 28, 2022	Retail	2	Quebec City	16,000

4) Income Properties

		Nine-month period ended September 30, 2022	Year ended December 31, 2021
	Note	\$	\$
Balance, beginning of period		2,517,447	6,077,025
Change in fair value		(26,847)	(330,914)
Capital costs		21,947	120,881
Dispositions	3	(16,000)	—
Net transfer to investment properties held for sale	6	(327,993)	(3,360,350)
Change in initial direct costs		1,486	8,614
Recognition of leases on a straight-line basis		(1,360)	2,191
Balance, end of period		2,168,680	2,517,447

Change in Fair Value of Investment Properties

Cominar opted to present its investment properties in the condensed interim consolidated financial statements according to the fair value model.

During the first nine months of 2022, Cominar revalued its entire real estate portfolio using external and internal valuations, as well as definitive agreements to sell investment properties and determined that a net decrease of \$44,294 was necessary to adjust the carrying amount of investment properties to fair value [decrease of \$130,136 in 2021]. The adjustment in fair value related to investment properties held as at September 30, 2022 amounts to a decrease of \$35,737 [a decrease of \$129,569 in 2021]. For the nine-month period ended September 30, 2022, 96.2% of the fair value of investment properties was reassessed from external valuations or definitive agreements to sell.

5) Properties Under Development and Land Held for Future Development

		Nine-month period ended September 30, 2022	Year ended December 31, 2021
	Note	\$	\$
Balance, beginning of period		58,579	114,225
Change in fair value		(1,388)	(16,364)
Capital costs		1,484	10,682
Disposition		—	(5,500)
Transfers to investment properties held for sale	6	(4,487)	(48,047)
Capitalized interests		571	3,570
Change in initial direct costs		—	13
Balance, end of period		54,759	58,579
Breakdown:			
Properties under development		—	28,944
Land held for future development		54,759	29,635

6) Investment Properties Held for Sale

		Nine-month period ended September 30, 2022				Year ended December 31, 2021
	Note	Office and mixed-use properties \$	Retail properties \$	Industrial and flex properties \$	Total \$	Total \$
Investment properties held for sale						
Balance, beginning of period		839,634	440,866	2,083,000	3,363,500	20,990
Net transfer from income properties	4	274,750	53,243	—	327,993	3,360,350
Transfers from properties under development and land held for future development	5	1,900	2,587	—	4,487	48,047
Capitalized costs		5,844	3,943	(199)	9,588	577
Change in fair value		(10,836)	(5,422)	199	(16,059)	(577)
Dispositions ¹	3	(852,434)	(475,616)	(2,083,000)	(3,411,050)	(65,887)
Balance, end of period		258,858	19,601	—	278,459	3,363,500

¹ Refer to note 1 for more information on the Arrangement

		Nine-month period ended September 30, 2022			Year ended December 31, 2021	
		Office and mixed-use properties	Retail properties	Industrial and flex properties	Total	Total
	Note	\$	\$	\$	\$	\$
Mortgages payable related to investment properties held for sale						
Balance, beginning of period		329,601	224,787	438,397	992,785	—
Transfer of mortgages payable related to (from) investment properties held for sale		110,906	3,303	(4,918)	109,291	992,785
Monthly repayments of principal		(2,294)	(1,730)	(2,410)	(6,434)	—
Repayments of balances		(35,507)	(3,274)	(431,069)	(469,850)	—
Mortgages payable assumed by the purchaser	8	(301,941)	(223,086)	—	(525,027)	—
Balance, end of period		100,765	—	—	100,765	992,785

¹ Refer to note 1 for more information on the Arrangement

7) Investments in Joint Ventures

September 30			2022	2021
Joint ventures	Address	City/province	Ownership interest	Ownership interest
Société en commandite Complexe Jules-Dallaire	2820 Laurier Boulevard	Québec, Quebec	— ¹	75%
Société en commandite Marais	Du Marais Street	Québec, Quebec	75%	75%
Société en commandite Bouvier-Bertrand	Espace Bouvier	Québec, Quebec	— ²	50%
Société en commandite Terrains Centropolis	Centropolis	Laval, Quebec	50%	50%

¹ Société en commandite Complexe Jules-Dallaire sold its property and was subsequently liquidated and dissolved as part of the Arrangement on March 1, 2022

² Cominar sold its 50% partnership interest in Société en commandite Bouvier-Bertrand on April 27, 2022

The business objective of these joint ventures is the ownership, management and development of real estate projects.

The following table summarizes the financial information on the investments in these joint ventures accounted for under the equity method:

	Nine-month period ended September 30, 2022	Year ended December 31, 2021
	\$	\$
Investments in joint ventures, beginning of period	76,383	97,497
Contributions to the capital of the joint ventures	1,020	349
Share of joint ventures' net income (loss) and comprehensive income (loss)	2,128	(17,638)
Cash distributions by a joint venture	—	(3,825)
Dissolution of a joint venture	(60,390)	—
Disposition of interest in a joint venture	(6,265)	—
Investments in joint ventures, end of period	12,876	76,383

The following tables summarize the joint ventures' net assets and net income (loss) as well as Cominar's proportionate share:

	Joint ventures		Cominar's proportionate share	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
	\$	\$	\$	\$
Income properties	—	41,200	—	20,600
Properties under development	13,198	14,683	6,599	7,341
Land held for future development	8,171	8,487	6,128	6,288
Investment properties held for sale	—	166,000	—	124,500
Other assets	568	1,947	290	1,249
Mortgages payable	—	(34,021)	—	(17,011)
Mortgages payable related to investment properties held for sale	—	(85,695)	—	(64,271)
Bank borrowings	—	(1,556)	—	(778)
Other liabilities	(272)	(2,353)	(141)	(1,535)
Net assets of joint ventures	21,665	108,692	12,876	76,383

	Quarter				Year-to-date (nine months)			
	Joint Ventures		Cominar's proportionate share		Joint Ventures		Cominar's proportionate share	
Periods ended September 30	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Operating revenues	—	5,635	—	3,974	4,709	17,070	3,145	12,056
Operating expenses	—	(2,543)	—	(1,780)	(2,254)	(7,533)	(1,483)	(5,276)
Net operating income	—	3,092	—	2,194	2,455	9,537	1,662	6,780
Finance charges	—	(1,312)	—	(936)	(1,382)	(3,956)	(766)	(2,795)
Administrative expenses	—	(6)	—	(2)	(41)	(65)	(21)	(35)
Change in fair value	—	—	—	—	2,987	(9,400)	1,414	(6,817)
Transaction costs	—	—	—	—	(226)	—	(161)	—
Net income (loss)	—	1,774	—	1,256	3,793	(3,884)	2,128	(2,867)

8) Mortgages Payable

		Nine-month period ended September 30, 2022		Year ended December 31, 2021	
	Note	\$	Weighted average contractual rate	\$	Weighted average contractual rate
Balance, beginning of period		2,059,632	3.53 %	2,115,221	3.54 %
Monthly repayments of principal		(19,448)	— %	(49,405)	— %
Repayments of balances ¹		(598,162)	3.35 %	(6,184)	5.56 %
Mortgages payable assumed by the purchasers ¹	6	(525,027)	3.62 %	—	— %
		916,995	3.64 %	2,059,632	3.53 %
Less: Deferred financing costs		(2,950)		(8,798)	
Balance, end of period ²		914,045		2,050,834	

¹ Refer to note 1 for more information on the Arrangement

² As at September 30, 2022, includes \$100,765 in mortgages payable related to the investment properties held for sale (\$992,785 as at December 31, 2021)

Mortgages payable are secured by immovable hypothecs on investment properties with a book value of \$1,551,446 [\$3,495,960 as at December 31, 2021]. As at September 30, 2022, they bear annual contractual interest rates ranging from 3.10% to 4.19% [2.31% to 5.41% as at December 31, 2021], representing a weighted average contractual rate of 3.64% [3.53% as at December 31, 2021], and mature at various dates from February 2023 to December 2031. As at September 30, 2022, the weighted average effective interest rate was 3.75% [3.83% as at December 31, 2021].

As at September 30, 2022, all mortgages payable were bearing interest at fixed rates. Some of the mortgages payable include restrictive covenants, with which Cominar was in compliance as at both September 30, 2022 and December 31, 2021.

9) Debentures

	September 30, 2022		December 31, 2021	
	\$	Weighted average contractual rate	\$	Weighted average contractual rate
Balance, beginning of period	875,000	4.57 %	1,075,000	4.51 %
Repayment	(607,025)	4.25 %	(200,000)	4.25 %
Premium on exercise of optional put right	3,040	— %	—	— %
	271,015	5.23 %	875,000	4.57 %
Less: Deferred financing costs	(1,246)		(3,027)	
Balance, end of period	269,769		871,973	

The following table presents characteristics of outstanding debentures as at September 30, 2022:

	Date of issuance	Contractual interest rate	Effective interest rate	Maturity date	Par value as at September 30, 2022 (\$)
Series 10	May 2016	4.25 %	4.34 %	May 2023	71,097
Series 11	May 2019	4.50 %	4.82 %	May 2024	50,787
Series 12	May 2020	5.95 %	6.24 %	May 2025	149,131
		5.23 %	5.48 %		271,015

On March 15, 2022, Cominar early redeemed its Series 9 senior unsecured debentures totaling \$300,000 and bearing interest at 4.25% using its cash on hand following the Arrangement. Cominar paid \$1,952 in yield maintenance fees in connection with the redemption.

During March 2022, holders of \$153,900 of the Series 10 debentures, \$149,200 of the Series 11 debentures and \$900 of the Series 12 debentures exercised their optional right, following completion of the Arrangement, to require the REIT to repurchase their debentures for a purchase price of 101% of the aggregate principal amount thereof, which repayments were made by the REIT on April 19, 2022. The total amount paid to such debentureholders for these repurchases was \$307,025.

10) Bank Borrowings

As at December 31, 2021, Cominar had a revolving unsecured credit facility of \$167,000 which was set to expire in April 2022 and a \$150,000 secured revolving credit facility which was set to mature in April 2023. Cominar also had a non-revolving secured credit facility of \$167,400 maturing in September 2023 and a non-revolving secured credit facility of \$120,000 which was set to mature in September 2022.

On January 14, 2022, Cominar entered into a three-month agreement for a new unsecured credit facility of up to \$175,000 which was set to expire in March 2022 and bearing interest at the prime rate plus 175 basis points or at the bankers' acceptance rate plus 275 basis points. The purpose of this facility was the repayment of the \$128,200 mortgage on a specific property expired on January 15, 2022 and the financing of general corporate expenses until the closing of the Arrangement.

On March 1, 2022, Cominar repaid and terminated all of its credit facilities using the net balance received in connection with the Arrangement.

Cominar has provided a secured guarantee of the obligations of IRIS, as borrower, under a credit agreement dated March 1, 2022 maturing March 1, 2023 (the "Credit Facility") with, among others, the Bank of Montreal as administrative agent and lender. As at September 30, 2022 there was \$242,012 outstanding on the Credit Facility. There are certain covenants under the Credit Facility, which IRIS was in compliance with as at September 30, 2022.

11) Issued and Outstanding Units

	Nine-month period ended September 30, 2022		Year ended December 31, 2021	
	Units	\$	Units	\$
Units issued and outstanding, beginning of period	182,451,026	3,233,486	182,451,026	3,233,486
Special distribution in units net of units consolidation impact, described below	—	1,300,000	—	—
Parent company subscription under the Arrangement ^{1,2}	182,451,027	2,143,800	—	—
Repurchase of units under the Arrangement ¹	(182,451,026)	(4,533,486)	—	—
Units issued and outstanding, end of period	182,451,027	2,143,800	182,451,026	3,233,486

¹ Refer to note 1 for more information on the Arrangement

² As at September 30, 2022, the Subscription under the Arrangement consist of \$2,049,744 paid in cash and \$94,056 of rollover units

Long Term Incentive Plan

As part of the Arrangement, all outstanding performance units, deferred units and restricted units of the REIT were exchanged by the REIT for cash consideration equal to \$11.75 per Unit. All outstanding options were cancelled for no consideration as the exercise price for all options was greater than \$11.75.

Distributions to Unitholders

Cominar is governed by a Contract of Trust dated as of March 31, 1998, as amended and restated from time to time. The trustees of the REIT intend to distribute Cominar's distributable income to IRIS. Distributable income generally means net income determined in accordance with IFRS, before adjustments to fair value, transaction costs, rental revenue derived from the recognition of leases on a straight-line basis, the provision for leasing costs, gains on the disposition of investment properties, changes to goodwill and certain other items not affecting cash, if applicable.

Periods ended September 30	Quarter		Year-to-date (nine months)	
	2022	2021	2022	2021
	\$	\$	\$	\$
Cash distributions to unitholders prior to the Arrangement ¹	N/A	16,420	8,210	49,262
Cash distributions per unit prior to the Arrangement ¹	N/A	0.09	0.045	0.27
Cash distributions to parent company	320,789	—	1,065,789	—

¹ Refer to note 1 for more information on the Arrangement

On March 1, 2022, as part of the Arrangement, Cominar declared and paid a special distribution (of an aggregate of \$1,300,000) payable by the issuance of Units. Immediately after this special distribution, the issued and outstanding Units were consolidated to ensure that the number of outstanding Units after the payment of such special distribution remains the same as that immediately before such special distribution.

During the quarter ended September 30, 2022, Cominar received \$282,743 from a parent company subscription receivable and used it, along with the properties dispositions net proceeds, to declare and pay \$320,789 in cash distributions to such parent company (IRIS).

12) Operating Revenues

	Quarter				Year-to-date (nine months)			
	Office and mixed-used properties	Retail properties	Industrial and flex properties	Total of operating revenues	Office and mixed-used properties	Retail properties	Industrial and flex properties	Total of operating revenues
Periods ended September 30, 2022	\$	\$	\$	\$	\$	\$	\$	\$
Lease revenues	35,057	37,036	11	72,104	121,364	120,238	25,988	267,590
Parking revenues	3,043	62	25	3,130	7,730	323	—	8,053
Revenues from other services ¹	3,362	3,048	(39)	6,371	11,516	12,964	1,641	26,121
Total	41,462	40,146	(3)	81,605	140,610	133,525	27,629	301,764

	Quarter				Year-to-date (nine months)			
	Office properties	Retail properties	Industrial and flex properties	Total of operating revenues	Office properties	Retail properties	Industrial and flex properties	Total of operating revenues
Periods ended September 30, 2021	\$	\$	\$	\$	\$	\$	\$	\$
Lease revenues	58,012	52,923	39,889	150,824	174,072	164,687	117,696	456,455
Parking revenues	2,561	58	12	2,631	7,148	254	46	7,448
Revenues from other services ¹	4,079	3,230	920	8,229	13,241	13,594	4,945	31,780
Total	64,652	56,211	40,821	161,684	194,461	178,535	122,687	495,683

¹ Revenues from other services are estimated based on operating costs billable to tenants.

13) Trust Administrative Expenses

Periods ended September 30	Quarter		Year-to-date (nine months)	
	2022	2021	2022	2021
	\$	\$	\$	\$
Salaries and other benefits	3,063	2,675	9,225	7,700
Compensation related to the long-term incentive plan	—	690	—	2,177
Professional fees	1,762	24	3,127	1,346
Public company costs	43	68	202	547
Strategic alternatives consulting fees	—	1,156	—	5,044
Asset management fees	6,671	—	11,284	—
Other expenses	146	4	302	656
Total	11,685	4,617	24,140	17,470

14) Transaction Costs

Periods ended September 30	Quarter		Year-to-date (nine months)	
	2022	2021	2022	2021
	\$	\$	\$	\$
Banker and professional fees	664	20	27,731	89
Closing adjustments	(60)	107	17,652	243
Compensation, severances, retention bonuses and other related costs	27	—	19,512	—
Financing costs and other asset write-offs	(65)	—	11,285	—
Penalties on debt repayments	10	—	3,023	—
Others	—	—	1,351	5
Total	576	127	80,554	337

Transaction costs for the periods ended September 30, 2022 were incurred as a result of the Arrangement or as a result of the reassessment of the transaction costs related to the Arrangement and as a result of the dispositions that occurred in the quarter.

15) Supplemental Cash Flow Information

Periods ended September 30	Year-to-date (nine months)	
	2022	2021
	\$	\$
Accounts receivable	9,371	11,644
Prepaid expenses and other assets	(13,899)	(31,605)
Accounts payable and accrued liabilities	(30,312)	24,485
Changes in non-cash working capital items	(34,840)	4,524
Other information		
Accounts payable and accrued liabilities relating to investing activities	2,744	1,979
Accounts receivable relating to investing activities	4,448	4,448

16) Related Party Transactions

Since March 1, 2022, Cominar is a 100% owned subsidiary of IRIS (refer to note 1 for more information).

In connection with their investment in Iris, certain unitholders and affiliates have created a joint venture to provide asset management services to Cominar. This entity is a related party to Cominar by virtue of common joint control.

During the nine-month period ended September 30, 2022, Cominar entered into transactions with such entities, then related companies, in the normal course of business and/or as part of the Arrangement, the details of which are as follows:

Periods ended September 30	Note	Quarter		Year-to-date (nine months)	
		2022	2021	2022	2021
		\$	\$	\$	\$
Parent company subscription under the Arrangement ¹	11	—	—	4,241,571	—
Reimbursement of the subscription receivable from parent company	11	282,743	—	1,630,901	—
Cash distributions to parent company	11	320,789	—	1,065,789	—
Asset management fees to parent company		5,152	—	7,765	—
Asset management fees to a joint venture under common control		1,501	—	3,501	—
Professional fees to a Company controlled by a member of the Board of Trustees		825	—	975	—

¹ Refer to note 1 for more information on the Arrangement

	Note	September 30, 2022 \$	December 31, 2021 \$
Accounts payable – parent company		3,045	–
Accounts payable – joint venture under common control		500	–
Accounts payable – company controlled by a member of the Board of Trustees		675	–

17) Fair Value

Non-financial assets and their carrying amount and fair value as well as financial liabilities and their carrying amount and fair value, when that fair value does not approximate the carrying amount, are classified as follows:

		September 30, 2022		December 31, 2021	
		Carrying amount	Fair value	Carrying amount	Fair value
	Level	\$	\$	\$	\$
Recurring valuations of non-financial assets					
Investment properties	3	2,501,898	2,501,898	5,910,582	5,910,582
Financial liabilities					
Mortgages payable	2	914,045	870,688	2,050,834	2,086,586
Debentures	2	269,769	270,890	871,973	940,049

18) Segmented Information

Following the Arrangement, Cominar's activities now consist of the ownership and management of a portfolio composed of two types of properties (office and mixed use properties and retail properties) located in the Province of Quebec and in Ottawa, Ontario, each type being now considered as a segment. As such, Cominar revisited its allocation of properties to those two segments in order to reflect the new composition of its portfolio following the Arrangement and adjusted comparative information to align with this new allocation. As part of this new allocation, properties that were previously classified in industrial and flex properties that were not disposed have been grouped with office and mixed-use properties. The accounting policies followed for each property type are the same as those disclosed in the significant accounting policies in the audited annual financial statements of the Trust.

The segments include Cominar's proportionate share in joint ventures. The joint ventures column reconciles the segment information including the proportionate share in assets, liabilities, revenues and charges, to the information presented in these consolidated financial statements, where the investments in joint ventures are accounted for using the equity method.

Quarters ended	Office and mixed-use properties	Retail properties	Industrial and flex properties	Cominar's proportionate share	Joint ventures	Condensed interim consolidated financial statements
September 30, 2022	\$	\$	\$	\$	\$	\$
Rental revenue from investment properties	41,459	40,146	–	81,605	–	81,605
Change in fair value of investment properties	(113,712)	(4,461)	(125)	(118,298)	–	(118,298)
Net operating income	20,430	20,596	(396)	40,630	–	40,630
Share of joint ventures' net income	–	–	–	–	–	–
September 30, 2021	\$	\$	\$	\$	\$	\$
Rental revenue from investment properties	68,415	56,423	40,820	165,658	(3,974)	161,684
Change in fair value of investment properties	(506)	–	–	(506)	–	(506)
Net operating income	37,421	27,672	24,554	89,647	(2,194)	87,453
Share of joint ventures' net income	–	–	–	–	1,256	1,256

Nine-month periods ended

	Office and mixed-use properties	Retail properties	Industrial and flex properties	Cominar's proportionate share	Joint ventures	Consolidated financial statements
September 30, 2022	\$	\$	\$	\$	\$	\$
Rental revenue from investment properties	143,409	133,874	27,626	304,909	(3,145)	301,764
Change in fair value of investment properties	(41,232)	(1,850)	202	(42,880)	(1,414)	(44,294)
Net operating income	69,879	60,883	15,840	146,602	(1,662)	144,940
Share of joint ventures' net income	—	—	—	—	2,128	2,128

September 30, 2021	\$	\$	\$	\$	\$	\$
Rental revenue from investment properties	205,914	179,139	122,686	507,739	(12,056)	495,683
Change in fair value of investment properties	(86,225)	(278,628)	227,900	(136,953)	6,817	(130,136)
Net operating income	110,355	84,435	71,352	266,142	(6,780)	259,362
Share of joint ventures' net loss	—	—	—	—	(2,867)	(2,867)

	Office and mixed-use properties	Retail properties	Industrial and flex properties	Cominar's proportionate share	Joint ventures	Condensed interim consolidated financial statements
September 30, 2022	\$	\$	\$	\$	\$	\$
Income properties	1,133,866	1,034,814	—	2,168,680	—	2,168,680
Investment properties held for sale	258,859	19,600	—	278,459	—	278,459
Investments in joint ventures	—	—	—	—	12,876	12,876
December 31, 2021	\$	\$	\$	\$	\$	\$
Income properties	1,386,507	1,151,540	—	2,538,047	(20,600)	2,517,447
Investment properties held for sale	965,322	434,678	2,088,000	3,488,000	(124,500)	3,363,500
Investments in joint ventures	—	—	—	—	76,383	76,383

19) Subsequent Events

On October 5, 2022, Cominar declared and pay \$4,456 in cash distributions to parent company (IRIS).

On October 12, 2022, Cominar completed the sale of two office and mixed-use properties held for sale located in Ottawa for a total amount of \$110,000. As part of the transaction, the purchaser also assumed \$35,233 of mortgages related to these properties. Cominar used the net proceeds to declare and pay \$54,837 in cash distributions to the parent company (IRIS).

On October 14, 2022, Cominar completed the sale of a retail property held for sale located in Montreal for a total amount of \$3,250 and used the net proceeds to declare and pay \$2,358 in cash distributions to the parent company (IRIS).

