Management's Discussion and Analysis

Quarter ended March 31, 2022

Cominar

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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 March 31, 2022, in comparison with the corresponding quarter of 2021, as well as its financial position as at that date. Dated May 4, 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 March 31, 2022, as well as the 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 debentureholders 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 its 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, under the recommendation of the Audit Committee, approved the contents of this Interim MD&A on May 4, 2022.

Highlights

Quarter ended March 31, 2022

Acquisition of Cominar by Plan of Arrangement (the "Arrangement")

- **The Arrangement closed on March 1, 2022**
- **All issued and outstanding units of Cominar ("Units") 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")**
- **Sale under the Arrangement of an office and retail properties portfolio to an affiliate of Mach Capital Inc.**
- **Sale under the Arrangement of most of the industrial properties portfolio to an affiliate of Blackstone Real Estate Services L.L.C.**
- **$1.1 billion of mortgages were assumed by the purchasers of the above-noted property portfolios or repaid by Cominar in connection with the Arrangement**
- **As a result of the completion of the Arrangement, the Units were de-listed from the Toronto Stock Exchange (the "TSX") at the close of trading on March 2, 2022**

Financial performance

Same property operating revenues[1]	$78.4 million
Same property NOI[1]	$35.1 million
Transaction costs	$76.2 million

Financing

Redemption of Series 9 debentures	$300.0 million
Debt ratio[1] **(debenture covenant: less than or equal to 65.0%)**	36.2% [2]
Interest coverage ratio[1] **(debenture covenant: not less than 1.65:1)**	2.23:1
Unencumbered asset coverage ratio[1] **(debenture covenant: not less than 1.30:1)**	1.86:1

Portfolio as at March 31, 2022

Number of investment properties	80
Fair value of investment properties	$2.6 billion
Leasable area (sq. ft.)	12.9 million
Properties under development - Cominar's proportionate share[1]	$36.9 million

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

2 *Includes a subscription receivable from a parent company of $1,325 million.*

Subsequent Events

During March 2022, $153.9 million of the Series 10 debentures, $149.2 million of the Series 11 debentures and $0.9 million of the Series 12 debentureholders 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.

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

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 unitholders or debentureholders or in other communications.This information includes, but is not limited to, statements made about the COVID 19 and its impact on results and in the Results of Operations – Same Property Portfolio section of this 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 the vaccines, the nature and length of the 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 landlord' ability to reinforce such landlord rights; domestic and global supply chains; 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 the Cominar's ability to access capital on favorable terms or at all; the total return and dividend yield of the Units; 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 annual report. 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 appropriate 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
- Adjusted Trust administrative expenses

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

Quarters ended March 31	2022 [1] $	2021 [2] $	% Δ	Page
Financial performance				
Operating revenues — Financial statements	**139,791**	169,721	(17.6)	12
Operating revenues — Cominar's proportionate share [3]	**142,771**	173,756	(17.8)	12
NOI — Financial statements	**64,999**	86,471	(24.8)	15
NOI — Cominar's proportionate share [3]	**66,577**	88,785	(25.0)	15
Same property NOI [3]	**35,108**	38,662	(9.2)	15
Net income	**22,112**	50,264	(56.0)	14
Funds from operations (FFO) [3]	**26,673**	51,511	(48.2)	17
Cash flows provided by operating activities	**(61,812)**	78,955	(178.3)	18
Cash distributions to unitholders	**8,210**	16,421	(50.0)	18
Total assets	**4,072,081**	6,389,259	(36.3)	11
Financing				
Debt ratio [3,4]	**36.2 %**	54.5 %		21
Interest coverage ratio [3]	**2.23:1**	2.33:1		21
Weighted average interest rate on total debt	**4.07 %**	3.78 %		18
Residual weighted average term of total debt (years)	**4.4**	3.7		18
Unsecured debt-to-total-debt ratio	**38.4 %**	31.8 %		19
Unencumbered income properties	**1,005,847**	1,983,894		21
Unencumbered assets to unsecured net debt ratio	**1.86:1**	1.82:1		21
Operational data				
Number of investment properties	**80**	310		22
Leasable area (in thousands of sq. ft.)	**12,858**	35,671		22
Committed occupancy rate	**89,2 %**	93.3 %		23
In-place occupancy rate	**87,1 %**	91.2 %		23
Development activities				
Properties under development — Cominar's proportionate share [3]	**36,876**	66,304		11

1 Includes impact of the Arrangement.
2. 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.
3 Refer to section "Non-IFRS and Other Financial Measures".
4 Includes a subscription receivable from a parent company of $1,325 million.

Selected Quarterly Information

Quarters ended	Mar. 2022 [1] $	Dec. 2021 [2] $	Sept. 2021 [3] $	Jun. 2021 [4] $	Mar. 2021 [5] $	Dec. 2020 [6] $	Sept. 2020 [7] $	Jun. 2020 [8] $
Financial performance								
Operating revenues — Financial statements	**139,791**	162,911	161,684	164,278	169,721	166,156	162,505	160,550
Operating revenues — Cominar's proportionate share [9]	**142,771**	167,099	165,658	168,325	173,756	170,675	166,711	164,829
NOI — Financial statements	**64,999**	82,876	87,453	85,438	86,471	87,956	80,916	72,590
NOI — Cominar's proportionate share [9]	**66,577**	85,035	89,647	87,710	88,785	90,413	83,445	75,077
Change in fair value of investment properties	**71,332**	(217,719)	(506)	(129,565)	(65)	(150,295)	(45)	(320,631)
Net income (loss)	**22,112**	(204,283)	50,101	(91,390)	50,264	(100,277)	44,145	(318,119)
FFO [9]	**26,673**	30,739	51,232	45,406	51,511	50,943	45,437	34,217
Cash flows provided by operating activities	**(61,812)**	46,066	48,351	29,117	78,955	92,626	30,321	25,076
Cash distributions to unitholders	**8,210**	—	16,420	16,421	16,421	16,420	21,894	32,840
Per unit financial performance								
Distributions to unitholders	**0.05**	0.00	0.09	0.09	0.09	0.09	0.12	0.18

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 *Includes $0.3 million of strategic alternatives consulting fees.*
8 *Includes $2.5 million of yield maintenance fees paid in connection with the Series 4 debenture redemption.*
9 *Refer to "Non-IFRS and Other Financial Measures".*

General Business Overview and Strategy

As of March 1, 2022, Cominar is privately owned by IRIS. Cominar owns and manages a portfolio of 80 properties, composed of office and mixed-use, and retail properties, located in the Montreal area, the Quebec City area and the Ottawa area. Cominar's portfolio consisted of approximately 6.9 million square feet of office and mixed-use space and approximately 6.0 million square feet of retail space, representing a total leasable area of approximately 12.9 million square feet.

Real Estate Portfolio Summary as at March 31, 2022

Property type	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate	In-place occupancy rate
Office and mixed-use	52	6,904,000	86,7 %	85,6 %
Retail	28	5,954,000	89,7 %	86,4 %
Total	**80**	**12,858,000**	**89,2 %**	**87,1 %**

Following the Arrangement, Cominar's portfolio is comprised 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 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	57	10,152,000	89,8	87,6
Quebec City	16	1,533,000	85,5	84,9
Ottawa	7	1,173,000	88,0	85,9
Total	**80**	**12,858,000**	**89,2 %**	**87,1 %**

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 Montréal, Québec City and Ottawa.

Overview of the First Quarter of 2022

The Arrangement

- The Arrangement closed on March 1, 2022
- All issued and outstanding Units acquired for $11.75 per Unit in cash by IRIS
- Sale of an office and retail properties portfolio to an affiliate of Mach Capital inc.
- Sale of most of the industrial properties portfolio to an affiliate of Blackstone Real Estate Services L.L.C.
- $1,123.2 million of mortgages were assumed by the purchasers of the above-noted property portfolios or repaid by the REIT in connection with the Arrangement
- As a result of the completion of the Arrangement, the Units were de-listed from the TSX at the close of trading on March 2, 2022

Financial Performance

Same Property Operating Revenues[1] : The decrease of $(2.3) million in same property operating revenues in the first quarter of 2022 compared with the corresponding quarter of 2021 resulted mainly from a $2.7 million distribution received in 2021 in respect of a claim settlement regarding Sears Canada.

Same Property NOI[1] ("SPNOI"): SPNOI decreased by $(3.8) million during the first quarter of 2022 compared with the corresponding quarter of 2021 due to a decrease in same property operating revenues mainly due to a $2.7 million distribution received in 2021 in respect of a claim settlement regarding Sears Canada and an increase in same property operating expenses due to a general increase in operating costs following regain in activity for all property types, which was partially offset by a decrease in the expected credit losses in the retail segment.

Net Income : Net income for the quarter ended March 31, 2022 amounted to $22.1 million compared to net income of $50.3 million for 2021. The net income decrease of $(28.2) million is mainly due to $76.2 million of transaction costs incurred in connection with the Arrangement and a decrease of $(21.5) million in NOI mainly due to the sales of the two portfolios on March 1, 2022, partially offset by a positive change in fair value of $71.4 million in our income properties.

FFO[1]: FFO for the quarter ended March 31, 2022 amounted to $26.7 million compared to $51.5 million for the previous year's comparable period due to the $(21.5) million decrease in NOI (refer to the NOI section) related to the sale of two portfolios consisting of 226 properties as part of the Arrangement.

Financing

Redemption of Series 9 debentures: On March 15, 2022, Cominar 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.

Debt ratio[1]**:** As at March 31, 2022, Cominar’s debt ratio stood at 36.2% (56.9% as at December 31, 2021).

Interest coverage ratio[1]**:** As at March 31, 2022, Cominar’s interest coverage ratio stood at 2.23:1 (2.37:1 as at December 31, 2021).

Unencumbered asset coverage ratio[1]**:** As at March 31, 2022, Cominar’s unencumbered asset coverage ratio stood at 1.86:1 (1.64:1 as at December 31, 2021).

Portfolio as at March 31, 2022

As a result of the Arrangement, as at March 31, 2022 Cominar's portfolio was composed of 52 office and mixed-use properties of approximately 6.9 million square feet and 28 retail properties of approximately 6.0 million square feet located in the Montreal area, the Quebec City area and the Ottawa area, representing a total leasable area of approximately 12.9 million square feet for a total fair value of $2.6 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.

	March 31, 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	**2,566,074**	**20,652**	**2,586,726**	2,517,447	20,600	2,538,047
Properties under development	**29,316**	**7,560**	**36,876**	28,944	7,341	36,285
Land held for future development	**29,635**	**7,858**	**37,493**	29,635	6,288	35,923
	2,625,025	**36,070**	**2,661,095**	2,576,026	34,229	2,610,255
Investment properties held for sale	**19,000**	**—**	**19,000**	3,363,500	124,500	3,488,000
Investments in joint ventures	**18,350**	**(18,350)**	**—**	76,383	(76,383)	—
Subscription receivable from a parent company	**1,325,275**	**—**	**1,325,275**	—	—	—
Accounts receivable	**37,257**	**56**	**37,313**	32,661	69	32,730
Prepaid expenses and other assets	**12,121**	**495**	**12,616**	18,230	77	18,307
Cash and cash equivalents	**35,053**	**293**	**35,346**	7,604	1,103	8,707
Total assets	**4,072,081**	**18,564**	**4,090,645**	6,074,404	83,595	6,157,999
Liabilities						
Mortgages payable	**922,674**	**16,871**	**939,545**	1,058,049	17,011	1,075,060
Mortgages payable related to the investment properties held for sale	**—**	**—**	**—**	992,785	64,271	1,057,056
Debentures	**575,409**	**—**	**575,409**	871,973	—	871,973
Bank borrowings	**—**	**713**	**713**	537,093	778	537,871
Accounts payable and accrued liabilities	**85,405**	**980**	**86,385**	131,380	1,535	132,915
Total liabilities	**1,583,488**	**18,564**	**1,602,052**	3,591,280	83,595	3,674,875
Unitholders' equity						
Unitholders' equity	**2,488,593**	**—**	**2,488,593**	2,483,124	—	2,483,124
Total liabilities and unitholders' equity	**4,072,081**	**18,564**	**4,090,645**	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 March 31	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	**139,791**	**2,980**	**142,771**	169,721	4,035	173,756
Operating expenses	**(74,792)**	**(1,402)**	**(76,194)**	(83,250)	(1,721)	(84,971)
NOI	**64,999**	**1,578**	**66,577**	86,471	2,314	88,785
Finance charges	**(32,812)**	**(725)**	**(33,537)**	(31,820)	(923)	(32,743)
Trust administrative expenses	**(7,357)**	**9**	**(7,348)**	(5,543)	(26)	(5,569)
Change in fair value of investment properties	**71,332**	**1,404**	**72,736**	(65)	—	(65)
Share of joint ventures' net income	**2,105**	**(2,266)**	**(161)**	1,365	(1,365)	—
Transaction costs	**(76,155)**	**—**	**(76,155)**	(144)	—	(144)
Net income and comprehensive income	**22,112**	**—**	**22,112**	50,264	—	50,264

1 Includes impact of the Arrangement.
2 Quarter ended March 31, 2021 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.
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 March 31, 2022, and December 31, 2021, as shown in our condensed interim consolidated financial statements for the quarter:

	March 31, 2022	December 31, 2021		
	$	$	$ Δ	% Δ
Assets				
Investment properties				
Income properties	**2,566,074**	2,517,447	48,627	1.9
Properties under development	**29,316**	28,944	372	1.3
Land held for future development	**29,635**	29,635	—	—
	2,625,025	2,576,026	48,999	1.9
Investment properties held for sale	**19,000**	3,363,500	(3,344,500)	(99.4)
Investments in joint ventures	**18,350**	76,383	(58,033)	(76.0)
Subscription receivable from a parent company	**1,325,275**	—	1,325,275	100.0
Accounts receivable	**37,257**	32,661	4,596	14.1
Prepaid expenses and other assets	**12,121**	18,230	(6,109)	(33.5)
Cash and cash equivalents	**35,053**	7,604	27,449	361.0
Total assets	**4,072,081**	6,074,404	(2,002,323)	(33.0)
Liabilities				
Mortgages payable	**922,674**	1,058,049	(135,375)	(12.8)
Mortgages payable related to the investment properties held for sale	**—**	992,785	(992,785)	(100.0)
Debentures	**575,409**	871,973	(296,564)	(34.0)
Bank borrowings	**—**	537,093	(537,093)	(100.0)
Accounts payable and accrued liabilities	**85,405**	131,380	(45,975)	(35.0)
Total liabilities	**1,583,488**	3,591,280	(2,007,792)	(55.9)
Unitholders' equity				
Unitholders' equity	**2,488,593**	2,483,124	5,469	0.2
Total liabilities and unitholders' equity	**4,072,081**	6,074,404	(2,002,323)	(33.0)

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 transaction, $1,123.2 million of mortgages payable were assumed by the purchasers or repaid by the REIT.

On March 15, 2022, Cominar redeemed its Series 9 debentures totaling $300.0 million Series 9.

Results of Operations

The following table highlights our results of operations for the periods ended March 31, 2022 and 2021, as shown in our condensed interim consolidated financial statements:

Quarters ended March 31	2022 [1]	2021 [2]	
	$	$	% Δ
Operating revenues	**139,791**	169,721	(17.6)
Operating expenses	**(74,792)**	(83,250)	(10.2)
NOI	**64,999**	86,471	(24.8)
Finance charges	**(32,812)**	(31,820)	3.1
Trust administrative expenses	**(7,357)**	(5,543)	32.7
Change in fair value of investment properties	**71,332**	(65)	NM
Share of joint ventures' net income	**2,105**	1,365	54.2
Transaction costs	**(76,155)**	(144)	NM
Net income and comprehensive income	**22,112**	50,264	(56.0)

1 Includes impact of the Arrangement.
2 Quarter ended March 31, 2021 includes $1.4 million of strategic alternatives consulting fees and $2.7 million distribution received in respect of a claim settlement regarding Sears Canada.

The decrease in operating revenues according to the condensed interim consolidated financial statements in the first quarter of 2022 compared with the corresponding quarter of 2021 resulted from the sale of two portfolios consisting of 226 properties concurrently with the closing of the Arrangement and a decrease of $2.3 million in the same property operating revenues attributable to a $2.7 million distribution received in respect of a claim settlement regarding Sears Canada in 2021.

The decrease in operating expenses according to the condensed interim consolidated financial statements in the first quarter of 2022 compared with the corresponding quarter of 2021 resulted mainly from the sale of the two portfolios mentioned above.

Transaction costs of $76.2 million were incurred in connection with the Arrangement. Details of transaction costs are available in the "Transaction Costs" section of this Interim MD&A.

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.

Quarters ended March 31	2022	2021	
	$	$	% Δ
NOI — Financial statements	**64,999**	86,471	(24.8)
NOI — Joint ventures	**1,578**	2,314	(31.8)
NOI — Cominar's proportionate share [1]	**66,577**	88,785	(25.0)

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

NOI by Property Type

Quarters ended March 31	2022	2021	
	$	$	% Δ
Property type			
Office and mixed-use	**28,725**	36,641	(21.6)
Retail	**21,616**	28,921	(25.3)
Industrial and flex	**16,236**	23,223	(30.1)
NOI — Cominar's proportionate share [1]	**66,577**	88,785	(25.0)

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

NOI by Geographic Market

Quarters ended March 31	2022	2021	
	$	$	% Δ
Geographic market			
Montreal	**45,557**	55,051	(17.2)
Quebec City	**16,323**	24,768	(34.1)
Ottawa [2]	**4,697**	8,966	(47.6)
NOI — Cominar's proportionate share [1]	**66,577**	88,785	(25.0)

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.

Quarters ended March 31	2022	2021	
	$	$	% Δ
Same property operating revenues - Cominar's proportionate share [1]	**78,401**	80,656	(2.8)
Same property operating expenses - Cominar's proportionate share [1]	**(43,293)**	(41,766)	3.7
SPNOI - Cominar's proportionate share [1]	**35,108**	38,890	(9.7)

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

The decrease in same property operating revenues in the first quarter of 2022 compared with the corresponding quarter of 2021 resulted mainly from a $2.7 million distribution received in 2021 in respect of a claim settlement regarding Sears Canada.

The increase in same property operating expenses in the first quarter of 2022 compared with the corresponding quarter of 2021 resulted mainly from a general increase in operating costs following regain in activity for all property types, which was partially offset by a decrease in the expected credit losses in the retail segment.

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. Fair value is determined based on valuations performed using internal and independent real estate appraisers, or according to definitive agreements to sell investment properties. External valuations were carried out by independent national firms holding a recognized and relevant professional qualification and having recent experience in the location and category of the investment properties being valued.

At the end of the first quarter of 2022, Cominar revalued a portion of its investment properties using external valuations and definitive agreements to sell investment properties that were obtained following completion of the closing of Arrangement and determined that a net increase of $71.3 million was necessary to adjust the carrying amount of investment properties to fair value [$0.0 million in 2021]. The change in fair value related to investment properties held as at March 31, 2022, amounts to $75,0 million [$0.0 million in 2021]. At the end of the quarter, the Trust reassessed the fair value for 28% of its portfolio, using external valuations.

Finance Charges

Quarters ended March 31	2022	2021	
	$	$	% Δ
Interest on mortgages payable	**14,577**	17,504	(16.7)
Interest on debentures [1]	**14,399**	12,133	18.7
Interest on bank borrowings	**3,236**	3,264	(0.9)
Amortization of deferred financing costs and other costs	**1,428**	1,266	12.8
Less: Capitalized interest [2]	**(828)**	(2,347)	(64.7)
Total finance charges — Financial statements	**32,812**	31,820	3.1
Adjusted finance charges [3]	**30,860**	31,820	(3.0)
Percentage of operating revenues	**23.5 %**	18.7 %	
Weighted average interest rate on total debt	**4.07 %**	3.78 %	

1 *Quarter ended March 31, 2022 includes $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 *Quarter ended March 31, 2022 excludes $2,0 million of yield maintenance fees paid in connection with the Series 9 debenture redemption.*

The increase in finance charges during the first quarter of 2022, compared with the corresponding quarter of 2021, is mainly due to $2.0 million of yield maintenance fees paid in connection with the Series 9 debenture redemption and a decrease in capitalized interest, partially offset by a decrease in interest on mortgages payable related to mortgage repayments and assumptions as part of the Arrangement.

Transaction Costs

Quarters ended March 31	2022	2021	
	$	$	% Δ
Banker and professional fees	**25,878**	144	NM
Closing adjustments	**15,431**	—	100.0
Compensation, severances, retention bonuses and other related costs	**19,132**	—	100.0
Financing costs and other asset write-offs	**11,350**	—	100.0
Penalties on debt repayments	**3,013**	—	100.0
Others	**1,351**	—	100.0
Total	**76,155**	144	NM

Transaction costs for the quarter ended March 31, 2022 were incurred in connection with the Arrangement.

Funds from Operations

Although the concepts of funds from operations ("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 the trend 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

Quarters ended March 31	2022 [1]	2021 [2]	
	$	$	% Δ
Net income	**22,112**	50,264	(56.0)
Initial and re-leasing salary costs	**950**	990	(4.0)
Change in fair value of investment properties	**(72,736)**	65	NM
Capitalizable interest on properties under development — joint ventures	**192**	48	300.0
Transaction costs	**76,155**	144	NM
FFO[3]	**26,673**	51,511	(48.2)

1 Includes impact of the Arrangement.
2 Quarter ended March 31, 2021 includes $1.4 million of strategic alternatives consulting fees and $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 March 31, 2022 amounted to $26.7 million compared to $51.5 million for the previous year's comparable period due to the $(21.5) million decrease in NOI (refer to the NOI section) related to the sale of two portfolios consisting of 226 properties as part of the Arrangement.

Distributions

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.

Distributions to Unitholders

Quarters ended March 31	2022	2021	
	$	$	% Δ
Cash distributions to unitholders	**8,210**	16,421	(50.0)
Per unit cash distribution	**0.045**	0.09	

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 (of an aggregate of 111,111,111 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 remains the same as that immediately before such special distribution.

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

Quarters ended March 31	2022	2021	2020
	$	$	$
Net income	**22,112**	50,264	44,974
Cash flows provided by (used in) operating activities - Financial statements	**(61,812)**	78,955	16,443
Cash distributions to unitholders	**8,210**	16,421	32,827
Surplus (deficit) of cash flows provided by operating activities compared with distributions to unitholders	**(70,022)**	62,534	(16,384)

The deficit of cash flows of $70.0 million after three months compared to a surplus of $62.5 million in 2021 resulted mainly from $76.2 million of transaction costs incurred in connection with the Arrangement, a $(21.5) million decrease in NOI (refer to the NOI section) 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

	March 31, 2022			December 31, 2021		
	$	Weighted average contractual rate	Residual weighted average term	$	Weighted average contractual rate	Residual weighted average term
Mortgages payable	**922,674**	**3.62 %**	**4.9 years**	2,050,834	3.53 %	4.1 years
Debentures	**575,409**	**4.78 %**	**2.5 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	**1,498,083**	**4.07 %**	**4.0 years**	3,459,900	3.68 %	3.0 years
Cash and cash equivalents	**(35,053)**	**1.20 %**		(7,604)	1.20 %	
Net debt	**1,463,030**			3,452,296		
Unsecured debt-to-total-debt ratio [1, 2]	**38.4 %**			**25.2 %**		

1 Refer to section "Non-IFRS and Other Financial Measures".
2 Unsecured debt divided by total debt.

Mortgages Payable

As at March 31, 2022, the balance of mortgages payable after deduction of deferred financing costs was $922.7 million, down $1,128.2 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 $10.5 million. As at March 31, 2022, the weighted average contractual rate was 3.62% 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 April to December)	13,646	—	**13,646**	— %
2023	18,334	239,983	**258,317**	3.22 %
2024	18,413	102,121	**120,534**	4.00 %
2025	15,144	—	**15,144**	— %
2026	9,706	54,806	**64,512**	3.57 %
2027	14,091	83,067	**97,158**	3.33 %
2028	5,961	5,995	**11,956**	— %
2029	10,098	87,794	**97,892**	3.65 %
2030	2,785	231,411	**234,196**	4.00 %
2031 and thereafter	912	11,650	**12,562**	4.19 %
Total	**109,090**	**816,827**	**925,917**	**3.62 %**

1 Based on the contractual maturities of each year

As at March 31, 2022, the residual weighted average term of mortgages payable was 4.9 years.

Debentures

	Date of issuance	Contractual interest rate	Effective interest rate	Dates of interest payments	Maturity date	Nominal value as at March 31, 2022 $ [1]	Remaining nominal value after April reimbursement related to an optional put right $
Series 10	May 2016	4.25 %	4.34 %	May 23 and November 23	May 2023	226,539	71,097
Series 11	May 2019	4.50 %	4.82 %	May 15 and November 15	May 2024	201,492	50,787
Series 12	May 2020	5.95 %	6.24 %	May 5 and November 5	May 2025	150,009	149,131
Weighted average interest rate		**4.78 %**	**5.00 %**				
Total						**578,040**	**271,015**

1 Includes the value related to the exercise of the optional put right.

As at March 31, 2022, the residual weighted average term of debentures was 2.5 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 $900.0 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 maturing 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 maturing 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 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. Prior to April 19, 2022, there were no borrowings under this credit agreement. On April 19, 2022, $295,0 million was borrowed by IRIS under this credit agreement.

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.

	March 31, 2022	December 31, 2021
	$	$
NOI (last 12 months)	**320,766**	342,238
Adjusted Trust administrative expenses (last 12 months) [1]	**(16,954)**	(16,877)
Recognition of leases on a straight-line basis (last 12 months)	**(1,931)**	(2,141)
EBITDA (last 12 months) [3]	**301,881**	323,220
Adjusted finance charges (last 12 months) [2]	**135,390**	136,350
Interest coverage ratio [3]	**2.23:1**	2.37 : 1

1 Excludes strategic alternatives consulting fees of $17.8 million in 2021.
2 Excludes $2.0 million of yield maintenance fees paid in connection with the Series 9 debenture redemption in 2022.
3 Refer to section "Non-IFRS and Other Financial Measures".

Unencumbered Assets coverage ratio

	March 31, 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**	**412,882**	37	507,374
Unencumbered income retail properties [1]	**24**	**592,965**	24	422,300
Unencumbered income industrial and flex properties [1]	**—**	**—**	74	675,550
Total unencumbered income properties [1]	**61**	**1,005,847**	135	1,605,224
Unencumbered assets to unsecured net debt ratio [2, 3]		**1.86:1**		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 March 31, 2022, the unencumbered assets to unsecured net debt ratio stood at 1.86:1, above the required ratio of 1.30:1 contained in the restrictive covenant of the outstanding Series 10 debentures (debentures Series 11 and Series 12 do not have by themselves that covenant pursuant to their terms).

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.

	March 31, 2022	December 31, 2021
	$	$
Mortgages payable	**922,674**	2,050,834
Debentures	**575,409**	871,973
Bank borrowings	**—**	537,093
Cash and cash equivalents	**(35,053)**	(7,604)
Total net debt	**1,463,030**	3,452,296
Total assets less cash and cash equivalents [1]	**4,037,028**	6,066,800
Debt ratio [2, 3]	**36.2 %**	56.9 %

1 Includes a subscription receivable from a parent company of $1,325 million.
2 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.
3 Refer to section "Non-IFRS and Other Financial Measures".

Off-Balance Sheet Arrangements and Contractual Commitments

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

	March 31, 2022	December 31, 2021
	$	$
Income properties — Cominar's proportionate share [1]	**2,586,726**	2,538,047
Properties under development and land held for future development — Cominar's proportionate share [1]	**74,369**	72,208
Investment properties held for sale — Cominar's proportionate share [1]	**19,000**	3,488,000
Number of income properties	**80**	309
Leasable area (sq. ft.)	**12,858,000**	35,547,173

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

Summary by property type

	March 31, 2022		December 31, 2021	
	Number of properties	Leasable area (sq. ft.)	Number of properties	Leasable area (sq. ft.)
Office and mixed-use	**52**	**6,904,000**	81	11,982,000
Retail	**28**	**5,954,000**	41	9,409,173
Industrial and flex	**—**	**—**	187	14,156,000
Total	**80**	**12,858,000**	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) located in the Province of Quebec and in Ottawa, Ontario, 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

	March 31, 2022		December 31, 2021	
	Number of properties	Leasable area (sq. ft.)	Number of properties	Leasable area (sq. ft.)
Montreal	**57**	**10,152,000**	193	23,493,000
Quebec City	**16**	**1,533,000**	97	9,702,173
Ontario - Ottawa [1]	**7**	**1,173,000**	19	2,352,000
Total	**80**	**12,858,000**	309	35,547,173

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

Acquisitions, Investments and Dispositions

Investments in Income Properties and Investment Properties Held for Sale

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:

Quarters ended March 31	2022	2021	
	$	$	% Δ
Capital expenditures — increase of rental income generating capacity	**7,092**	10,889	(34.9)
Capital expenditures — maintenance of rental income generating capacity	**1,243**	4,001	(68.9)
Total	**8,335**	14,890	(44.0)
Leasehold improvements and leasing costs	**5,076**	9,641	(47.3)
Subtotal capital expenditures	**13,411**	24,531	(45.3)
Properties under development and capitalized interest	**884**	2,312	(61.8)
Total capital expenditures (including capitalized interests) [1]	**14,295**	26,843	(46.7)

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

	Quarter ended March 31, 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	**840,822**	**434,678**	**2,088,000**	**3,363,500**	20,990
Transfer from income properties	**19,000**	**—**	**—**	**19,000**	3,360,350
Transfers from properties under development and land held for future development	**—**	**—**	**—**	**—**	48,047
Capitalized costs	**4,383**	**2,386**	**(228)**	**6,541**	577
Change in fair value	**(4,383)**	**(2,386)**	**228**	**(6,541)**	(577)
Dispositions	**(840,822)**	**(434,678)**	**(2,088,000)**	**(3,363,500)**	(65,887)
Balance, end of period	**19,000**	**—**	**—**	**19,000**	3,363,500

During the three-month period ended March 31, 2022, Cominar sold 227 investment properties held for sale for a total sale price of $3,363.5 million.

Real Estate Operations

Occupancy Rate

	Committed	In-place
	March 31, 2022	March 31, 2022
Property type		
Office and mixed-use	**86,7 %**	**85,6 %**
Retail	**89,7 %**	**86,4 %**
Total	**89,2 %**	**87,1 %**

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.)	860,747	846,551	543,631	769,675	354,979
% of total portfolio — Office and mixed-use	12.5 %	12.3 %	7.9 %	11.1 %	5.1 %
Retail					
Leasable area (sq. ft.)	981,714	853,823	425,490	495,233	327,121
% of portfolio — Retail	16.5 %	14.3 %	7.1 %	8.3 %	5.5 %
Portfolio total					
Leasable area (sq. ft.)	1,842,461	1,700,374	969,121	1,264,908	682,100
% of portfolio — Total	14.3 %	13.2 %	7.5 %	9.8 %	5.3 %

The following table summarizes information on leases as at March 31, 2022:

	Residual weighted average term (years)	Weighted average term of leases (years)
Property type		
Office and mixed-use	9.3	12.4
Retail	4.9	8.2
Weighted average of total portfolio	**8.6**	**9.6**

Issued and Outstanding Units

	Quarter ended March 31, 2022	Year ended December 31, 2021
	Units	Units
Units issued and outstanding, beginning of period	**182,451,026**	182,451,026
Parent company subscription under the Arrangement[1]	**182,451,027**	—
Repurchase of units under the Arrangement[1]	**(182,451,026)**	—
Units issued and outstanding, end of period	**182,451,027**	182,451,026

1 *Includes impact of the Arrangement.*

Disclosure Controls and Procedures and Internal Control over Financial Reporting

The President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer of Cominar are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in Canadian Securities Administrators' National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings.

No changes were made to the REIT's internal controls over financial reporting during the first quarter of 2022 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

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 three-month period ended March 31, 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 the 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, unitholders 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.

Cominar