

Management's Discussion and Analysis

Quarter ended September 30, 2022



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Interim Management's Discussion and Analysis

The following Interim Management's Discussion and Analysis ("MD&A") is provided to enable the reader to assess the results of operations of Cominar Real Estate Investment Trust ("Cominar," the "Trust", or the "REIT") for the quarter ended September 30, 2022 in comparison with the corresponding quarter of 2021, as well as its financial position as at that date. Dated November 2, 2022, this Interim MD&A reflects all significant information available as of that date and should be read in conjunction with the condensed interim consolidated financial statements and accompanying notes for the quarter ended September 30, 2022, as well as the 2021 consolidated financial statements, accompanying notes and MD&A appearing on Cominar's website.

Unless otherwise indicated, all amounts are in thousands of Canadian dollars, except for per unit and per square-foot amounts, and are based on the condensed interim consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Basis of Presentation

Certain financial information in this Interim MD&A present the consolidated balance sheets and interim consolidated statements of comprehensive income, including Cominar's proportionate share in the assets, liabilities, revenues and charges of its joint ventures, hereinafter referred to as "Cominar's proportionate share," which are non-IFRS measures. Management believes that presenting the operating and financial results of Cominar, including its proportionate share in the assets, liabilities, revenues and charges of its joint ventures, provides more useful information to readers to assist them in understanding Cominar's financial performance. Readers are referred to the section "Reconciliations to Cominar's Proportionate Share" for a complete reconciliation of Cominar's condensed interim consolidated financial statements prepared in accordance with IFRS to the financial information including Cominar's proportionate share in the assets, liabilities, revenues and charges of its joint ventures presented in this Interim MD&A.

Additional information on Cominar, including its 2021 MD&A is available on Cominar's website at www.cominar.com and on the Canadian Securities Administrators' ("CSA") website at www.sedar.com.

The Board of Trustees, pursuant to the recommendation of the Audit Committee, approved the contents of this Interim MD&A on November 2, 2022.

Subsequent Events

On October 5, 2022, Cominar declared and pay \$4.5 million 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 \$110.0 million. As part of the transaction, the purchaser also assumed \$35.2 million of mortgages related to these properties. Cominar used the net proceeds to declare and pay \$54.8 million in cash distributions to 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 \$3.3 million and used the net proceeds to declare and pay \$2.4 million in cash distributions to parent company (IRIS).

Caution Regarding Forward-Looking Statements

From time to time, we make written or oral forward-looking statements within the meaning of applicable Canadian securities legislation. We may make such statements in this document and in other reports filed with Canadian regulators, in reports to debentureholders or in other communications. This information includes, but is not limited to, statements made about the COVID 19 pandemic and its impact on results and in the Results of Operations – Same Property Portfolio section of this Interim MD&A and other statements concerning Cominar's objectives, its strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. By their nature, forward-looking statements involve risks, uncertainties and assumptions. Such forward-looking statements reflect our intentions, plans, expectations and opinions regarding our future growth, operating results, performance and business prospects and opportunities. Forward-looking statements are often identified by words and expressions such as "plans," "expects," "is expected," "budgeted," "scheduled," "estimated," "seeks," "aims," "forecasts," "intends," "anticipates," "believes," or by statements that certain actions, events or results "may," "could," "would," "might" or "will" be taken, occur, or be achieved, and other variants and similar expressions, as well as the negative and conjugated forms, as they relate to Cominar.

Cominar is subject to risks and uncertainties which may cause actual results of the REIT to be materially different from results expressed or implied in these forward looking statements. Assumptions that could cause actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements, include, but are not limited to, disease and epidemics, access to capital and debt financing, the effects of general economic and business conditions, risks associated with the ownership of the immovable properties, including climate change, industry competition, inflation, currency and interest rate fluctuations, risks associated with future property acquisitions, dispositions or developments, the recruitment and retention of employees and executives, legislative and/or regulatory developments, compliance with environmental laws and regulations, increases in maintenance and operating costs, limits on our activities, general uninsured losses, potential conflicts of interest, security threats and reliance on technology and related cybersecurity risk.

Given the current level of uncertainty arising from the COVID-19 pandemic, there can be no assurance regarding the impact of COVID-19 on the business, operations, and financial performance of Cominar and its tenants, as well as on consumer behaviors and the economy in general. General risks and uncertainties related to the COVID-19 pandemic also include, but are not limited to: the length, spread and severity of the pandemic; the spreading of variants, the timing of the roll out and efficacy of vaccines; the nature and length of any restrictive measures implemented or to be implemented by the various levels of government in Canada; Cominar's tenants' ability to pay rents as required under their leases; the availability of various support programs that are or may be offered by the various levels of government in Canada; the introduction or extension of temporary or permanent rent control or other form of regulation or legislation that may limit the Cominar's ability or its extent to raise rents based on market conditions upon lease renewals or restrict existing landlord rights or landlords' ability to reinforce such landlord rights; domestic and global supply chain issues; the pace of property lease-up and rents and yields achieved upon development completion; potential changes in leasing activities, market rents and property valuations; the capitalization rates that arm's length buyers and sellers are willing to transact on properties; the availability and extent of rent deferrals offered or to be offered by Cominar; domestic and global credit and capital markets and Cominar's ability to access capital on favorable terms or at all; and the health and safety of our employees, tenants and people in the communities that our properties serve. For further details on the risks related to COVID-19 and its potential impact on Cominar, refer to the "Risks Factors Related to the Business of Cominar - COVID-19 Health Crisis" section of the 2021 MD&A. Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause our actual results or performance to be materially different from the outlook or any future results or performance implied by such statements.

We caution readers that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Cominar, debentureholders and others should carefully consider the foregoing factors, as well as other factors and uncertainties. Unless otherwise stated, all forward-looking statements are valid only as at the date of this Interim MD&A. We do not assume any obligation to update the aforementioned forward-looking statements, except as required by applicable laws.

Additional information about these factors can be found in the "Risks and Uncertainties" section of this Interim MD&A, as well as in the "Risk Factors Related to the Business of Cominar" section of Cominar's 2021 MD&A.

Non-IFRS and Other Financial Measures

Cominar's condensed interim consolidated financial statements are prepared in accordance with IFRS. However, in this Interim MD&A, we provide guidance and report on certain non-IFRS financial measures, non-IFRS ratios and other specified financial measures which management uses to evaluate Cominar's performance. Because non-IFRS financial measures do not have standardized meanings and may differ from similar measures presented by other entities, securities regulations require that non-IFRS financial measures be clearly defined and qualified, reconciled with their closest IFRS financial measure and given no more prominence than the latter.

These measures are listed below. Reconciliation with closest IFRS financial measure and other relevant information regarding these performance indicators are provided in the relevant sections of this Interim MD&A.

Non-IFRS Financial Measures

- Cominar's proportionate share
- Same property net operating income ("SPNOI")
- Funds from operations ("FFO")
- Adjusted finance charges

Non-IFRS Ratios and Other Specified Financial Measures

- Growth in the same property net operating income
- Debt ratio
- Interest coverage ratio
- Weighted average interest rate on total debt
- Residual weighted average term of total debt
- Unsecured debt-to-total-debt ratio
- Unencumbered income properties
- Unencumbered assets to unsecured net debt ratio

Financial and Operational Highlights

Periods ended September 30	Quarter ¹			Year-to-date (nine months) ²			Page
	2022	2021	% Δ	2022	2021	% Δ	
	\$	\$		\$	\$		
Financial performance							
Operating revenues – Financial statements	81,605	161,684	(49.5)	301,764	495,683	(39.1)	11
Operating revenues – Cominar's proportionate share ³	81,605	165,658	(50.7)	304,909	507,739	(39.9)	11
NOI – Financial statements	40,630	87,453	(53.5)	144,940	259,362	(44.1)	14
NOI – Cominar's proportionate share ³	40,630	89,647	(54.7)	146,602	266,142	(44.9)	14
Same property NOI ³	39,445	36,826	7.1	111,674	110,285	1.3	15
Change in fair value of investment properties	(118,298)	(506)	NM	(44,294)	(130,136)	(66.0)	13
Net income (loss)	(101,737)	50,101	(303.1)	(60,545)	8,975	(774.6)	13
Funds from operations (FFO) ³	17,570	51,232	(65.7)	65,050	148,149	(56.1)	17
Cash flows provided (used) by operating activities	31,255	48,351	(35.4)	(36,973)	156,423	(123.6)	17
Cash distributions to unitholders prior to the Arrangement	N/A	16,420	N/A	8,210	49,262	(83.3)	17
Cash distributions to parent company (IRIS)	320,789	—	100.0	1,053,394	—	100.0	17
Total assets				2,599,012	6,329,655	(58.9)	10
Financing							
Debt ratio ³				44.7 %	55.1 %		21
Interest coverage ratio ³				2.42:1	2.49:1		21
Weighted average interest rate on total debt				4.00 %	3.77 %		19
Residual weighted average term of total debt (years)				3.8	3.1		19
Unsecured debt-to-total-debt ratio				22.8 %	30.6 %		19
Unencumbered income properties				893,791	1,728,051		21
Unencumbered assets to unsecured net debt ratio				3.86:1	1.64:1		21
Operational data							
Number of investment properties				73	310		22
Leasable area (in thousands of sq. ft.)				12,534	35,736		22
Committed occupancy rate				89.4 %	93.7 %		24
In-place occupancy rate				87.6 %	91.4 %		24
Development activities							
Properties under development – Cominar's proportionate share ³				6,599	63,383		10

¹ Quarter ended September 30, 2022 includes impact of the Arrangement ⁴ (quarter ended September 30, 2021 includes \$1.1 million of strategic alternatives consulting fees).

² In addition to the quarter events explained above, the nine-month period ended September 30, 2022 includes impact of the Arrangement (the nine-month period ended September 30, 2021 includes \$3.9 million of strategic alternatives consulting fees and a \$2.7 million distribution received in respect of a claim settlement regarding Sears Canada).

³ Refer to section "Non-IFRS and Other Financial Measures".

⁴ On March 1, 2022, all issued and outstanding units of Cominar ("Units") were acquired for \$11.75 per Unit in cash by a consortium, Iris Acquisition II LP ("IRIS"), led by an affiliate of Canderel Management Inc., 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").

Selected Quarterly Information

Quarters ended	Sept. 2022 ¹	Jun. 2022 ¹	Mar. 2022 ¹	Dec. 2021 ²	Sept. 2021 ³	Jun. 2021 ⁴	Mar. 2021 ⁵	Dec. 2020 ⁶
	\$	\$	\$	\$	\$	\$	\$	\$
Financial performance								
Operating revenues — Financial statements	81,605	80,368	139,791	162,911	161,684	164,278	169,721	166,156
Operating revenues — Cominar's proportionate share	81,605	80,533	142,771	167,099	165,658	168,325	173,756	170,675
NOI — Financial statements	40,630	39,311	64,999	82,876	87,453	85,438	86,471	87,956
NOI — Cominar's proportionate share ⁷	40,630	39,395	66,577	85,035	89,647	87,710	88,785	90,413
Change in fair value of investment properties	(118,298)	2,672	71,332	(217,719)	(506)	(129,565)	(65)	(150,295)
Net income (loss)	(101,737)	19,080	22,112	(204,283)	50,101	(91,390)	50,264	(100,277)
FFO ⁷	17,570	20,807	26,673	30,739	51,232	45,406	51,511	50,943
Cash flows provided (used) by operating activities	31,255	(6,416)	(61,812)	46,066	48,351	29,117	78,955	92,626
Cash distributions to unitholders prior to the Arrangement	N/A	N/A	8,210	—	16,420	16,421	16,421	16,420
Cash distributions to parent company (IRIS)	320,789	745,000	—	—	—	—	—	—
Per unit financial performance								
Distributions to unitholders prior to the Arrangement	N/A	N/A	0.05	0.00	0.09	0.09	0.09	0.09

¹ Includes impact of the Arrangement.

² Includes \$12.8 million of strategic alternatives consulting fees.

³ Includes \$1.1 million of strategic alternatives consulting fees.

⁴ Includes \$2.5 million of strategic alternatives consulting fees.

⁵ Includes \$1.4 million of strategic alternatives consulting fees and a \$2.7 million distribution received in respect of a claim settlement regarding Sears Canada.

⁶ Includes \$1.7 million of strategic alternatives consulting fees.

⁷ Refer to "Non-IFRS and Other Financial Measures".

General Business Overview and Strategy

On March 1, 2022, Cominar became privately owned by IRIS. Cominar owns and manages a portfolio of 73 properties, composed of office and mixed-use and retail properties located in the Montreal, Quebec City and Ottawa areas.

Real Estate Portfolio Summary as at September 30, 2022

Property type	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate	In-place occupancy rate
Office and mixed-use	49	6,790,000	88.0 %	87.4 %
Retail	24	5,744,000	91.2 %	87.7 %
Total	73	12,534,000	89.4 %	87.6 %

Following the Arrangement, Cominar's portfolio is comprised of two types of properties (office and mixed-use properties and retail properties), each type being now considered as a segment. As such, Cominar revisited its allocation of properties in respect of those two segments in order to reflect the new composition of its portfolio following the Arrangement and adjusted comparative information, when applicable, to align with this new allocation.

Geographic market	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate	In-place occupancy rate
Montreal	52	9,953,000	90.0 %	87.9 %
Quebec City	14	1,408,000	86.6 %	86.4 %
Ottawa	7	1,173,000	87.7 %	85.8 %
Total	73	12,534,000	89.4 %	87.6 %

Our Strategy

Guided by our values and our expertise, our ambition is to pave the way for new opportunities to create value for our portfolio of office and mixed-use and retail properties in the Montréal, Québec City and Ottawa areas.

Overview of the Third Quarter of 2022

Investment properties held for sale: 10 office and mixed-use income properties and 1 land held for future development totaling \$151.4 million were transferred to investment properties held for sale and were actively marketed for sale or under conditional sale agreements. 3 office and mixed-use and 3 retail properties with 1 land held for sale held for sale were disposed for a total proceed of \$47.6 million. As at September 30, 2022 Cominar had 17 properties held for sale and 1 land totaling \$278.5 million.

Financial Performance

Same Property Operating Revenues¹: The increase of \$5.1 million in same property operating revenues in the third quarter of 2022 compared with the corresponding quarter of 2021 resulted mainly from increases of (i) \$1.9 million in rents, mainly from the retail segment where the average in-place occupancy increased by 2.3% from the corresponding quarter of 2021, (ii) \$1.0 million in recoveries due to an increase in operating expenses, (iii) \$1.3 million in parking revenues and (iv) \$1.0 million in construction management fees and proceeds from the sale of unused equipment. Same property operating expenses increased \$2.5 million compared to the corresponding quarter of 2021 mainly due to increased activity in both our office and retail portfolios.

SPNOI¹: SPNOI increased by \$2.6 million during the third quarter of 2022 compared with the corresponding quarter of 2021 due to the increase in same property operating revenues of \$5.1 million explained above, partially offset by the increase of operating expenses in the office and mixed-use portfolio related to the increased activity compared with the corresponding quarter of 2021.

Investment properties fair value: During the third quarter of 2022, Cominar revalued a portion of 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 \$118.3 million was necessary to adjust the carrying amount of investment properties to fair value [decrease of \$0.5 million in 2021]

Net Loss: Net loss for the quarter ended September 30, 2022 amounted to \$(101.7) million compared to net income of \$50.1 million for the corresponding quarter of 2021. The net income decrease of \$(151.8) million is mainly due to (i) a negative change in fair value of \$(117.8) million in our investment properties, (ii) a decrease of \$(46.8) million in NOI (refer to the NOI section) mainly due to the sales of the two portfolios on March 1, 2022, and (iii) an increase in administrative expenses related to asset management fees, partially offset by the decrease of finance charges related to the impact of the Arrangement.

FFO¹: FFO for the quarter ended September 30, 2022 amounted to \$17.6 million compared to \$51.2 million for the previous year's comparable period due to the \$(46.8) million decrease in NOI (refer to the NOI section) which is mainly related to the sale of two portfolios consisting of 226 properties in connection with the Arrangement and the increase in administrative expenses related to asset management fees, partially offset by the decrease of finance charges related to the impact of the Arrangement.

Financing

Debt ratio¹: As at September 30, 2022, Cominar's debt ratio stood at 44.7% (56.9% as at December 31, 2021).

Interest coverage ratio¹: As at September 30, 2022, Cominar's interest coverage ratio stood at 2.42:1 (2.24:1 as at December 31, 2021).

Unencumbered asset coverage ratio¹: As at September 30, 2022, Cominar's unencumbered asset coverage ratio stood at 3.86:1 (1.64:1 as at December 31, 2021).

Portfolio as at September 30, 2022

As at September 30, 2022 Cominar's portfolio, including its properties held for sale, was composed of 49 office and mixed-use properties of approximately 6.8 million square feet and 24 retail properties of approximately 5.7 million square feet located in the Montreal, Quebec City and Ottawa areas, representing a total leasable area of approximately 12.5 million square feet for a total fair value of \$2.5 billion.

¹ Refer to section "Non-IFRS and Other Financial Measures".

Reconciliations to Cominar's Proportionate Share

In accordance with IFRS 11, joint ventures are accounted for under the equity method in Cominar's condensed interim consolidated financial statements. Cominar considers that presenting operating and financial results including Cominar's proportionate share of the assets, liabilities, revenues and charges of its joint ventures, provides more complete information on Cominar's financial performance.

The following tables present reconciliations of Cominar's condensed interim consolidated financial statements prepared in accordance with IFRS with its condensed interim consolidated financial statements including its proportionate share of the assets, liabilities, revenues and charges of its joint ventures.

	September 30, 2022 ¹			December 31, 2021		
	Condensed interim consolidated financial statements	Joint ventures	Cominar's proportionate share ²	Consolidated financial statements	Joint ventures	Cominar's proportionate share ²
	\$	\$	\$	\$	\$	\$
Assets						
Investment properties						
Income properties	2,168,680	—	2,168,680	2,517,447	20,600	2,538,047
Properties under development	—	6,599	6,599	28,944	7,341	36,285
Land held for future development	54,759	6,128	60,887	29,635	6,288	35,923
	2,223,439	12,727	2,236,166	2,576,026	34,229	2,610,255
Investment properties held for sale	278,459	—	278,459	3,363,500	124,500	3,488,000
Investments in joint ventures	12,876	(12,876)	—	76,383	(76,383)	—
Accounts receivable	23,290	3	23,293	32,661	69	32,730
Prepaid expenses and other assets	22,441	—	22,441	18,230	77	18,307
Cash and cash equivalents	38,507	287	38,794	7,604	1,103	8,707
Total assets	2,599,012	141	2,599,153	6,074,404	83,595	6,157,999
Liabilities						
Mortgages payable	813,280	—	813,280	1,058,049	17,011	1,075,060
Mortgages payable related to the investment properties held for sale	100,765	—	100,765	992,785	64,271	1,057,056
Debentures	269,769	—	269,769	871,973	—	871,973
Bank borrowings	—	—	—	537,093	778	537,871
Accounts payable and accrued liabilities	75,052	141	75,193	131,380	1,535	132,915
Total liabilities	1,258,866	141	1,259,007	3,591,280	83,595	3,674,875
Unitholders' equity						
Unitholders' equity	1,340,146	—	1,340,146	2,483,124	—	2,483,124
Total liabilities and unitholders' equity	2,599,012	141	2,599,153	6,074,404	83,595	6,157,999

¹ Includes impact of the Arrangement.

² Refer to section "Non-IFRS and Other Financial Measures".

Quarters ended September 30	2022 ¹			2021 ²		
	Condensed interim consolidated financial statements	Joint ventures	Cominar's proportionate share ³	Condensed interim consolidated financial statements	Joint ventures	Cominar's proportionate share ³
	\$	\$	\$	\$	\$	\$
Operating revenues	81,605	—	81,605	161,684	3,974	165,658
Operating expenses	(40,975)	—	(40,975)	(74,231)	(1,780)	(76,011)
NOI	40,630	—	40,630	87,453	2,194	89,647
Finance charges	(11,933)	—	(11,933)	(33,358)	(936)	(34,294)
Trust administrative expenses	(11,685)	—	(11,685)	(4,617)	(2)	(4,619)
Change in fair value of investment properties	(118,298)	—	(118,298)	(506)	—	(506)
Share of joint ventures' net income (loss)	—	—	—	1,256	(1,256)	—
Transaction costs	(576)	—	(576)	(127)	—	(127)
Net income (loss) before income taxes	(101,862)	—	(101,862)	50,101	—	50,101
Income taxes						
Current	(5)	—	(5)	—	—	—
Deferred	130	—	130	—	—	—
	125	—	125	—	—	—
Net income (loss) and comprehensive income (loss)	(101,737)	—	(101,737)	50,101	—	50,101

¹ Quarter ended September 30, 2022 includes impact of the Arrangement

² Quarter ended September 30, 2021 includes \$1.1 million of strategic alternatives consulting fees.

³ Refer to section "Non-IFRS and Other Financial Measures".

Nine-month periods ended September 30	2022 ¹			2021 ²		
	Condensed interim consolidated financial statements	Joint ventures	Cominar's proportionate share ³	Condensed interim consolidated financial statements	Joint ventures	Cominar's proportionate share ³
	\$	\$	\$	\$	\$	\$
Operating revenues	301,764	3,145	304,909	495,683	12,056	507,739
Operating expenses	(156,824)	(1,483)	(158,307)	(236,321)	(5,276)	(241,597)
NOI	144,940	1,662	146,602	259,362	6,780	266,142
Finance charges	(58,750)	(766)	(59,516)	(99,577)	(2,795)	(102,372)
Trust administrative expenses	(24,140)	(21)	(24,161)	(17,470)	(35)	(17,505)
Change in fair value of investment properties	(44,294)	1,414	(42,880)	(130,136)	(6,817)	(136,953)
Share of joint ventures' net income (loss)	2,128	(2,128)	—	(2,867)	2,867	—
Transaction costs	(80,554)	(161)	(80,715)	(337)	—	(337)
Net income (loss) before income taxes	(60,670)	—	(60,670)	8,975	—	8,975
Income taxes						
Current	(5)	—	(5)	—	—	—
Deferred	130	—	130	—	—	—
	125	—	125	—	—	—
Net income (loss) and comprehensive income	(60,545)	—	(60,545)	8,975	—	8,975

¹ Nine-month period ended September 30, 2022 includes impact of the Arrangement.

² Nine-month period ended September 30, 2021 includes \$5.0 million of strategic alternatives consulting fees and a \$2.7 million distribution received in respect of a claim settlement regarding Sears Canada.

³ Refer to section "Non-IFRS and Other Financial Measures".

Performance Analysis

Financial Position

The following table indicates the changes in assets and liabilities as well as in unitholders' equity between September 30, 2022, and December 31, 2021, as shown in our condensed interim consolidated financial statements for the third quarter of 2022:

	September 30, 2022 ¹	December 31, 2021	\$ Δ	% Δ
	\$	\$		
Assets				
Investment properties				
Income properties	2,168,680	2,517,447	(348,767)	(13.9)
Properties under development	—	28,944	(28,944)	(100.0)
Land held for future development	54,759	29,635	25,124	84.8
	2,223,439	2,576,026	(352,587)	(13.7)
Investment properties held for sale	278,459	3,363,500	(3,085,041)	(91.7)
Investments in joint ventures	12,876	76,383	(63,507)	(83.1)
Accounts receivable	23,290	32,661	(9,371)	(28.7)
Prepaid expenses and other assets	22,441	18,230	4,211	23.1
Cash and cash equivalents	38,507	7,604	30,903	406.4
Total assets	2,599,012	6,074,404	(3,475,392)	(57.2)
Liabilities				
Mortgages payable	813,280	1,058,049	(244,769)	(23.1)
Mortgages payable related to the investment properties held for sale	100,765	992,785	(892,020)	(89.9)
Debentures	269,769	871,973	(602,204)	(69.1)
Bank borrowings	—	537,093	(537,093)	(100.0)
Accounts payable and accrued liabilities	75,052	131,380	(56,328)	(42.9)
Total liabilities	1,258,866	3,591,280	(2,332,414)	(64.9)
Unitholders' equity				
Unitholders' equity	1,340,146	2,483,124	(1,142,978)	(46.0)
Total liabilities and unitholders' equity	2,599,012	6,074,404	(3,475,392)	(57.2)

¹ Includes impact of the Arrangement.

On March 1, 2022, Cominar closed the Arrangement resulting in all issued and outstanding Units being acquired for \$11.75 per unit in cash by IRIS and in the sale of two portfolios consisting of 226 properties for \$3,361.0 million. As part of the Arrangement, \$1,123.2 million of mortgages payable were assumed by the purchasers or repaid by the REIT and \$537.1 million of bank borrowings were repaid by the REIT.

On March 15, 2022, Cominar early redeemed its Series 9 senior unsecured debentures totaling \$300 million 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 \$153.9 million of the Series 10 debentures, \$149.2 million of the Series 11 debentures and \$0.9 million 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 approximately \$307.0 million.

Results of Operations

The following table highlights our results of operations for the periods ended September 30, 2022 and 2021, as shown in our condensed interim consolidated financial statements:

Periods ended September 30	Quarter ¹			Year-to-date (nine months) ²		
	2022	2021		2022	2021	
	\$	\$	% Δ	\$	\$	%Δ
Operating revenues	81,605	161,684	(49.5)	301,764	495,683	(39.1)
Operating expenses	(40,975)	(74,231)	(44.8)	(156,824)	(236,321)	(33.6)
NOI	40,630	87,453	(53.5)	144,940	259,362	(44.1)
Finance charges	(11,933)	(33,358)	(64.2)	(58,750)	(99,577)	(41.0)
Trust administrative expenses	(11,685)	(4,617)	153.1	(24,140)	(17,470)	38.2
Change in fair value of investment properties	(118,298)	(506)	23,279.1	(44,294)	(130,136)	(66.0)
Share of joint ventures' net income (loss)	—	1,256	(100.0)	2,128	(2,867)	(174.2)
Transaction costs	(576)	(127)	353.5	(80,554)	(337)	NM
Net income (loss) before income taxes	(101,862)	50,101	(303.3)	(60,670)	8,975	(776.0)
Income taxes						
Current	(5)	—	(100.0)	(5)	—	(100.0)
Deferred	130	—	100.0	130	0	100.0
	125	—	100.0	125	0	100.0
Net income (loss) and comprehensive income (loss)	(101,737)	50,101	(303.1)	(60,545)	8,975	(774.6)

¹ Quarter ended September 30, 2022 includes impact of the Arrangement

² In addition to the quarter events explained above, the nine-month period ended September 30, 2022 includes impact of the Arrangement (the nine-month period ended September 30, 2021 includes \$3.9 million of strategic alternatives consulting fees and a \$2.7 million distribution received in respect of a claim settlement regarding Sears Canada).

The decrease in operating revenues and in operating expenses according to the condensed interim consolidated financial statements in the third quarter of 2022 compared with the corresponding quarter of 2021 resulted mainly from the sale of two portfolios consisting of 226 properties in connection with the Arrangement.

The decrease in finance charges in the third quarter of 2022 compared with the corresponding quarter of 2021 resulted mainly from debt reimbursement in connection with the Arrangement. Refer to the "Finance Charges" section.

The increase in trust administrative expenses in the third quarter of 2022 compared with the corresponding quarter of 2021 resulted mainly from asset management fees in connection with the operation of the current portfolio. Refer to the "Trust Administrative Expenses" section.

During the third quarter of 2022, Cominar revalued its real estate portfolio and determined that a net decrease of \$(118.3) million was necessary to adjust the carrying amount of investment properties to fair value. Refer to the "Change in Fair Value of Investment Properties" section.

Net Operating Income

NOI is a measure presented in the statement of comprehensive income in Cominar's condensed interim financial statements, which is calculated as operating revenues less property operating expenses such as utilities, repairs and maintenance and realty taxes. NOI does not include finance charges or other expenses not specific to the day-to-day operation of Cominar's properties. Cominar considers NOI to be a valuable measure for evaluating the operating performance of its properties.

Cominar analyzes its segmented results of operations taking into account the proportionate share of its joint ventures to assess the operating performance of its investment properties.

The following tables present NOI by property type and by geographic market. Results of operations on a same property portfolio basis are available in the next section.

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2022	2021		2022	2021	
	\$	\$	% Δ	\$	\$	% Δ
NOI – Financial statements	40,630	87,453	(53.5)	144,940	259,362	(44.1)
NOI – Joint ventures	–	2,194	(100.0)	1,662	6,780	(75.5)
NOI – Cominar's proportionate share ¹	40,630	89,647	(54.7)	146,602	266,142	(44.9)

¹ Refer to section "Non-IFRS and Other Financial Measures".

NOI by Property Type

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2022	2021		2022	2021	
	\$	\$	% Δ	\$	\$	% Δ
Property type						
Office and mixed-use	20,430	37,421	(45.4)	69,879	110,355	(36.7)
Retail	20,596	27,672	(25.6)	60,883	84,435	(27.9)
Industrial and flex	(396)	24,554	(101.6)	15,840	71,352	(77.8)
NOI – Cominar's proportionate share ¹	40,630	89,647	(54.7)	146,602	266,142	(44.9)

¹ Refer to section "Non-IFRS and Other Financial Measures".

NOI by Geographic Market

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2022	2021		2022	2021	
	\$	\$	% Δ	\$	\$	% Δ
Geographic market						
Montreal	33,345	57,718	(42.2)	111,389	169,210	(34.2)
Quebec City	4,515	25,858	(82.5)	24,719	76,504	(67.7)
Ottawa ²	2,770	6,071	(54.4)	10,494	20,428	(48.6)
NOI – Cominar's proportionate share ¹	40,630	89,647	(54.7)	146,602	266,142	(44.9)

¹ Refer to section "Non-IFRS and Other Financial Measures".

² For presentation purposes, the Gatineau area is included in the Ottawa geographic market.

Results of Operations – Same Property Portfolio

Cominar analyzes its results of operations taking into account the proportionate share of its joint ventures to assess the operating performance of its investment properties and pays particular attention to the performance of its same property portfolio. Same property portfolio includes the results of properties owned by Cominar as at January 1, 2021, with the exception of results from the properties sold, acquired or under development in 2021 and 2022, as well as the rental income arising from the recognition of leases on a straight-line basis.

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2022	2021		2022	2021	
	\$	\$	% Δ	\$	\$	% Δ
Same property operating revenues - Cominar's proportionate share	79,215	74,122	6.9	233,840	228,821	2.2
Same property operating expenses - Cominar's proportionate share	(39,770)	(37,296)	6.6	(122,166)	(118,536)	3.1
SPNOI - Cominar's proportionate share ¹	39,445	36,826	7.1	111,674	110,285	1.3

¹ Refer to section "Non-IFRS and Other Financial Measures".

The increase in same property operating revenues in the third quarter of 2022 compared with the corresponding quarter of 2021 resulted mainly from increases of (i) \$1.9 million in rents, mainly from the retail segment where the average in-place occupancy increased by 2.3% from the corresponding quarter of 2021, (ii) \$1.0 million in recoveries due to an increase in operating expenses, (iii) \$1.3 million in parking revenues and (iv) \$1.0 million in construction management fees and proceeds from the sale of unused equipment. Same property operating expenses increased \$2.5 million compared to the corresponding quarter of 2021 mainly due to increased activity in both our office and retail portfolios.

The increase in same property net operating income in the third quarter of 2022 compared with the corresponding quarter of 2021 due to the increase in same property operating revenues of \$5.1 million explained above, partially offset by the increase of operating expenses in the office and mixed-use portfolio related to the increased activity compared with the corresponding quarter of 2021.

Finance Charges

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2022	2021		2022	2021	
	\$	\$	% Δ	\$	\$	% Δ
Interest on mortgages payable	8,449	18,380	(54.0)	31,445	55,137	(43.0)
Interest on debentures ¹	3,641	12,147	(70.0)	22,513	36,397	(38.1)
Interest on bank borrowings (on cash surplus)	(183)	2,496	(107.3)	2,895	8,697	(66.7)
Amortization of deferred financing costs and other costs	383	1,263	(69.7)	3,327	3,925	(15.2)
Less: Capitalized interest ²	(357)	(928)	(61.5)	(1,430)	(4,579)	(68.8)
Total finance charges – Financial statements	11,933	33,358	(64.2)	58,750	99,577	(41.0)
Adjusted finance charges ³	11,933	33,358	(64.2)	55,722	99,577	(44.0)
Percentage of operating revenues	14.6 %	20.6 %		19.5 %	20.1 %	
Weighted average interest rate on total debt				4.00 %	3.77 %	

¹ Nine-month period ended September 30, 2022 includes \$1.1 million of deferred financing cost write-offs related to payments in respect of the optional put right in favor of certain debentureholders and \$2.0 million of yield maintenance fees paid in connection with the Series 9 debenture redemption.

² Capitalized interest on properties under development and on major revitalization projects for income properties that take place over a substantial period of time.

³ Nine-month period ended September 30, 2022 excludes \$1.1 million of deferred financing cost write-offs related to payments in respect of the optional put right in favor of certain debentureholders and \$2.0 million of yield maintenance fees paid in connection with the Series 9 debenture redemption.

The decrease in finance charges during the third quarter of 2022, compared with the corresponding quarter of 2021, is mainly due to mortgages payable and bank borrowings reimbursed or assumed as part of the Arrangement, the Series 9 debentures redemption on March 15, 2022, the optional put right repayment of debentures and a decrease in capitalized interest.

Trust Administrative Expenses

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2022	2021		2022	2021	
	\$	\$	% Δ	\$	\$	% Δ
Salaries and other benefits	3,063	2,675	14.5	9,225	7,700	19.8
Compensation expense related to long-term incentive plan	—	690	(100.0)	—	2,177	(100.0)
Professional fees	1,762	24	NM	3,127	1,346	132.3
Costs associated with public companies	43	68	(36.8)	202	547	(63.1)
Strategic alternatives consulting fees	—	1,156	(100.0)	—	5,044	(100.0)
Asset management fees	6,671	—	100.0	11,284	—	100.0
Other fees	146	4	NM	302	656	(54.0)
Total Trust administrative expenses — Financial statements	11,685	4,617	153.1	24,140	17,470	38.2

Trust administrative expenses increased by \$6.5 million when compared to the corresponding 2021 period due to asset management fees related to the operation of the current portfolio.

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 third quarter of 2022, Cominar revalued a portion of 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 \$118.3 million was necessary to adjust the carrying amount of investment properties to fair value [decrease of \$0.5 million in 2021]

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 \$44.3 million was necessary to adjust the carrying amount of investment properties to fair value [decrease of \$130.1 million in 2021]. The adjustment in fair value related to investment properties held as at September 30, 2022 amounts to a decrease of \$35.7 million [to a decrease of \$129.6 million 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.

Transaction Costs

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2022	2021		2022	2021	
	\$	\$	% Δ	\$	\$	% Δ
Banker and professional fees	664	20	NM	27,731	89	NM
Closing adjustments	(60)	107	(156.1)	17,652	243	NM
Compensation, severances, retention bonuses and other related costs	27	—	100.0	19,512	—	100.0
Financing costs and other asset write-offs	(65)	—	(100.0)	11,285	—	100.0
Penalties on debt repayments	10	—	100.0	3,023	—	100.0
Others	—	—	—	1,351	5	NM
Total	576	127	NM	80,554	337	NM

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.

Funds from Operations

Although FFO is not an IFRS financial measure, it is widely used in the real estate investment trust industry as it adjusts net income for items that are not related to trends in occupancy levels, rental rates and property operating costs.

REALpac defines FFO as net income (calculated in accordance with IFRS), adjusted for, among other things, change in the fair value of investment properties, deferred taxes and income taxes related to a disposition of properties, initial and re-leasing salary costs, adjustments relating to the accounting of joint ventures under the equity method and transaction costs incurred upon a business combination or a disposition of properties.

FFO is not a substitute for net income established in accordance with IFRS when measuring Cominar's performance. While our method of calculating FFO complies with REALpac recommendations, it may differ from and not be comparable to the one used by other entities.

The following table presents a reconciliation of net income, as determined in accordance with IFRS, and FFO:

Funds from Operations

Periods ended September 30	Quarter ¹			Year-to-date (nine months) ²		
	2022	2021		2022	2021	
	\$	\$	% Δ	\$	\$	% Δ
Net income (loss)	(101,737)	50,101	(303.1)	(60,545)	8,975	(774.6)
Deferred income taxes	(130)	—	(100.0)	(130)	—	(100.0)
Initial and re-leasing salary costs	563	450	25.1	2,099	1,740	20.6
Change in fair value of investment properties - Cominar's proportionate share	118,298	506	23,279.1	42,880	136,953	(68.7)
Capitalizable interest on properties under development — joint ventures	—	48	(100.0)	192	144	33.3
Transaction costs	576	127	NM	80,554	337	NM
FFO³	17,570	51,232	(65.7)	65,050	148,149	(56.1)

¹ Quarter ended September 30, 2022 includes impact of the Arrangement (quarter ended September 30, 2021 includes \$1.1 million of strategic alternatives consulting fees).

² In addition to the quarter events explained above, the nine-month period ended September 30, 2022 includes impact of the Arrangement (the nine-month period ended September 30, 2021 includes \$3.9 million of strategic alternatives consulting fees and a \$2.7 million distribution received in respect of a claim settlement regarding Sears Canada).

³ Refer to section "Non-IFRS and Other Financial Measures".

FFO for the quarter ended September 30, 2022 amounted to \$17.6 million compared to \$51.2 million for the previous year's comparable period due to the \$(46.8) million decrease in NOI (refer to the NOI section) which is mainly related to the sale of two portfolios consisting of 226 properties in connection with the Arrangement and the increase in administrative expenses related to asset management fees, partially offset by the decrease of finance charges related to the impact of the Arrangement.

Distributions

Cominar is governed by a Contract of Trust dated as of March 31, 1998, as amended and restated or amended 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.

Distributions to Unitholders

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2022	2021		2022	2021	
	\$	\$	% Δ	\$	\$	% Δ
Cash distributions to unitholders prior to the Arrangement	N/A	16,420	N/A	8,210	49,262	(83.3)
Per unit cash distribution prior to the Arrangement	N/A	0.09		0.05	0.27	
Cash distributions to parent company (IRIS)	320,789	—	100.0	1,065,789	—	100.0

On January 18, 2022, Cominar declared a monthly distribution of \$0.015 per unit paid on February 15, 2022.

On February 21, 2022, Cominar declared a monthly distribution of \$0.03 per unit paid on March 15, 2022.

On March 1, 2022, as part of the Arrangement, Cominar declared and paid a special distribution (of an aggregate of \$1,300 million) payable by the issuance of Units by the REIT. 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 remained the same as that immediately before such special distribution.

During the quarter ended September 30, 2022, Cominar received \$282.7 million from a parent company (IRIS) subscription receivable and used it, along with the properties dispositions net proceeds, to declare and pay \$320.8 million in cash distributions to the parent company (IRIS).

In accordance with CSA guidelines, Cominar also provides the following table to allow readers to assess sources of cash distributions (prior to the Arrangement) and how they reconcile to net income:

	Three months ended March 31, 2022	Periods ended September 30	
		2021	2020
	(three months)	(nine months)	(nine months)
	\$	\$	\$
Net income (loss)	22,112	8,975	(229,000)
Cash flows provided by (used in) operating activities - Financial statements	(61,812)	156,423	71,840
Cash distributions to unitholders prior to the Arrangement	8,210	49,262	87,560
Surplus (deficit) of cash flows provided by operating activities compared with distributions to unitholders prior to the Arrangement	(70,022)	107,161	(15,720)

The deficit of cash flows of \$70.0 million for the three-month period ended March 31, 2022 resulted mainly from \$76.2 million of transaction costs incurred in connection with the Arrangement, a \$(21.5) million decrease in NOI and an unfavorable change in non-cash working capital items, namely in accounts payable and accrued liabilities. This deficit was funded by the net proceeds from the sale of investment properties and other financing operations as a result of the Arrangement.

Liquidity and Capital Resources

Debt Management

Cominar seeks to spread the maturities of its debt instruments over a number of years to manage interest rate and refinancing risk, and to provide flexibility in maintaining the overall debt level of the portfolio, taking into account availability of financing, market conditions, as well as the financial terms of the leases that produce its cash flows.

Debt Summary

	September 30, 2022			December 31, 2021		
		Weighted average contractual rate	Residual weighted average term		Weighted average contractual rate	Residual weighted average term
	\$			\$		
Mortgages payable	914,045	3.64 %	4.4 years	2,050,834	3.53 %	4.1 years
Debentures	269,769	5.23 %	1.9 years	871,973	4.57 %	1.6 years
Bank borrowings secured	—	— %	—	420,093	2.81 %	1.4 years
Bank borrowings unsecured	—	— %	—	117,000	2.73 %	0.4 year
Total debt	1,183,814	4.00 %	3.8 years	3,459,900	3.68 %	3.0 years
Cash and cash equivalents	(38,507)			(7,604)		
Net debt	1,145,307			3,452,296		
Unsecured debt-to-total-debt ratio ^{1, 2}	22.8 %			25.2 %		

¹ Refer to section "Non-IFRS and Other Financial Measures".

² Unsecured debt divided by total debt.

Mortgages Payable

As at September 30, 2022, the balance of mortgages payable after deduction of deferred financing costs was \$914.0 million, down \$1,136.8 million from \$2,050.8 million as at December 31, 2021. This decrease is mainly explained by repayments of mortgage balances of \$598.2 million and \$525.0 million of assigned mortgages related to the Arrangement and to monthly repayments of capital totaling \$19.4 million. As at September 30, 2022, the weighted average contractual rate was 3.64% and the effective weighted average interest rate was 3.75%.

Contractual maturities of mortgages payable

Years ending December 31	Repayment of principal \$	Balances at maturity \$	Total \$	Weighted average contractual rate ¹
2022 (period from October to December)	4,525	—	4,525	— %
2023	18,534	239,983	258,517	3.22 %
2024	18,413	102,121	120,534	4.00 %
2025	15,144	—	15,144	— %
2026	14,106	50,406	64,512	3.57 %
2027	14,091	83,067	97,158	3.33 %
2028	11,957	—	11,957	— %
2029	10,098	87,794	97,892	3.65 %
2030	2,785	231,411	234,196	4.00 %
2031 and thereafter	911	11,649	12,560	4.19 %
Total	110,564	806,431	916,995	3.64 %

¹ Based on the contractual maturities of each year

As at September 30, 2022, the residual weighted average term of mortgages payable was 4.4 years.

Debentures

	Date of issuance	Contractual interest rate	Effective interest rate	Dates of interest payments	Maturity date	Nominal value as at September 30, 2022 \$
Series 10	May 2016	4.25 %	4.34 %	May 23 and November 23	May 2023	71,097
Series 11	May 2019	4.50 %	4.82 %	May 15 and November 15	May 2024	50,787
Series 12	May 2020	5.95 %	6.24 %	May 5 and November 5	May 2025	149,131
Weighted average interest rate		5.23 %	5.48 %			
Total						271,015

As at September 30, 2022, the residual weighted average term of debentures was 1.9 years.

On March 15, 2022, Cominar early redeemed its Series 9 debentures totaling \$300.0 million and bearing interest at 4.25%. Cominar paid \$2.0 million in yield maintenance fees in connection with the redemption.

During March 2022, holders of \$153.9 million of the Series 10 debentures, \$149.2 million of the Series 11 debentures and \$0.9 million of the Series 12 debentures exercised their 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 as part of this optional put right was \$307.0 million.

Bank Borrowings

As at December 31, 2021, Cominar had a revolving unsecured credit facility of \$167.0 million which was set to mature in April 2022 and a \$150.0 million secured revolving credit facility maturing in April 2023. Cominar also had a non-revolving secured credit facility of \$167.4 million maturing in September 2023 and a non-revolving secured credit facility of \$120.0 million which was set to mature in September 2022.

On January 14, 2021, Cominar entered into a 3-month financing agreement for a new unsecured credit facility of up to \$175.0 million maturing 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 \$128.2 million mortgage on Rockland maturing 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 \$242.0 million outstanding on the Credit Facility. There are certain covenants under the Credit Facility, which IRIS was in compliance with as at September 30, 2022.

Debenture Covenants

Interest Coverage Ratio

The interest coverage ratio is a non-IFRS measure used by Cominar to assess Cominar's ability to pay interest on its debt from operating revenues and is calculated by Cominar using net income before interest, income taxes, depreciation and amortization ("EBITDA"), divided by adjusted finance charges.

	September 30, 2022	December 31, 2021
	\$	\$
NOI (last 12 months)	227,816	342,238
Trust administrative expenses (last 12 months)	(36,616)	(34,709)
Recognition of leases on a straight-line basis (last 12 months)	(1,060)	(2,141)
EBITDA (last 12 months) ²	190,140	305,388
Adjusted finance charges (last 12 months) ¹	78,490	136,350
Interest coverage ratio ²	2.42:1	2.24 : 1

¹ Excludes \$2.0 million of yield maintenance fees paid in connection with the Series 9 debenture redemption in 2022 and \$1.1 million of deferred financing cost write-offs related to payments in respect to the optional put right in favor of certain debentureholders in 2022.

² Refer to section "Non-IFRS and Other Financial Measures".

Unencumbered Assets Coverage Ratio

	September 30, 2022		December 31, 2021	
	Number of properties	Fair value of properties (\$)	Number of properties	Fair value of properties (\$)
Unencumbered income office and mixed-use properties ¹	37	380,866	37	507,374
Unencumbered income retail properties ¹	24	512,925	24	422,300
Unencumbered income industrial and flex properties ¹	—	—	74	675,550
Total unencumbered income properties ¹	61	893,791	135	1,605,224
Unsecured net debt		231,262		981,369
Unencumbered assets to unsecured net debt ratio ^{2,3}		3.86:1		1.64:1

¹ Includes investment properties held for sale.

² Fair value of unencumbered income properties divided by unsecured net debt.

³ Refer to section "Non-IFRS and Other Financial Measures".

As at September 30, 2022, the unencumbered assets to unsecured net debt ratio stood at 3.86:1, above the required ratio of 1.30:1 contained in the restrictive covenant of the outstanding Series 10 debentures (the Series 11 and Series 12 debentures do not have such a restrictive covenant).

Debt Ratio

Debt ratio is a non-IFRS measure used by Cominar to manage debt levels. Debt ratio is calculated by adding mortgages payable, debentures and bank borrowings less cash and cash equivalents divided by the total assets minus cash and cash equivalents. Cominar's Contract of Trust limits the indebtedness of Cominar to a maximum of 65% of its total assets.

	September 30, 2022	December 31, 2021
	\$	\$
Mortgages payable	914,045	2,050,834
Debentures	269,769	871,973
Bank borrowings	—	537,093
Cash and cash equivalents	(38,507)	(7,604)
Total net debt	1,145,307	3,452,296
Total assets less cash and cash equivalents	2,560,505	6,066,800
Debt ratio ^{1,2}	44.7 %	56.9 %

¹ The debt ratio is equal to the total of, mortgages payable, debentures and bank borrowings less cash and cash equivalents, divided by total assets less cash and cash equivalents.

² Refer to section "Non-IFRS and Other Financial Measures".

Off-Balance Sheet Arrangements and Contractual Commitments

Cominar has provided a secured guarantee of the obligations of IRIS, as borrower, under a credit agreement dated March 1, 2022 with, among others, the Bank of Montreal, as administrative agent and lender. As at September 30, 2022, \$242.0 million was borrowed by IRIS under this credit agreement.

Cominar has no other off-balance sheet arrangements that have or are likely to have a material impact on its results of operations or its financial position, including its cash position and sources of financing.

Property Portfolio

	September 30, 2022	December 31, 2021
	\$	\$
Income properties — Cominar's proportionate share ¹	2,168,680	2,538,047
Properties under development and land held for future development — Cominar's proportionate share ¹	67,486	72,208
Investment properties held for sale — Cominar's proportionate share ¹	278,459	3,488,000
Number of income properties	73	309
Leasable area (sq. ft.)	12,534,000	35,547,173

¹ Refer to section "Non-IFRS and Other Financial Measures".

Summary by property type

	September 30, 2022		December 31, 2021	
	Number of properties	Leasable area (sq. ft.)	Number of properties	Leasable area (sq. ft.)
Office and mixed-use	49	6,790,000	81	11,982,000
Retail	24	5,744,000	41	9,409,173
Industrial and flex	—	—	187	14,156,000
Total	73	12,534,000	309	35,547,173

Following completion of Arrangement, Cominar's activities now include a portfolio composed of two types of properties (office and mixed-use properties, and retail properties), each type now being considered 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 completion of the Arrangement and adjusted comparative information to align with this new allocation.

Summary by geographic market

	September 30, 2022		December 31, 2021	
	Number of properties	Leasable area (sq. ft.)	Number of properties	Leasable area (sq. ft.)
Montreal	52	9,953,000	193	23,493,000
Quebec City	14	1,408,000	97	9,702,173
Ontario - Ottawa ¹	7	1,173,000	19	2,352,000
Total	73	12,534,000	309	35,547,173

¹ For presentation purposes, the Gatineau area is included in the Ottawa geographic market.

Acquisitions, Investments and Dispositions

Investments in Investment Properties

The following table shows the details of the capital expenditures and leasing costs reported in the condensed interim consolidated financial statements with respect to our investment properties, including investment properties held for sale and Cominar's proportionate share in joint ventures:

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2022	2021		2022	2021	
	\$	\$	% Δ	\$	\$	% Δ
Capital expenditures — increase of rental income generating capacity	1,679	12,606	(86.7)	12,544	34,546	(63.7)
Capital expenditures — maintenance of rental income generating capacity	2,321	4,723	(50.9)	5,705	11,663	(51.1)
Total	4,000	17,329	(76.9)	18,249	46,209	(60.5)
Leasehold improvements and leasing costs	7,739	11,109	(30.3)	14,507	31,276	(53.6)
Subtotal capital expenditures	11,739	28,438	(58.7)	32,756	77,485	(57.7)
Properties under development and capitalized interest	1,403	1,562	(10.2)	2,881	4,659	(38.2)
Total capital expenditures (including capitalized interests)¹	13,142	30,000	(56.2)	35,637	82,144	(56.6)

¹ Includes income properties, properties under development, investment properties held for sale and Cominar's proportionate share in joint ventures.

Investment Properties Held for Sale

Cominar has engaged in a process to sell certain investment properties and expects to close these transactions within the next few months.

	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
	\$	\$	\$	\$	\$
Investment properties					
Balance, beginning of period	839,634	440,866	2,083,000	3,363,500	20,990
Transfer from income properties	274,750	53,243	—	327,993	3,360,350
Transfers from properties under development and land held for future development	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	(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

During the nine-month period ended September 30, 2022, Cominar sold 233 investment properties held for sale for a total sale price of \$3,411.1 million.

Investment in Joint Ventures

On April 27, 2022, Cominar sold its 50% partnership interest in Société en commandite Bouvier-Bertrand for \$6.3 million.

Real Estate Operations

Occupancy Rate

	Committed	In-place
	September 30, 2022	September 30, 2022
Property type		
Office and mixed-use	88.0 %	87.4 %
Retail	91.2 %	87.7 %
Total	89.4 %	87.6 %

The committed occupancy rate refers to the leasable area occupied by clients to which we add the leasable area of signed leases which have not started yet divided by the leasable area of the portfolio, excluding space under redevelopment. This metric highlights the area considered to be leased over the area that is actually available for lease.

The in-place occupancy rate refers to the leasable area occupied by clients, divided by the portfolio's leasable area. This metric highlights the leasable area that currently generates rental income.

Lease Maturities

Years ending December 31	2022	2023	2024	2025	2026
Office and mixed-use					
Leasable area (sq. ft.)	862,675	907,425	541,757	781,345	326,341
% of total portfolio — Office and mixed-use	12.7 %	13.4 %	8.0 %	11.5 %	4.8 %
Retail					
Leasable area (sq. ft.)	983,612	1,005,487	506,169	508,529	282,302
% of portfolio — Retail	17.1 %	17.5 %	8.8 %	8.9 %	4.9 %
Portfolio total					
Leasable area (sq. ft.)	1,846,287	1,912,912	1,047,926	1,289,874	608,643
% of portfolio — Total	14.7 %	15.3 %	8.4 %	10.3 %	4.9 %

The following table summarizes information on leases as at September 30, 2022:

	Residual weighted average term (years)	Weighted average term of leases (years)
Property type		
Office and mixed-use	11.4	16.5
Retail	4.7	8.4
Weighted average of total portfolio	8.3	12.6

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	182,451,026
Parent company (IRIS) subscription under the Arrangement	182,451,027	–
Repurchase of units under the Arrangement	(182,451,026)	–
Units issued and outstanding, end of period	182,451,027	182,451,026

Significant Accounting Policies and Estimates used in the Condensed Interim Consolidated Financial Statements

a) Basis of presentation

Our Interim MD&A is based upon Cominar's condensed interim consolidated financial statements, which have been prepared in accordance with IFRS applicable to the preparation of interim 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 and are the same as those used in the preparation of the audited annual financial statements as at December 31, 2021. The preparation and presentation of the condensed interim consolidated financial statements and any other financial information contained in this Interim MD&A includes the proper selection and application of appropriate accounting principles and policies, which require management to make estimates and informed judgments. Our estimates are based upon assumptions which we believe to be reasonable, such as those often based upon past experience. They represent the basis of our judgments to establish the carrying amounts of assets and liabilities which, in reality, could not have come from anywhere else. Use of other accounting policies or methods of estimation might have yielded different amounts than those presented. Actual results could differ.

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.

Risks and Uncertainties

Like all real estate entities, Cominar is exposed, in the normal course of business, to various risk factors that may have an impact on its ability to attain strategic objectives, despite all the measures implemented to counter them. Accordingly, debentureholders should consider the following risks and uncertainties when assessing Cominar's outlook in terms of investment potential:

- COVID-19 pandemic
- Access to capital and debt financing, and current global financial conditions
- Debt financing
- Ownership of immovable property
- Environmental matters
- Climate change
- Legal risks
- Competition
- Property development program
- Recruitment and retention of employees and executives
- Government regulation
- Limit on activities
- General uninsured losses
- Cybersecurity events
- Risk factors related to the ownership of REIT securities

To obtain a complete description of the risks and uncertainties identified by Cominar, the reader is referred to the "Risk Factors Related to the Business of Cominar" section of Cominar's 2021 MD&A.

