Management's Discussion and Analysis

Quarter ended September 30, 2023

Cominar

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Interim Management's Discussion and Analysis

The following Interim Management's Discussion and Analysis (this "Interim 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, 2023 in comparison with the corresponding quarter of 2022, as well as its financial position as at that date. Dated November 1, 2023, 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, 2023, as well as the 2022 consolidated financial statements, accompanying notes and management's discussion and analysis 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 annual information form (the "2022 AIF") and management's discussion and analysis for the year ended December 31, 2022 (the "2022 MD&A"), is available on Cominar's website at www.cominar.com and on the Canadian Securities Administrators' ("CSA") website at www.sedarplus.ca.

The board of trustees of the REIT (the "Board of Trustees"), pursuant to the recommendation of the Audit Committee, approved the contents of this Interim MD&A on November 1, 2023.

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 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.

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 the 2022 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

- Debt ratio
- Interest coverage ratio
- Debt Service Coverage ratio
- Weighted average interest rate on total debt
- Residual weighted average term of total debt
- Unsecured debt-to-total-debt ratio

Financial and Operational Highlights

Periods ended September 30	Quarter 2023 $	Quarter 2022 $	Quarter % Δ	Year-to-date (nine months) 2023 $	Year-to-date (nine months) 2022 [2] $	Year-to-date (nine months) % Δ	Page
Financial performance							
Operating revenues — Financial statements	**67,979**	81,605	(16.7)	**219,440**	301,764	(27.3)	8
Operating revenues — Cominar's proportionate share [1]	**67,979**	81,605	(16.7)	**219,440**	304,909	(28.0)	8
NOI — Financial statements	**32,916**	40,630	(19.0)	**103,735**	144,940	(28.4)	12
NOI — Cominar's proportionate share [1]	**32,916**	40,630	(19.0)	**103,735**	146,602	(29.2)	12
Same property NOI [1]	**31,773**	39,445	(19.4)	**91,687**	111,674	(17.9)	12
Net loss	**(86,415)**	(101,737)	(15.1)	**(93,003)**	(60,545)	53.6	11
Comprehensive loss	**(82,651)**	(101,737)	(18.8)	**(89,239)**	(60,545)	47.4	11
Funds from operations (FFO) [1]	**9,890**	17,570	(43.7)	**38,604**	65,050	(40.7)	14
Cash distributions to parent company (IRIS)	**—**	320,789	(100.0)	**180,982**	1,053,394	(82.8)	15
Total assets				**2,048,877**	2,599,012	(21.2)	7
Financing							
Debt ratio [1]				**50.2 %**	44.7 %		18
Interest coverage ratio [1]				**2.01:1**	2.00:1		17
Debt service coverage ratio [1]				**1.52:1**	1.49:1		17
Weighted average interest rate on total debt [1]				**5.05 %**	4.00 %		15
Residual weighted average term of total debt (years) [1]				**4.1**	3.8		15
Unsecured debt-to-total-debt ratio [1]				**19.3 %**	22.8 %		15
Operational data							
Number of investment properties				**30**	61		19
Leasable area (in thousands of sq. ft.)				**9,456**	12,534		19
Committed occupancy rate				**89.7 %**	89.4 %		21
Development activities							
Properties under development — Cominar's proportionate share [1]				**16,605**	6,599		7

1 *Refer to "Non-IFRS and Other Financial Measures".*
2 *Refer to "General Business Overview and Strategy - Acquisition of Cominar by Plan of Arrangement".*

Selected Quarterly Information

Quarters ended	Sept. 2023 $	Jun. 2023 $	Mar. 2023 $	Dec. 2022 $	Sept. 2022 $	Jun. 2022 $	Mar. 2022 [2] $	Dec. 2021 $
Financial performance								
Operating revenues — Financial statements	**67,979**	73,491	77,970	80,246	81,605	80,368	139,791	162,911
Operating revenues — Cominar's proportionate share [1]	**67,979**	73,491	77,970	80,246	81,605	80,533	142,771	167,099
NOI — Financial statements	**32,916**	35,686	35,133	36,763	40,630	39,311	64,999	82,876
NOI — Cominar's proportionate share [1]	**32,916**	35,686	35,133	36,763	40,630	39,395	66,577	85,035
Net income (loss)	**(86,415)**	(10,559)	3,971	(34,477)	(101,737)	19,080	22,112	(204,283)
Comprehensive income (loss)	**(82,651)**	(10,559)	3,971	(34,477)	(101,737)	19,080	22,112	(204,283)
FFO [1]	**9,890**	12,752	15,961	17,753	17,570	20,807	26,673	30,739
Cash flows provided (used) by operating activities	**12,291**	9,310	(3,170)	20,375	31,255	(6,416)	(61,812)	46,066
Cash distributions to unitholders prior to the Arrangement	**N/A**	N/A	N/A	N/A	N/A	N/A	8,210	—
Cash distributions to parent company (IRIS)	**—**	151,782	29,200	78,845	320,789	745,000	—	—

1 *Refer to "Non-IFRS and Other Financial Measures".*
2 *Refer to "General Business Overview and Strategy - Acquisition of Cominar by Plan of Arrangement".*

General Business Overview and Strategy

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

As part of the Arrangement, an affiliate of Mach Capital Inc. acquired certain of the REIT's office and retail properties and an affiliate of Blackstone Real Estate Services L.L.C. acquired most of the REIT's industrial portfolio. $1,123.2 million of mortgages were assumed by the purchasers of the above-noted property portfolios or repaid by Cominar in connection with the Arrangement. The REIT also repaid $537.1 million of bank borrowings.

As a result of the completion of the Arrangement, the units of the REIT were delisted from the Toronto Stock Exchange at the close of trading on March 2, 2022.

Real Estate Portfolio Summary as at September 30, 2023

As at September 30, 2023, Cominar owns and manages a portfolio of 30 properties, comprised of office and mixed-use and retail properties located in the Montréal, Québec City and Ottawa areas.

Property type	Number of properties [1]	Leasable area (sq. ft.)	Committed occupancy rate
Office and mixed-use	20	5,076,000	86.5 %
Retail	10	4,380,000	93.6 %
Total	**30**	**9,456,000**	**89.7 %**

1 During the second quarter of 2023, Cominar reclassified its properties by consolidating multiple buildings in the same location.

Geographic market	Number of properties [1]	Leasable area (sq. ft.)	Committed occupancy rate
Montréal	21	8,455,000	90.1 %
Québec City	6	465,000	93.4 %
Ottawa	3	536,000	81.2 %
Total	**30**	**9,456,000**	**89.7 %**

1 During the second quarter of 2023, Cominar reclassified its properties by consolidating multiple buildings in the same location.

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

Reconciliations to Cominar's Proportionate Share

In accordance with IFRS 11 - Joint Arrangements, 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, 2023			December 31, 2022		
	Condensed interim consolidated financial statements	Joint ventures	Cominar's proportionate share [1]	Consolidated financial statements	Joint ventures	Cominar's proportionate share [1]
	$	$	$	$	$	$
Assets						
Investment properties						
Income properties	**1,845,061**	**—**	**1,845,061**	1,988,690	—	1,988,690
Properties under development	**—**	**16,605**	**16,605**	—	8,979	8,979
Land held for future development	**53,770**	**—**	**53,770**	52,700	5,250	57,950
	1,898,831	**16,605**	**1,915,436**	2,041,390	14,229	2,055,619
Investment properties held for sale	**69,380**	**7,125**	**76,505**	312,865	—	312,865
Investments in joint ventures	**24,783**	**(24,783)**	**—**	13,317	(13,317)	—
Mortgages receivable	**19,500**	**—**	**19,500**	10,000	—	10,000
Derivative assets	**3,764**	**—**	**3,764**	—	—	—
Accounts receivable	**12,115**	**1,746**	**13,861**	17,823	95	17,918
Prepaid expenses and other assets	**16,776**	**—**	**16,776**	3,669	—	3,669
Cash and cash equivalents	**3,728**	**12**	**3,740**	38,063	—	38,063
Total assets	**2,048,877**	**705**	**2,049,582**	2,437,127	1,007	2,438,134
Liabilities						
Mortgages payable	**757,270**	**—**	**757,270**	775,431	—	775,431
Mortgages payable related to the investment properties held for sale	**18,150**	**—**	**18,150**	96,439	—	96,439
Debentures	**199,219**	**—**	**199,219**	269,916	—	269,916
Bank borrowings	**56,156**	**—**	**56,156**	—	—	—
Accounts payable and accrued liabilities	**61,478**	**705**	**62,183**	68,516	1,007	69,523
Total liabilities	**1,092,273**	**705**	**1,092,978**	1,210,302	1,007	1,211,309
Unitholder's equity						
Unitholder's equity	**956,604**	**—**	**956,604**	1,226,825	—	1,226,825
Total liabilities and unitholder's equity	**2,048,877**	**705**	**2,049,582**	2,437,127	1,007	2,438,134

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

Quarters ended September 30	2023			2022		
	Condensed interim consolidated financial statements $	Joint ventures $	Cominar's proportionate share [1] $	Condensed interim consolidated financial statements $	Joint ventures $	Cominar's proportionate share [1] $
Operating revenues	**67,979**	**—**	**67,979**	81,605	—	81,605
Operating expenses	**(35,063)**	**—**	**(35,063)**	(40,975)	—	(40,975)
NOI	**32,916**	**—**	**32,916**	40,630	—	40,630
Finance charges	**(14,213)**	**6**	**(14,207)**	(11,933)	—	(11,933)
Trust administrative expenses	**(9,278)**	**—**	**(9,278)**	(11,685)	—	(11,685)
Change in fair value of investment properties	**(94,820)**	**—**	**(94,820)**	(118,298)	—	(118,298)
Share of joint ventures' net income	**6**	**(6)**	**—**	—	—	—
Transaction costs	**(2,114)**		**(2,114)**	(576)	—	(576)
Adjustment of the selling price of the interest in a joint venture	**1,111**	**—**	**1,111**	—	—	—
Net loss before income taxes	**(86,392)**	**—**	**(86,392)**	(101,862)	—	(101,862)
Income taxes	**(23)**	—	**(23)**	125	—	125
Net loss	**(86,415)**	**—**	**(86,415)**	(101,737)	—	(101,737)
Other comprehensive income						
Cash flow hedges						
Realized gain on financial instruments transferred to net income	**(647)**	**—**	**(647)**	—	—	—
Change in fair value of the financial instrument	**4,411**	**—**	**4,411**	—	—	—
Comprehensive loss	**(82,651)**	**—**	**(82,651)**	(101,737)	—	(101,737)

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

Nine-month periods ended September 30	2023			2022		
	Condensed interim consolidated financial statements $	Joint ventures $	Cominar's proportionate share [1] $	Condensed interim consolidated financial statements $	Joint ventures $	Cominar's proportionate share [1] $
Operating revenues	**219,440**	**—**	**219,440**	301,764	3,145	304,909
Operating expenses	**(115,705)**	**—**	**(115,705)**	(156,824)	(1,483)	(158,307)
NOI	**103,735**	**—**	**103,735**	144,940	1,662	146,602
Finance charges	**(42,098)**	**6**	**(42,092)**	(58,750)	(766)	(59,516)
Trust administrative expenses	**(24,853)**	**—**	**(24,853)**	(24,140)	(21)	(24,161)
Change in fair value of investment properties	**(121,569)**	**1,828**	**(119,741)**	(44,294)	1,414	(42,880)
Share of joint ventures' net income	**1,834**	**(1,834)**	**—**	2,128	(2,128)	—
Transaction costs	**(11,140)**		**(11,140)**	(80,554)	(161)	(80,715)
Adjustment of the selling price of the interest in a joint venture	**1,111**	**—**	**1,111**	—	—	—
Net loss before income taxes	**(92,980)**	**—**	**(92,980)**	(60,670)	—	(60,670)
Income taxes	**(23)**	**—**	**(23)**	125	—	125
Net loss	**(93,003)**	**—**	**(93,003)**	(60,545)	—	(60,545)
Other comprehensive income						
Cash flow hedges						
Realized gain on financial instruments transferred to net income	**(647)**	**—**	**(647)**	—	—	—
Change in fair value of the financial instrument	**4,411**	**—**	**4,411**	—	—	—
Comprehensive loss	**(89,239)**	**—**	**(89,239)**	(60,545)	—	(60,545)

1 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 unitholder's equity between September 30, 2023, and December 31, 2022, as shown in our condensed interim consolidated financial statements:

	September 30, 2023	December 31, 2022		
	$	$	$ Δ	% Δ
Assets				
Investment properties				
Income properties	**1,845,061**	1,988,690	(143,629)	(7.2)
Land held for future development	**53,770**	52,700	1,070	2.0
	1,898,831	2,041,390	(142,559)	(7.0)
Investment properties held for sale	**69,380**	312,865	(243,485)	(77.8)
Investments in joint ventures	**24,783**	13,317	11,466	86.1
Mortgages receivable	**19,500**	10,000	9,500	95.0
Derivative assets	**3,764**	—	3,764	100.0
Accounts receivable	**12,115**	17,823	(5,708)	(32.0)
Prepaid expenses and other assets	**16,776**	3,669	13,107	357.2
Cash and cash equivalents	**3,728**	38,063	(34,335)	(90.2)
Total assets	**2,048,877**	2,437,127	(388,250)	(15.9)
Liabilities				
Mortgages payable	**757,270**	775,431	(18,161)	(2.3)
Mortgages payable related to the investment properties held for sale	**18,150**	96,439	(78,289)	(81.2)
Debentures	**199,219**	269,916	(70,697)	(26.2)
Bank borrowings	**56,156**	—	56,156	100.0
Accounts payable and accrued liabilities	**61,478**	68,516	(7,038)	(10.3)
Total liabilities	**1,092,273**	1,210,302	(118,029)	(9.8)
Unitholder's equity				
Unitholder's equity	**956,604**	1,226,825	(270,221)	(22.0)
Total liabilities and unitholder's equity	**2,048,877**	2,437,127	(388,250)	(15.9)

Investment properties: During the first nine months of 2023, Cominar transferred a net amount of $76.9 million of investment properties to investment properties held for sale.

Investment properties held for sale: During the first nine months of 2023, Cominar sold 26 properties for a total adjusted sale price of $296.8 million. As at September 30, 2023, Cominar had three properties and one land parcel held for sale totaling $69.4 million, each of which were, as of such date, subject to a definitive sale agreement.

Adjustment to fair value of investment properties: During the first nine months of 2023, Cominar revalued its investment properties and investment properties held for sale using external valuations and definitive agreements to sell investment properties and determined that a net decrease of $121.6 million was necessary to adjust the carrying amount of its investment properties to fair value. At the end of the third quarter of 2023, Cominar reassessed the fair value for its entire portfolio, using external valuations and definitive agreements to sell investment properties.

Debentures: On May 23, 2023, Cominar repaid its Series 10 senior unsecured debentures totaling $71.1 million and bearing interest at 4.247%.

Bank borrowings: On April 24, 2023, Cominar entered into a credit agreement with a banking syndicate which provides Cominar with revolving credit facilities in an aggregate amount of up to $132.5 million (the "Credit Facilities"). As at September 30, 2023, bank borrowings under such facilities totaled $56.2 million.

Distributions to parent company (IRIS): During the first nine months of 2023, Cominar declared and paid $181.0 million in cash distributions, of which $111.3 million came from net proceeds of investment property dispositions, $63.7 million from the Credit Facilities and $6.0 million came from cash on hand.

Results of Operations

The following table highlights our results of operations for the periods ended September 30, 2023 and 2022, as shown in our condensed interim consolidated financial statements:

	Quarter			Year-to-date (nine months)		
Periods ended September 30	2023	2022		2023	2022	
	$	$	% Δ	$	$	%Δ
Operating revenues	**67,979**	81,605	(16.7)	**219,440**	301,764	(27.3)
Operating expenses	**(35,063)**	(40,975)	(14.4)	**(115,705)**	(156,824)	(26.2)
NOI	**32,916**	40,630	(19.0)	**103,735**	144,940	(28.4)
Finance charges	**(14,213)**	(11,933)	19.1	**(42,098)**	(58,750)	(28.3)
Trust administrative expenses	**(9,278)**	(11,685)	(20.6)	**(24,853)**	(24,140)	3.0
Change in fair value of investment properties	**(94,820)**	(118,298)	(19.8)	**(121,569)**	(44,294)	174.5
Share of joint ventures' net income	**6**	—	100.0	**1,834**	2,128	(13.8)
Transaction costs	**(2,114)**	(576)	267.0	**(11,140)**	(80,554)	(86.2)
Adjustment of the selling price of the interest in a joint venture	**1,111**	—	100.0	**1,111**	—	100.0
Net loss before income taxes	**(86,392)**	(101,862)	(15.2)	**(92,980)**	(60,670)	53.3
Income taxes	**(23)**	125	(118.4)	**(23)**	125	(118.4)
Net loss	**(86,415)**	(101,737)	(15.1)	**(93,003)**	(60,545)	53.6
Other comprehensive income						
Cash flow hedges						
Realized gain on financial instruments transferred to net income	**(647)**	—	(100.0)	**(647)**	—	(100.0)
Change in fair value of the financial instrument	**4,411**	—	100.0	**4,411**	—	100.0
Comprehensive loss	**(82,651)**	(101,737)	(18.8)	**(89,239)**	(60,545)	47.4

The decrease in operating revenues and in operating expenses for the first nine months of 2023 resulted mainly from the sale of 226 investment properties at the closing of the Arrangement in 2022 and from the sale of 38 investment properties since the end of the first quarter of 2022. Refer to "Results of operations - same property portfolio" for a same property operating results analysis.

The decrease in finance charges for the first nine months of 2023 resulted mainly from debt reimbursement in connection with the Arrangement. Refer to "Finance Charges".

During first nine months of 2023, Cominar revalued its real estate portfolio and determined that a net decrease of $121.6 million (decrease of $44.3 million in 2022) was necessary to adjust the carrying amount of its investment properties to fair value.

Transaction costs of $11.1 million were incurred as a result of the dispositions that occurred in 2023 or 2022. Transaction costs of $80.0 million were mainly incurred in 2022 as a result of the Arrangement. Refer to "Transaction Costs".

Net Operating Income

NOI is a measure presented in the statement of comprehensive income in Cominar's condensed interim consolidated 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 Cominar's proportionate share in NOI. Results of operations on a same property portfolio basis are available in the next section.

	Quarter			Year-to-date (nine months)		
Periods ended September 30	2023	2022		2023	2022	
	$	$	% Δ	$	$	%Δ
NOI — Financial statements	**32,916**	40,630	(19.0)	**103,735**	144,940	(28.4)
NOI — Joint ventures	**—**	—	—	**—**	1,662	(100.0)
NOI — Cominar's proportionate share [1]	**32,916**	40,630	(19.0)	**103,735**	146,602	(29.2)

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

NOI by Property Type

	Quarter			Year-to-date (nine months)		
Periods ended September 30	2023	2022		2023	2022	
	$	$	% Δ	$	$	%Δ
Property type						
Office and mixed-use	**14,518**	20,430	(28.9)	**48,057**	69,879	(31.2)
Retail	**18,335**	20,596	(11.0)	**55,615**	60,883	(8.7)
Industrial and flex	**—**	(396)	100.0	**—**	15,840	(100.0)
NOI — Cominar's proportionate share [1]	**32,853**	40,630	(19.1)	**103,672**	146,602	(29.3)

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

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, 2022, with the exception of results from the properties sold or under development in 2022 and 2023, as well as the rental income arising from the recognition of leases on a straight-line basis.

	Quarter			Year-to-date (nine months)		
Periods ended September 30	2023	2022		2023	2022	
	$	$	% Δ	$	$	%Δ
Same property operating revenues - Cominar's proportionate share [1]	**64,357**	62,791	2.5	**192,026**	185,271	3.6
Same property operating expenses - Cominar's proportionate share [1]	**(32,584)**	(32,177)	1.3	**(100,339)**	(99,513)	0.8
SPNOI — Cominar's proportionate share [1]	**31,773**	30,614	3.8	**91,687**	85,758	6.9

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

The third quarter increase of $1.6 million in same property operating revenues resulted mainly from increases in rents and in recovery revenues, the latter due to increases in recoverable operating expenses and in maintenance capital expenditures, partly offset by a decrease in other revenues, namely construction management fees and proceeds from the sale of unused equipment in 2022. Same property operating expenses increased by $0.4 million mainly due to an increase in general maintenance and operating expenses following regain of activities in both our office and retail properties, partly offset by decreases in realty taxes and services

following the settlement of pending tax disputes. As a result, SPNOI increased by $1.2 million or 3.8% in the third quarter of 2023 compared with the same period of 2022.

Finance Charges

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2023	2022		2023	2022	
	$	$	% Δ	$	$	%Δ
Interest on mortgages payable	**9,650**	8,449	14.2	**29,070**	31,445	(7.6)
Interest on debentures [1]	**2,790**	3,641	(23.4)	**9,656**	22,513	(57.1)
Interest on bank borrowings (on cash surplus)	**991**	(183)	(641.5)	**1,744**	2,895	(39.8)
Amortization of deferred financing costs and other costs	**1,049**	383	173.9	**2,359**	3,327	(29.1)
Less: Capitalized interest	**(267)**	(357)	(25.2)	**(731)**	(1,430)	(48.9)
Total finance charges — Financial statements	**14,213**	11,933	19.1	**42,098**	58,750	(28.3)
Adjusted finance charges [1]	**14,213**	11,933	19.1	**42,098**	55,722	(24.4)
Percentage of operating revenues	**20.9 %**	4.0 %		**19.2 %**	19.5 %	
Weighted average interest rate on total debt [2]				**5.05 %**	4.00 %	

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

The third quarter increase in finance charges is mainly due to (i) Cominar entering into the Credit Agreement (as defined below) in April 2023 which provides the Credit Facilities and (ii) the increase in interest rates between repaid mortgages and new mortgages, partially offset by (iii) a decrease in debentures following Series 10 senior unsecured debentures repayment on May 23, 2023 and (iv) a net decrease of $138.6 million in mortgages payable.

Trust Administrative Expenses

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2023	2022		2023	2022	
	$	$	% Δ	$	$	%Δ
Salaries and benefits	**3,192**	2,356	35.5	**9,684**	7,096	36.5
Office and IT expenses	**861**	707	21.8	**2,809**	2,129	31.9
Professional fees	**1,486**	1,762	(15.7)	**4,317**	3,127	38.1
Asset management fees	**1,724**	6,671	(74.2)	**5,057**	11,284	(55.2)
Other expenses	**2,015**	189	NM	**2,986**	504	492.5
Total Trust administrative expenses	**9,278**	11,685	(20.6)	**24,853**	24,140	3.0

Transaction Costs

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2023	2022		2023	2022	
	$	$	% Δ	$	$	%Δ
Banker and professional fees	**1,611**	664	142.6	**4,984**	27,731	(82.0)
Closing adjustments	**503**	(60)	(938.3)	**5,682**	17,652	(67.8)
Compensation, severances, retention bonuses and other related costs	**—**	27	(100.0)	**474**	19,512	(97.6)
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	(100.0)
Total Transaction costs	**2,114**	576	267.0	**11,140**	80,554	(86.2)

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 (loss) (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			Year-to-date (nine months)		
	2023	2022		2023	2022	
	$	$	% Δ	$	$	%Δ
Net loss	**(86,415)**	(101,737)	(15.1)	**(93,003)**	(60,545)	53.6
Deferred income taxes	**—**	(130)	100.0	**—**	(130)	100.0
Initial and re-leasing salary costs	**482**	563	(14.4)	**1,837**	2,099	(12.5)
Change in fair value of investment properties - Cominar's proportionate share	**94,820**	118,298	(19.8)	**119,741**	42,880	179.2
Capitalizable interest on properties under development — joint ventures	**—**	—	—	**—**	192	(100.0)
Transaction costs	**2,114**	576	267.0	**11,140**	80,554	(86.2)
Adjustment of the selling price of the interest in a joint venture	**(1,111)**	—	(100.0)	**(1,111)**	—	(100.0)
FFO [1]	**9,890**	17,570	(43.7)	**38,604**	65,050	(40.7)

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

FFO[1]: FFO for the quarter ended September 30, 2023 amounted to $9.9 million compared to $17.6 million for the previous year's comparable period due to the $7.7 million decrease in NOI which is mainly related to the sale of investment properties since the end of the second quarter of 2022 and increases in transaction costs and finance charges, partly offset by decrease in trust administrative expenses.

Distributions

Cominar is governed by a Contract of Trust dated as of March 31, 1998, as amended and amended and restated to date. The trustees of the REIT intend to distribute Cominar's distributable income to its sole unitholder, 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 and certain other items not affecting cash, if applicable.

Distributions to the Sole Unitholder

During nine-month period ended September 30, 2023, Cominar used the property dispositions net proceeds, a portion of the Credit Facilities and cash on hand to declare and pay $181.0 million in cash distributions to IRIS.

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

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2023	2022		2023	2022	
	$	$	% Δ	$	$	% Δ
Net loss	**(86,415)**	(101,737)	(15.1)	**(93,003)**	(60,545)	53.6
Cash flows provided (used) in operating activities — Financial statements	**12,291**	31,255	(60.7)	**18,431**	(36,973)	(149.8)
Cash distributions to parent company (IRIS)	**—**	320,789	(100.0)	**180,982**	1,053,394	(82.8)
Surplus (deficit) of cash flows provided by operating activities compared with distributions to parent company (IRIS)	**12,291**	(289,534)	(104.2)	**(162,551)**	(1,090,367)	(85.1)

The deficit of cash flows in 2023 of $162.6 million for the nine-month period ended September 30, 2023 was funded by net proceeds from the sale of investment properties, by a portion of the Credit Facilities and cash on hand.

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, 2023			December 31, 2022		
		Weighted average contractual rate [1]	Residual weighted average term [1]		Weighted average contractual rate [1]	Residual weighted average term [1]
	$			$		
Mortgages payable	**775,420**	**4.77 %**	**5.0 years**	871,870	3.63 %	4.1 years
Debentures	**199,219**	**5.58 %**	**1.4 years**	269,916	5.23 %	1.7 years
Bank borrowings secured	**56,156**	**7.08 %**	**0.5 year**	—	— %	—
Total debt	**1,030,795**	**5.05 %**	**4.1 years**	1,141,786	4.01 %	3.5 years
Cash and cash equivalents	**(3,728)**			(38,063)		
Net debt	**1,027,067**			1,103,723		
Unsecured debt-to-total-debt ratio [1, 2]	**19.3 %**			**23.6 %**		

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

Mortgages Payable

As at September 30, 2023, the balance of mortgages payable after deduction of deferred financing costs was $775.4 million, down $96.4 million from $871.9 million as at December 31, 2022. This decrease resulted from new mortgages of $270.0 million, $98.5 million of mortgages payable assumed by property purchasers, $253.8 million of mortgages payable repayments and monthly repayments of capital totaling $12.9 million. As at September 30, 2023, the weighted average contractual rate was 4.77% and the effective weighted average interest rate was 4.90%.

Contractual maturities of mortgages payable

Years ending December 31	Repayment of principal $	Balances at maturity $	Total $	Weighted average contractual rate [1]
2023 (period from October to December)	4,704	—	4,704	— %
2024	18,470	102,121	120,591	4.00 %
2025	14,690	28,437	43,127	6.35 %
2026	15,046	—	15,046	— %
2027	15,685	—	15,685	— %
2028	14,127	221,413	235,540	6.37 %
2029	9,805	88,087	97,892	3.65 %
2030	2,785	231,411	234,196	4.00 %
2031	913	11,649	12,562	4.19 %
Total	**96,225**	**683,118**	**779,343**	**4.77 %**

1 Based on the contractual maturities of each year.

As at September 30, 2023, the residual weighted average term of mortgages payable was 5.0 years.

Debentures

	Date of issuance	Contractual interest rate	Effective interest rate	Dates of interest payments	Maturity date	as at September 30, 2023 $
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		**5.58 %**	**5.88 %**			
Total						**199,918**

On May 23, 2023, Cominar repaid its Series 10 senior unsecured debentures totaling $71.1 million and bearing interest at 4.247% using a portion of the Credit Facilities and cash on hand.

As at September 30, 2023, the residual weighted average term of debentures was 1.4 years.

Bank Borrowings

On April 24, 2023, Cominar entered into a credit agreement with a banking syndicate (the "Credit Agreement") providing for the Credit Facilities. Under the terms of the Credit Agreement, the lenders committed to provide Cominar with the Credit Facilities maturing on April 24, 2024 and secured by hypothecs on three properties with a book value of $260.6 million. The credit Facilities consist of Revolving Facility A and Revolving Facility B. Revolving Facility A allows Cominar to draw up to an aggregate of $80,0 million and Revolving Facility B allows Cominar to draw up to an aggregate of $52.5 million. The Credit Facilities bear interest at the prime rate plus 70 basis points or at the bankers' acceptance rate plus 170 basis points. As at September 30, 2023, bank borrowings under the Credit Facilities totaled $56.2 million. The Credit Agreement limits the amount of distributions that can be made to IRIS and subordinates all of the outstanding units owned by IRIS and includes restrictive covenants, with which Cominar was in compliance as at September 30, 2023.

Cominar previously provided a secured guarantee of the obligations of IRIS, as borrower, under a credit agreement dated March 1, 2022 (as same was subsequently amended and supplemented from time to time) with, among others, Bank of Montreal, as

administrative agent and lender. The credit facility thereunder was fully paid out and the credit agreement and related guarantee were terminated using a portion of the Credit Facilities on April 24, 2023.

Debt 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, 2023	December 31, 2022
	$	$
NOI (last 12 months)	**140,498**	181,703
Trust administrative expenses (last 12 months)	**(33,026)**	(32,313)
Recognition of leases on a straight-line basis (last 12 months)	**325**	(64)
EBITDA (last 12 months) [2]	**107,797**	149,326
Adjusted finance charges (last 12 months) [1]	**53,646**	67,198
Interest coverage ratio [2]	**2.01 : 1**	2.22 : 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 "Non-IFRS and Other Financial Measures".

Debt Service Coverage Ratio

The debt service coverage ratio is a non-IFRS measure used by Cominar to assess Cominar's ability to pay its obligations 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 plus contractual repayments of capital.

	September 30, 2023	December 31, 2022
	$	$
NOI (last 12 months)	**140,498**	181,703
Trust administrative expenses (last 12 months)	**(33,026)**	(32,313)
Recognition of leases on a straight-line basis (last 12 months)	**325**	(64)
EBITDA (last 12 months) [2]	**107,797**	149,326
Adjusted finance charges (last 12 months) [1]	**53,646**	67,198
Monthly repayments of mortgages payable (last 12 months)	**17,173**	26,762
Debt service coverage ratio [2]	**1.52 : 1**	1.59 : 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 "Non-IFRS and Other Financial Measures".

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.

	September 30, 2023	December 31, 2022
	$	$
Mortgages payable	**775,420**	871,870
Debentures	**199,219**	269,916
Bank borrowings	**56,156**	—
Cash and cash equivalents	**(3,728)**	(38,063)
Total net debt	**1,027,067**	1,103,723
Total assets less cash and cash equivalents	**2,045,149**	2,399,064
Debt ratio [1, 2]	**50.2 %**	46.0 %

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 "Non-IFRS and Other Financial Measures".

Off-Balance Sheet Arrangements and Contractual Commitments

The Credit Facilities were partly used to fully repay the balance under the Iris Credit Facility, which was guaranteed by Cominar. The Iris Credit Facility was terminated following such repayment.

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.

Financial instruments

Interest rate risk
Interest rate risk is Cominar's exposure to increases and decreases in financial instrument values caused by the fluctuation in interest rates. Cominar is exposed to cash flow risk due to the interest rate fluctuation in its floating rate interest-bearing financial obligations. Cominar from time to time may enter into fixed interest rate derivatives to manage its cash flow risk exposure. As at September 30, 2023, Cominar holds a floating-to-fixed interest rate swap in order to hedge a portion of the interest rate cash flow risk associated with floating interest rate debt.

Furthermore, upon refinancing of a borrowing, depending on the availability of funds in the market and lender perception of the Cominar's risk, the margin that is added to the reference rate, such as CDOR or banker's acceptance rates, could vary and thereby directly influence the interest rate payable by Cominar.

Fair value of recognized financial instruments

On July 5, 2023 Cominar entered into a 5-year swap contract with quarterly intervals based on swapping a variable rate based on CDOR for fixed rate of 6,3%. A derivative asset fair value of $3.8 million and an interests receivable on swap of $0.6 million were recorded as at September 30, 2023.

The Company has classified this as level 2 in the fair value hierarchy.

	September 30, 2023	December 31, 2022
Receive - Notional	240,000	—
Receive - Rate	**6.3 %**	— %
Pay - Notional	240,000	—
Pay - Rate	**7.2 %**	— %

Related Party Transactions

Since March 1, 2022, Cominar has been a 100% owned subsidiary of IRIS. In connection with their investment in IRIS, certain affiliates of IRIS created a joint venture to provide asset management services to Cominar. This entity is a related party to Cominar by virtue of common joint control.

During the nine-month period ended September 30, 2023 Cominar entered into transactions with such entities, then related companies, in the normal course of business, the details of which are as follows:

Periods ended September 30	Quarter		Year-to-date (nine months)	
	2023	2022	2023	2022
	$	$	$	$
Parent company (IRIS) subscription under the Arrangement	**—**	—	**—**	4,241,571
Reimbursement of the subscription receivable from parent company (IRIS)	**—**	282,743	**—**	1,630,901
Cash distributions to parent company (IRIS)	**—**	320,789	**180,982**	1,065,789
Asset management fees and expense reimbursements to parent company (IRIS)	**—**	5,152	**—**	7,765
Asset management fees to a joint venture under common control	**1,501**	1,501	**4,502**	3,501
Professional fees to a company controlled by a member of the Board of Trustees	**725**	825	**2,075**	975

Property Portfolio

	September 30, 2023	December 31, 2022
	$	$
Income properties	**1,845,061**	1,988,690
Properties under development and land held for future development — Cominar's proportionate share [1]	**70,375**	66,929
Investment properties held for sale	**69,380**	312,866
Number of income properties	**30**	56
Leasable area (sq. ft.)	**9,456,000**	11,919,000

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

Summary by property type

	September 30, 2023		December 31, 2022	
	Number of properties	Leasable area (sq. ft.)	Number of properties	Leasable area (sq. ft.)
Office and mixed-use	**20**	**5,076,000**	34	6,213,000
Retail	**10**	**4,380,000**	22	5,706,000
Total	**30**	**9,456,000**	56	**11,919,000**

Summary by geographic market

	September 30, 2023		December 31, 2022	
	Number of properties	Leasable area (sq. ft.)	Number of properties	Leasable area (sq. ft.)
Montréal	**21**	**8,455,000**	37	9,864,000
Québec City	**6**	**465,000**	14	1,408,000
Ontario — Ottawa [1]	**3**	**536,000**	5	647,000
Total	**30**	**9,456,000**	56	**11,919,000**

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

Investment properties, 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:

	Quarter			Year-to-date (nine months)		
Periods ended September 30	2023	2022		2023	2022	
	$	$	% Δ	$	$	%Δ
Capital expenditures — increase of rental income generating capacity	**3,620**	1,679	115.6	**11,007**	12,544	(12.3)
Capital expenditures — maintenance of rental income generating capacity	**2,587**	2,321	11.5	**9,472**	5,705	66.0
Total	**6,207**	4,000	55.2	**20,479**	18,249	12.2
Leasehold improvements	**5,891**	7,231	(18.5)	**12,420**	10,964	13.3
Leasing costs	**231**	508	(54.5)	**1,378**	3,543	(61.1)
Subtotal capital expenditures	**12,329**	11,739	5.0	**34,277**	32,756	4.6
Properties under development	**2,791**	1,403	98.9	**7,646**	2,301	232.3
Capitalized interests on properties under development	**—**	—	—	**—**	580	(100.0)
Total capital expenditures (including capitalized interests) [1]	**15,120**	13,142	15.1	**41,923**	35,637	17.6

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, 2023			Year ended December 31, 2022
	Office and mixed-use properties	Retail properties	Total	Total
	$	$	$	$
Investment properties				
Balance, beginning of period	**264,000**	**48,865**	**312,865**	3,363,500
Net transfer from (to) income properties [1]	**(32,961)**	**109,872**	**76,911**	485,378
Transfers from properties under development and land held for future development	**—**	**—**	**—**	7,867
Capitalized costs	**1,067**	**156**	**1,223**	11,709
Change in fair value	**(22,910)**	**(1,869)**	**(24,779)**	(27,706)
Dispositions	**(143,196)**	**(153,644)**	**(296,840)**	(3,527,883)
Balance, end of period	**66,000**	**3,380**	**69,380**	312,865

1 During the first quarter of 2023, Cominar transferred $78,625 of investment properties held for sale to income properties. At this moment these properties no longer met the required criteria to be presented as held for sale.

During the nine-month period ended September 30, 2023, Cominar sold 26 investment properties held for sale for a total adjusted sale price of $296.8 million.

Investments in Joint Ventures

September 30			2023	2022
Joint ventures	Address	City/province	Ownership interest	Ownership interest
Société en commandite Complexe Jules-Dallaire	2820 Laurier Boulevard	Québec, Québec	**—**	**—**[1]
Société en commandite Marais	Du Marais Street	Québec, Québec	**75%**	75%
Société en commandite Bouvier-Bertrand	Espace Bouvier	Québec, Québec	**—**	—[2]
Société en commandite Terrains Centropolis	Centropolis	Laval, Québec	**50%**	50%

1 Société en commandite Complexe Jules-Dallaire sold its property and was subsequently liquidated and dissolved in connection with the Arrangement
2 Cominar sold its 50% partnership interest in Société en commandite Bouvier-Bertrand on April 27, 2022

Terrains Centropolis SEC is a residential development in partnership with Cogir/Divco, for approximately 535 units. The first phase of approximately 365 units is currently under construction and is expected to be delivered by the third quarter of 2024. The second phase of approximately 170 units is in the construction permit approval process by the City of Laval and, if approved, the construction is expected to start in 2024.

Real Estate Operations

Occupancy Rate

	Committed
	September 30, 2023
Property type	
Office and mixed-use	**86.5 %**
Retail	**93.6 %**
Total	**89.7 %**

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.

Lease Maturities on portfolio as at September 30, 2023

Years ending December 31	2023	2024	2025	2026	2027
Office and mixed-use					
Leasable area (sq. ft.)	620,098	626,826	828,021	195,579	904,984
% of total portfolio — Office and mixed-use	12.2 %	12.3 %	16.3 %	3.9 %	17.8 %
Retail					
Leasable area (sq. ft.)	896,340	539,669	415,485	214,688	372,245
% of portfolio — Retail	20.5 %	12.3 %	9.5 %	4.9 %	8.5 %
Portfolio total					
Leasable area (sq. ft.)	1,516,438	1,166,495	1,243,506	410,267	1,277,229
% of portfolio — Total	16.0 %	12.3 %	13.2 %	4.3 %	13.5 %

During the nine-month period ended September 30, 2023, 77.7% of the leasable area maturing in 2023 was renewed and growth in the average net rent on renewed leases was 5.2%.

The following table summarizes information on leases as at September 30, 2023:

	Residual weighted average term (years)	Weighted average term of leases (years)
Property type		
Office and mixed-use	12.9	18.5
Retail	4.9	8.2
Weighted average of total portfolio	**9.1**	**13.6**

Issued and Outstanding Units

	Nine-month period ended September 30, 2023	Year ended December 31, 2022
	Units	Units
Units issued and outstanding, beginning of period	**182,451,027**	182,451,026
Non-redeemable units issuance to parent company (IRIS)	**45,612,757**	—
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	**228,063,784**	182,451,027

As at September 30, 2023, there were a total of 228,063,784 units of the REIT issued and outstanding, comprised of 182,451,027 units designated as "Redeemable Units" and 45,612,757 units designated as "Non-Redeemable Units". All units of the REIT are held by IRIS. Non-Redeemable Units and Redeemable Units will at all times be equivalent in all respects, other than the right of redemption which only applies in respect of the Redeemable Units. All units, whether a Non-Redeemable Unit or a Redeemable Unit, represent a unitholder's undivided and proportionate ownership interest in Cominar. Each unit whether a Non-Redeemable Unit or a Redeemable Unit, confers the right to vote at any meeting and to participate equally and rateably in all Cominar distributions.

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:

- 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 the 2022 AIF and 2022 MD&A.

Cominar