Management's Discussion and Analysis

Cominar Real Estate Investment Trust

Year Ended December 31, 2021

Cominar

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Management's Discussion and Analysis

The following 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 year ended December 31, 2021, in comparison with the year ended December 31, 2020, as well as its financial position as at that date. Dated February 27, 2022, this MD&A reflects all significant information available as of that date and should be read in conjunction with the consolidated financial statements and accompanying notes included in this report.

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 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 MD&A present the consolidated balance sheets and 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 current and prospective investors 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 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 MD&A.

Additional information on Cominar, including its 2021 Annual Information Form, 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 MD&A on February 27, 2022.

Message to Unitholders

Dear unitholders,

The Arrangement transaction whereby a consortium including Artis REIT, Canderel Real Estate Property Inc, FrontFour Capital Group LLC and partnerships managed by the Sandpiper Group are taking Cominar private is scheduled to close on March 1, 2022. As part of the Arrangement transaction, Mach Capital Inc is scheduled to acquire a portfolio of our retail and office properties for approximately $1.5 billion, and Blackstone is scheduled to acquire our industrial portfolio. As part of the Arrangement transaction all unitholders will receive a cash consideration of $11.75 per unit.

Our same property net operating income decreased by 7.8% in the fourth quarter year over year, while it increased by 2.9% for the full year. This decrease for the quarter resulted mainly from decreases in project management revenues, parking revenues and year end adjustments in our office portfolio, partially offset by the decrease of expected credit losses throughout the portfolio.

For the year we recorded an increase in net rent for expiring and renewed leases of 7.5% in total, with increases of 22.4% in our industrial portfolio, 7.0% in our office portfolio and a 2.1% decrease for our retail portfolio.

Same property net operating income in our industrial portfolio increased by 10.0% in the fourth quarter. Our committed occupancy rate stood at 97.4.

In our office portfolio, we experienced a reduction in same property net operating income of 22.5% in the fourth quarter and 8.1% for the twelve-month period, compared to the same periods last year. The net rent of renewed leases, grew by 10.6% in the fourth quarter, and 97.4% of our leases expiring in 2021 were covered by renewals or new leases.

On the retail front, 107% of our retail leases expiring in 2021 were covered by renewals or new leases.

Our adjusted FFO per unit for the quarter stood at $0.24 compared to $0.27 for the same period last year. On an annual basis, adjusted FFO for 2021 stood at $1.06, 5 cents ahead of $1.01 observed in 2020. Our debt ratio stood at 56.9% as at December 31, 2021.

We want to thank our human capital for their dedication, hard work and commitment through the challenges that Cominar faced throughout the pandemic and our strategic review process. Our thanks also go to all of our trustees, past and present, who contributed to the undertaking and affairs of Cominar over the years.

René Tremblay
Chairman of the Board of Trustees

Sylvain Cossette
President and Chief Executive Officer

February 27, 2022

Financial Highlights

Year ended December 31, 2021

FFO[1] per unit	**$0.98**
Growth in same property net operating income[1]	**2.9%**
Growth in the average net rent of renewed leases	**7.5%**
Committed occupancy rate	**93.4%**
In-place occupancy rate	**91.7%**
Debt ratio[1]	**56.9%**
Change in fair value	**$(348)M**
AFFO payout ratio[1]	**42.9%**

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

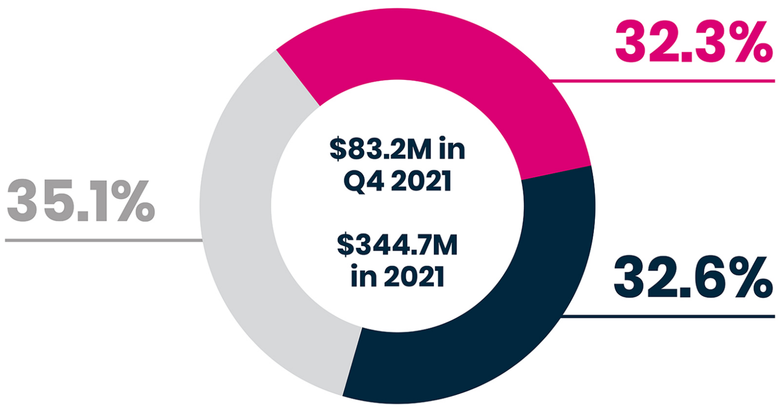
Office	Reduction in same property net operating income [1]	(8.1)%
	Growth in the average net rent of renewed leases	7.0%
	Retention rate	77.6%
	Committed occupancy rate	90.0%
	Change in fair value	$(237)M
Retail	Growth in same property net operating income [1]	12.0%
	Reduction in the average net rent of renewed leases	(2.1)%
	Retention rate	72.8%
	Committed occupancy rate	90.7%
	Change in fair value	$(366)M
Industrial and flex	Growth in same property net operating income [1]	10.1%
	Growth in the average net rent of renewed leases	22.4%
	Retention rate	72.1%
	Committed occupancy rate	97.4%
	Change in fair value	$256M

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

Real Estate Portfolio

		Investment properties held for sale
Properties	309	227
Leasable area (sq. ft.)	35.5M	22.6M
Assets	$6.1B	$3.4B

Same Property Net Operating Income by Property Type[1]

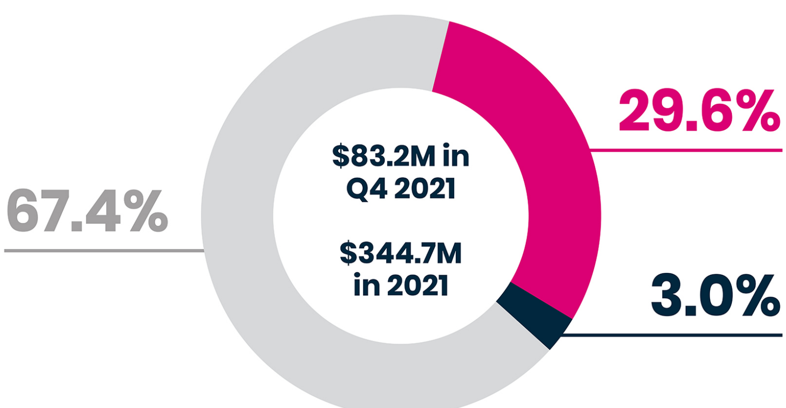


Office
78 properties
10.9M sq ft

Retail
41 properties
9.4M sq ft

Industrial and flex
190 properties
15.3M sq ft

Same Property Net Operating Income by Geographic Market[1]



Montreal
193 properties
23.5M sq ft

Quebec City
97 properties
9.7M sq ft

Ottawa
19 properties
2.4M sq ft

1 Split as per quarter ended December 31, 2021

Subsequent Events

On January 14, 2021, Cominar entered into a new 3-month unsecured credit facility of up to $175.0 million maturing in March 2022 which bears interest at the prime rate plus 175 basis points or at the bankers' acceptance rate plus 275 basis points.

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

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

On February 21 2022, Cominar announced that the closing of the plan arrangement for the acquisition of Cominar by Iris Acquisition II LP was scheduled to occur on March 1, 2022.

Post year-end, Cominar completed the sale of 1 industrial and flex property and 2 retail properties for a total amount of $18.5 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 in other communications.This information includes, but is not limited to, statements made in the COVID 19 – Impacts analysis and risks, Results of Operations – Same Property Office Portfolio, Retail Properties Under Construction and Development Projects, Real Estate Operations – Retail, Real Estate Operations – Office, Industrial and Flex Financial and Operational Highlights, Results of Operations – Same Property Industrial and Flex Portfolio sections 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 including as regards the scheduled date of closing of the Transaction. 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 uncertainties 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 Cominar's 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 and Uncertainties - COVID-19 Health Crisis* section of the 2020 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, investors 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 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 MD&A, as well as in the "Risk Factors" section of Cominar's 2021 Annual Information Form.

Non-IFRS and Other Financial Measures

Cominar's Consolidated financial statements are prepared in accordance with IFRS. However, in this 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, as well as the reasons why management believes these measures are useful to investors, are described below. Reconciliation can be found in the section dealing with each of these measures.

Non-IFRS Financial Measures

- **Cominar's proportionate share**: Cominar accounts for investments in joint ventures and associates as equity accounted investments in accordance with IFRS. Cominar's proportionate share is a non-IFRS financial measure that adjusts Cominar's financial statements to reflect Cominar's equity accounted investments and its share of net income (loss) from equity accounted investments on a proportionately consolidated basis at Cominar's ownership interest of the applicable investment. Cominar believes this measure is important for investors as it is consistent with how Cominar reviews and assesses operating performance of its entire portfolio. Throughout this MD&A, the balances at Cominar's proportionate share have been reconciled back to relevant IFRS measures;

- **Same property net operating income ("SPNOI")**: SPNOI is a non-IFRS financial measure used by Cominar to provide an indication of the period-over-period operating profitability of the same property portfolio, that is, Cominar's ability to increase revenues, manage costs, and generate organic growth. SPNOI includes the results of properties owned by Cominar as at December 31 2019, with the exception of results for properties sold, acquired or under development in 2020 and 2021, as well as the rental income arising from the recognition of leases on a straight-line basis that is a non-cash item and which, by excluding it, will allow this measure to present the impact of actual rents collected by Cominar;

- **Funds from operations ("FFO")**: FFO is a non-IFRS financial measure which represents a standard real estate benchmark used to measure an entity's performance, and is calculated by Cominar as defined by REALpac as net income (loss) (calculated in accordance with IFRS) adjusted for, among other things, changes in the fair value of investment properties, deferred taxes and income taxes related to a disposition of properties, derecognition and impairment of goodwill, initial and re-leasing salary costs, adjustments relating to the accounting of joint ventures and transaction costs incurred upon a business combination or a disposition of properties. It is Cominar's view that net income does not necessarily provide a complete measure of Cominar's recurring operating performance since net income includes items such as changes in fair value of investment property which may not be representative of recurring performance. Cominar considers FFO as a key measure of operating performance as it adjusts net income for items that are not recurring including gain (loss) on sale of real estate assets as well as non-cash items such as the fair value adjustments on investment properties and Cominar ties employee incentives to this measure;

- **Adjusted funds from operations ("AFFO")**: AFFO is a non-IFRS financial measure which, by excluding from the calculation of FFO the rental income arising from the recognition of leases on a straight-line basis, the investments needed to maintain the property portfolio's capacity to generate rental income and a provision for leasing costs is calculated as defined by REALpac. Cominar considers AFFO to be a useful measure of recurring economic earnings and considers AFFO in determining the appropriate level of distributions;

- **Provision for leasing costs**: Provision for leasing costs is a non-IFRS financial measure which Cominar deducts in computing the AFFO represents the amortization, over the terms of the leases, of leasehold improvements and initial direct costs, which include brokerage fees incurred when negotiating and preparing leases. This allows for better reconciliation of the investments made with the operating revenues generated over the terms of the leases;

- **Capital expenditures - maintenance of rental income generating capacity**: Capital expenditures - maintenance of rental income generating capacity is a non-IFRS financial measure which Cominar deducts in computing AFFO, corresponds to management's estimate of the non-income generating portion of 2021 expenditures that have to be incurred primarily for major repair and maintenance expenditures, for example, some common areas, roofing, parking, as well as the replacement of equipment. In order to establish the allocation of capital expenditures between maintenance of rental income generating capacity and increase of rental income generating capacity, Cominar analyzes the work carried out according to its nature (common areas, roofing, parking, equipment, etc.), the age and location of the properties, the property type, market conditions as well as historical data. Capital expenditures related to maintenance of rental income generating capacity do not include current repair and maintenance costs, as they are already deducted in determining net operating income. Capital expenditures incurred that are designed to create, improve or increase net operating income of income properties are considered as a way of increasing rental income generating capacity and constitute investment activities for Cominar (see the "Investment in income properties" section). The calculation of AFFO does not take into account these capital expenditures aiming to increase rental income generating capacity;

- **Adjusted finance charges**: Adjusted finance charges is a non-IFRS financial measure which excludes penalties and fees paid on debts repayments before maturity from the finance charges. This measure is used by Cominar to compute the interest coverage ratio;

- **Adjusted Trust administrative expenses**: Adjusted Trust administrative expenses is a non-IFRS financial measure which excludes alternatives consulting fees from the Trust administrative expenses. This measure is used by Cominar to compute the debt to earnings before interest, income taxes, depreciation and amortization ratio;

Non-IFRS Ratios

- **Payout ratio of adjusted funds from operations (AFFO)**: Payout ratio of AFFO is a non-IFRS ratio used by Cominar to assess Cominar's ability to pay distributions and is calculated using distributions per unit divided by AFFO per unit;

- **Debt to earnings before interest, income taxes, depreciation and amortization ("EBITDA") ratio**: Debt to EBITDA is a non-IFRS ratio widely used in the real estate industry and is used by Cominar to assess Cominar's ability to pay down its debts. Cominar defines EBITDA as net operating income minus adjusted Trust administrative expenses and recognition of lease on a straight-line basis;

- **Interest coverage ratio**: Interest coverage ratio is a non-IFRS ratio used by Cominar to assess Cominar's ability to pay interest on its debt from operating revenues and is calculated using net operating income minus adjusted Trust administrative expenses, divided by adjusted finance charges;

- **Rent collection:** Rent collection is a non-IFRS ratio used by Cominar to manage Cominar's ability to generate income through rent payments and is calculated using collected rent divided by invoiced rent;

- **Growth in the same property net operating income:** Growth in the same property net operating income is a non-IFRS ratio used by Cominar to provide an indication of the period-over-period operating profitability of the same property portfolio, that is, Cominar's ability to increase revenues, manage costs, and generate organic growth;

Other Specified Financial Measures

- **Net asset value per share** : Net asset value per share is an other specified financial measure used in the real estate industry trust and is used by Cominar to assess the value of the REIT, and it indicates the worth of one unit of the Trust;

- **Debt ratio**: Debt ratio is an other specified financial measure used by Cominar to assess the financial balance essential to the prudent running of an organization. Debt ratio is calculated by adding mortgages payable, debentures, bank borrowings less cash and cash equivalents divided by the total assets minus cash and cash equivalent. Cominar's Declaration of Trust limits the indebtedness of Cominar to a maximum of 65% of its total assets;

- **Weighted average interest rate on total debt**: Weighted average interest rate on total debt is an other specified financial measure used by Cominar and is calculated by multiplying the interest rate on each debt by the debt balance divided by the total debt;

- **Residual weighted average term of total debt**: Residual weighted average term of total debt is an other specified financial measure used by Cominar and figures the average time a loan takes to fully mature weighted by the amount of principal left to be paid on the loan;

- **Unsecured debt-to-total-debt ratio**: Unsecured debt-to-total-debt ratio is an other specified financial measure used by Cominar and is calculated using unsecured debt divided by total debt;

- **Secured debt to gross book value**: Secured debt to gross book value is an other specified financial measure used by Cominar and is calculated using total secured bank borrowings and mortgages payable, divided by total assets;

- **Unencumbered income properties**: Unencumbered income properties is an other specified financial measure used by Cominar and figures income properties which are not subject to a mortgage;

- **Unencumbered assets to unsecured net debt ratio**: Unencumbered assets to unsecured net debt ratio is an other specified financial measure used by Cominar and is calculated using fair value of unencumbered income properties divided by the unsecured net debt.

Reconciliation with closest IFRS measure and other relevant information regarding these performance indicators are provided in the appropriate sections of this MD&A.

Financial and Operational Highlights

Years ended December 31	2021 [2] $	2020 [2] $	% Δ	Page
Financial performance				
Operating revenues — Financial statements	**658,594**	661,320	(0.4)	20
Operating revenues — Cominar's proportionate share [1]	**674,838**	678,726	(0.6)	20
NOI — Financial statements	**342,238**	327,187	4.6	24
NOI — Cominar's proportionate share [1]	**351,177**	337,216	4.1	24
Same property NOI [1]	**344,722**	334,946	2.9	24
Change in fair value of investment properties	**(347,855)**	(469,763)	(26.0)	22
Net loss	**(195,308)**	(329,277)	(40.7)	30
Funds from operations (FFO) [1]	**178,888**	175,638	1.9	30
Adjusted funds from operations (AFFO) [1]	**115,155**	129,924	(11.4)	30
Cash flows provided by operating activities	**202,489**	164,466	23.1	33
Distributions	**49,262**	103,980	(52.6)	33
Total assets	**6,074,404**	6,394,279	(5.0)	19
Per unit financial performance				
Net loss (basic and diluted)	**(1.07)**	(1.80)	(40.6)	30
Funds from operations (FFO)(FD) [1,3]	**0.98**	0.96	2.1	30
Adjusted funds from operations (AFFO)(FD) [1,3]	**0.63**	0.71	(11.3)	30
Distributions	**0.27**	0.57	(52.6)	33
Payout ratio of adjusted funds from operations (AFFO) (FD) [1,3]	**42.9 %**	80.3 %	(46.6)	30
Net asset value per unit	**13.61**	14.93	(8.8)	
Financing				
Debt ratio [1,4]	**56.9 %**	55.3 %		37
Debt/EBITDA ratio [1]	**10.7 x**	11.3 x		37
Interest coverage ratio [1,5]	**2.39:1**	2.28:1		38
Weighted average interest rate on total debt	**3.68 %**	3.76 %		34
Residual weighted average term of total debt (years)	**3.0**	3.8		34
Unsecured debt-to-total-debt ratio [6]	**25.2 %**	32.2 %		38
Secured debt to gross book value [7]	**40.7 %**	37.5 %		
Unencumbered income properties	**1,605,224**	1,989,028		38
Unencumbered assets to unsecured net debt ratio [8]	**1.64:1**	1.76:1		38
Operational data				
Number of investment properties	**309**	314		39
Leasable area (in thousands of sq. ft.)	**35,547**	35,821		39
Committed occupancy rate	**93.4 %**	94.0 %		43
In-place occupancy rate	**91.7 %**	91.7 %		43
Retention rate	**74.1 %**	76.3 %		43
Growth in the average net rent of renewed leases	**7.5 %**	7.4 %		43
Development activities				
Properties under development — Cominar's proportionate share [1]	**36,285**	37,165		19

1 Refer to section "Non-IFRS and Other Financial Measures".
2 Year ended December 31, 2021 includes $17.8 million of strategic alternatives consulting fees and a $2.7 million distribution received in respect of a claim settlement regarding Sears Canada (year ended December 31, 2020 includes $1.7 million of strategic alternatives consulting fees, $2.5 million in yield maintenance fees paid in connection with the debenture Series 4 redemption and $4.6 million of penalties paid on mortgage repayments before maturity).
3. Fully diluted.
4 Total of bank borrowings, mortgages payable and debentures, less cash and cash equivalents, divided by the total assets minus the total of cash and cash equivalents.
5 Net operating income less adjusted Trust administrative expenses divided by finance charges.
6 Unsecured debt divided by total debt.
7 Total secured bank borrowings and mortgages payable, divided by total assets.
8 Fair value of unencumbered income properties divided by the unsecured net debt.

Selected Quarterly Information

Quarters ended	Dec. 2021 [2]	Sept. 2021 [3]	Jun. 2021 [4]	Mar. 2021 [5]	Dec. 2020 [6]	Sept. 2020 [7]	Jun. 2020 [8]	Mar. 2020 [9]
	$	$	$	$	$	$	$	$
Financial performance								
Operating revenues — Financial statements	**162,911**	161,684	164,278	169,721	166,156	162,505	160,550	172,109
Operating revenues — Cominar's proportionate share [1]	**167,099**	165,658	168,325	173,756	170,675	166,711	164,829	176,511
NOI — Financial statements	**82,876**	87,453	85,438	86,471	87,956	80,916	72,590	85,725
NOI — Cominar's proportionate share [1]	**85,035**	89,647	87,710	88,785	90,413	83,445	75,077	88,281
Change in fair value of investment properties	**(217,719)**	(506)	(129,565)	(65)	(150,295)	(45)	(320,631)	1,208
Net income (loss)	**(204,283)**	50,101	(91,390)	50,264	(100,277)	44,145	(318,119)	44,974
FFO [1]	**30,739**	51,232	45,406	51,511	50,943	45,437	34,217	45,041
AFFO [1]	**13,084**	35,436	29,581	37,054	44,268	31,758	21,117	32,781
Cash flows provided by operating activities	**46,066**	48,351	29,117	78,955	92,626	30,321	25,076	16,443
Distributions	**—**	16,420	16,421	16,421	16,420	21,894	32,840	32,827
Per unit financial performance								
Net income (loss) (basic)	**(1.12)**	0.27	(0.50)	0.28	(0.55)	0.24	(1.74)	0.25
Net income (loss) (diluted)	**(1.12)**	0.27	(0.50)	0.27	(0.55)	0.24	(1.74)	0.25
FFO (FD) [1,10]	**0.17**	0.28	0.25	0.28	0.28	0.25	0.19	0.25
AFFO (FD) [1,10]	**0.07**	0.19	0.16	0.20	0.24	0.17	0.12	0.18
Distributions	**0.00**	0.09	0.09	0.09	0.09	0.12	0.18	0.18

1 *Refer to "Non-IFRS and Other Financial Measures."*
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 $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 *Includes $4.6 million of penalties paid on mortgage repayments before maturity.*
10 *Fully diluted.*

Selected Annual Information

Years ended December 31	2021 [1]	2020 [2]	2019 [3]
	$	$	$
Financial performance			
Operating revenues — Financial statements	**658,594**	661,320	704,041
Operating revenues — Cominar's proportionate share [6]	**674,838**	678,726	721,235
NOI — Financial statements	**342,238**	327,187	358,322
NOI — Cominar's proportionate share [6]	**351,177**	337,216	368,155
Change in fair value of investment properties	**(347,855)**	(469,763)	276,475
Impairment of goodwill	**—**	(15,721)	—
Net income (loss) [5]	**(195,308)**	(329,277)	462,504
FFO [6]	**178,888**	175,638	195,127
AFFO [6]	**115,155**	129,924	140,960
Cash flows provided by operating activities	**202,489**	164,466	191,868
Distributions	**49,262**	103,980	131,068
Total assets	**6,074,404**	6,394,279	6,892,420
Per unit financial performance			
Net income (loss) (basic and diluted)	**(1.07)**	(1.80)	2.54
FFO (FD) [4, 6]	**0.98**	0.96	1.07
AFFO (FD) [4, 6]	**0.63**	0.71	0.77
Distributions	**0.27**	0.57	0.72

1 *Year ended December 31, 2021 includes $17.8 million of strategic alternatives consulting fees and a $2.7 million distribution received in respect of a claim settlement regarding Sears Canada.*
2 *Year ended December 31, 2020 includes $1.7 million in strategic alternatives consulting fees, $2.5 million in yield maintenance fees paid in connection with the Series 4 debenture redemption and $4.6 million of penalties paid on mortgage repayments before maturity.*
3 *Year ended December 31, 2019 includes $1.0 million from the settlement approved by the court between Target Canada and its creditors, $5.2 million of penalties paid on mortgages repayments before maturity, $1.1 million of debenture redemption costs, $4.8 million of restructuring costs and $1.0 million in severance allowance paid following the departure of an executive officer.*
4 *Fully diluted.*
5 *Includes the change in fair value of investment properties and the depreciation of goodwill in 2020.*
6 *Refer to "Non-IFRS and Other Financial Measures."*

General Business Overview

Cominar Real Estate Investment Trust is one of the largest property owners and managers in the Province of Quebec. As at December 31, 2021, Cominar owned a diversified portfolio of 309 properties, composed of office, retail and industrial and flex buildings, of which 193 were located in the Montreal area, 97 in the Quebec City area and 19 in the Ottawa area. Cominar's portfolio consisted of approximately 10.9 million square feet of office space, 9.4 million square feet of retail space and 15.3 million square feet of industrial and flex space, representing a total leasable area of 35.5 million square feet.

Under the terms of the Arrangement Agreement (defined below), Cominar will sell 227 properties, of which 29 office, 11 retail and 187 industrial and flex properties. The Arrangement Agreement transaction is scheduled to close on March 1, 2022.

Cominar's 2020 and 2021 financial performance has been negatively impacted by the ongoing COVID-19 pandemic.

Real Estate Portfolio Summary as at December 31, 2021

Our properties are primarily in urban and populous areas, located along or in proximity of major traffic arteries, in proximity to existing and/or future transit infrastructure and generally benefit from high visibility while providing ease of access for Cominar's clients and their customers.

Property type	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate	In-place occupancy rate
Office	78	10,886,000	90.0 %	88.3 %
Retail	41	9,409,173	90.7 %	87.2 %
Industrial and flex	190	15,252,000	97.4 %	96.9 %
Total	**309**	**35,547,173**	**93.4 %**	**91.7 %**

Geographic market	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate	In-place occupancy rate
Montreal	193	23,493,000	93.4 %	92.0 %
Quebec City	97	9,702,173	94.4 %	92.7 %
Ottawa	19	2,352,000	89.0 %	84.9 %
Total	**309**	**35,547,173**	**93.4 %**	**91.7 %**

Our Objectives and Strategy

Objectives

Cominar's primary objective is to maximize total return to unitholders through a combination of sustainable, tax-effective cash distributions and maximizing the Unit value through the proactive management of its portfolio of properties.

Our Strategy

On September 15, 2020, we announced the initiation of a formal strategic review process to identify, review and evaluate a broad range of potential strategic alternatives with a view to continuing to enhance unitholder value. The strategic review process is overseen by a special committee of independent trustees designated by the Board, comprised of Luc Bachand, who acts as Chair of the committee, Mitchell Cohen, Karen Laflamme and René Tremblay. Zachary George and Paul Campbell were initially designated to be members of the committee. They however recused themselves respectively on September 23, 2020 and January 14, 2021 in light of the potential for actual or perceived conflicts of interest. René Tremblay was appointed member of the committee on December 7, 2020 to fill the vacancy created by Mr. George's departure.

On October 24, 2021, Cominar announced that it has entered into an arrangement agreement (the "Arrangement Agreement") to be acquired by Iris Acquisition II LP, an entity created by a consortium led by Canderel Real Estate Property Inc. and including FrontFour Capital Group LLC, Artis REIT and partnerships managed by the Sandpiper Group (collectively, the "Purchaser") (the "Transaction").

Under the terms of the Arrangement Agreement, the Purchaser will acquire, for a consideration of $11.75 in cash per unit (the "Consideration"), all of the issued and outstanding units of Cominar. The Transaction was approved at a special meeting of unitholders called to consider the Transaction on December 21, 2021 and subsequently by the Superior Court of Québec on December 23, 2021. Closing of the Transaction is scheduled to occur on March 1, 2022.

Pursuant to the Transaction, affiliates of Mach Capital Inc. and Blackstone Real Estate Services LLC will acquire certain of Cominar's investment properties. These investment properties have been classified as investment properties held for sale. Furthermore, the joint venture Société en commandite Complexe Jules-Dallaire, which is 75% owned by Cominar, intends to dispose of its income property to Mach Capital Inc.

Cominar suspended distributions for October, November and December, 2021. Cominar reinstated the distribution in respect of the second half of January, 2022, payable in February 2022, to unitholders of record on January 31, 2022 and for the February, 2022 distribution, payable in March, 2022, to unitholders of record on February 28, 2022.

Overview of 2021

Same Property NOI[1] ("SPNOI"): SPNOI increased by $9.8 million or 2.9% when compared with 2020. The increase in SPNOI resulted mainly from a decrease of $30.2 million in the expected credit losses and an increase in the average net rent of renewed leases in office and industrial and flex portfolios, partly offset by a decrease in project management revenues and parking revenues in our office portfolio (mainly related to the financial difficulties of a third-party parking manager).

Expected credit losses: For the year ended December 31, 2021, expected credit losses of $3.6 million were recorded ($33.6 million in 2020) of which $— million is for office ($3.9 million in 2020), $4.3 million is for retail ($25.9 million in 2020) and $(0.7) million is for industrial and flex ($3.9 million in 2020). 2021 expected credit losses were driven by a partial reversal of 2020 expected credit losses provisions in the amount of $8.6 million and the Trust recorded $6.4 million of rent reductions, of which $2.6 million was previously included in expected credit losses provision.

Net Loss : Net loss for the year ended December 31, 2021 amounted to $(195.3) million compared to net loss of $(329.3) million for 2020. The net loss decrease of $134.0 million is mainly due to a $15.1 million increase in NOI and the change in fair value of investment properties of $121.9 million, partially offset by a $16.1 million increase in strategic alternatives consulting fees.

FFO[1]: FFO for the year ended December 31, 2021 amounted to$178.9 million or $0.98 per unit compared to $175.6 million or $0.96 per unit for the previous year due to the $15.1 million increase in NOI (refer to the NOI section) and a decrease in finance charges, partly offset by an increase of $16.1 million in strategic alternatives consulting fees.

AFFO[1]: AFFO for the year ended December 31, 2021 amounted to $115.2 million or $0.63 per unit compared to $129.9 million or $0.71 per unit for the previous year. AFFO decreased from 2020 due to the increases in the provision for leasing costs and capital expenditures - maintenance of rental income generating capacity, partially offset by the increase in FFO. **AFFO payout ratio**[1] for 2021 was 42.9%, down from 80.3% for last year, as a consequence of the decrease in distributions effective since August 2020 and the October, November and December 2021 distributions being suspended.

Balance Sheet: As at December 31, 2021, Cominar's debt ratio was 56.9%, up from 55.3% at year-end 2020. The debt to EBITDA[1] ratio at the end of the fourth quarter of 2021 decreased to 10.7x, from 11.3x as at December 31, 2020. As at December 31, 2021 our unencumbered asset pool totaled $1.6 billion and our unencumbered asset ratio was 1.64x, down from 1.76x at year-end 2020.

As at December 31, 2021, available liquidity of $74.9 million consisted of $67.3 million of availability under our credit facilities and $7.6 million of cash and cash equivalents.

Investment properties fair value: During 2021, management revalued the entire real estate portfolio and determined that a net decrease of $347.9 million was necessary to adjust the carrying amount of investment properties to fair value.

Occupancy: As at December 31, 2021, Cominar's in-place occupancy was 91.7%, stable when compared to year-end 2020. As at December 31, 2021 the committed occupancy rate was 93.4%, compared to 94.0% at year-end 2020.

Leasing activity: The retention rate was 74.1% at the end of 2021. Average net rent on 4.0 million square feet of lease renewals for the year ended December 31, 2021 increased by 7.5% (22.4% for the industrial and flex portfolio, 7.0% for the office portfolio and (2.1)% for the retail portfolio). New leasing totaled 1.8 million square feet for 2021. New and renewal leasing represented 106.8% of 2021 lease maturities.

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

COVID-19 - Impacts Analysis and Risks

In mid-March 2020 the Government of Quebec declared a provincial public health emergency and put in place during 2020, 2021 and 2022 numerous stringent measures to protect Quebecers and to slow the spread of the COVID-19 virus. These measures included among others closure of shopping malls and non-essential businesses. In the office segment, a significant number of our office tenants migrated to teleworking as requested by government authorities.

The REIT continues to act according to direction provided by the Federal, Provincial and Municipal governments to control the spread of COVID-19. The REIT continues to closely monitor business operations and may take further actions in response to directives of government and public health authorities or that are in the best interests of employees, tenants, suppliers or other stakeholders, as necessary. The COVID-19 pandemic has had and continues to have an adverse impact on the REIT's financial results and operations.

These and any additional changes in operations in response to COVID-19 have and could continue to materially impact the financial results and operations of the REIT and may affect tenants' ability or willingness to pay rent in full or at all, the REIT's ability to collect rent due by its tenants, consumer demand for tenants' products or services, temporary or long-term delays of development projects, temporary or long-term labor shortages or disruptions, temporary or long-term impacts on supply chains, increased risks to information technology systems and networks and the REIT's ability to access capital on acceptable terms or at all. Uncertain economic conditions resulting from the COVID-19 pandemic may, in the short or long term, materially adversely impact financial results and operations of the REIT.

The REIT continues to work with its tenants who are under financial pressure to find solutions on a case-by-case basis. The dynamic nature of the situation, which continues to evolve day-to-day, makes the longer-term financial impacts on the REIT difficult to predict.

The following table highlights expected credit losses for the periods ended December 31, 2021 and 2020:

	Quarter		Year	
Periods ended December 31	2021	2020	2021	2020
	$	$	$	$
Expected credit losses on trade receivables	**2,448**	4,595	**8,424**	16,573
Expected credit losses - forgiven portion of the CECRA programs	**—**	—	**—**	4,787
Expected credit losses - prior year provisions reversal	**(2,032)**	—	**(8,587)**	—
Expected credit losses - conversion of provisions to rent reductions	**—**	—	**(2,623)**	—
Expected credit losses - rent reductions	**574**	1,010	**6,418**	12,252
Total expected credit losses	**990**	5,605	**3,632**	33,612
Percentage of operating revenues	**0.6 %**	3.4 %	**0.6 %**	5.1 %

The following table highlights trade receivables by property type as at December 31, 2021 :

Trade receivables	Office	Retail	Industrial and flex	Total
December 31, 2021	$	$	$	$
Trade receivables	9,230	8,002	3,122	**20,354**
Provision for expected credit losses	(1,088)	(2,273)	(911)	**(4,272)**
Total net trade receivables	**8,142**	**5,729**	**2,211**	**16,082**

The reconciliation of changes in the provision for expected credit losses on trade receivable is included in the following table for 2021:

Provision for expected credit losses	Office	Retail	Industrial and flex	Total
Year ended December 31, 2021	$	$	$	$
Balance, beginning of year	3,420	7,356	2,859	**13,635**
Net provision (reversal) recognized as expense	(186)	(1,875)	(725)	**(2,786)**
Tenant receivables written off during the year	(2,140)	(3,215)	(1,222)	**(6,577)**
Balance, end of year	**1,094**	**2,266**	**912**	**4,272**

Reconciliations to Cominar’s Proportionate Share

In accordance with IFRS 11, joint ventures are accounted for under the equity method in Cominar’s 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 consolidated financial statements prepared in accordance with IFRS with its consolidated financial statements including its proportionate share of the assets, liabilities, revenues and charges of its joint ventures.

	December 31, 2021			December 31, 2020		
	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	**2,517,447**	**20,600**	**2,538,047**	6,077,025	161,885	6,238,910
Properties under development	**28,944**	**7,341**	**36,285**	26,315	10,850	37,165
Land held for future development	**29,635**	**6,288**	**35,923**	87,910	8,029	95,939
	2,576,026	**34,229**	**2,610,255**	6,191,250	180,764	6,372,014
Investment properties held for sale	**3,363,500**	**124,500**	**3,488,000**	20,990	—	20,990
Investments in joint ventures	**76,383**	**(76,383)**	**—**	97,497	(97,497)	—
Accounts receivable	**32,661**	**69**	**32,730**	51,816	1,529	53,345
Prepaid expenses and other assets	**18,230**	**77**	**18,307**	19,132	75	19,207
Cash and cash equivalents	**7,604**	**1,103**	**8,707**	13,594	1,204	14,798
Total assets	**6,074,404**	**83,595**	**6,157,999**	6,394,279	86,075	6,480,354
Liabilities						
Mortgages payable	**1,058,049**	**17,011**	**1,075,060**	2,105,906	80,499	2,186,405
Mortgages payable related to the investment properties held for sale	**992,785**	**64,271**	**1,057,056**	—	—	—
Debentures	**871,973**	**—**	**871,973**	1,070,491	—	1,070,491
Bank borrowings	**537,093**	**778**	**537,871**	366,958	4,100	371,058
Accounts payable and accrued liabilities	**131,380**	**1,535**	**132,915**	126,443	1,476	127,919
Total liabilities	**3,591,280**	**83,595**	**3,674,875**	3,669,798	86,075	3,755,873
Unitholders' equity						
Unitholders' equity	**2,483,124**	**—**	**2,483,124**	2,724,481	—	2,724,481
Total liabilities and unitholders' equity	**6,074,404**	**83,595**	**6,157,999**	6,394,279	86,075	6,480,354

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

Quarters ended December 31	2021 [1]			2020 [1]		
	Consolidated financial statements	Joint ventures	Cominar's proportionate share[2]	Consolidated financial statements	Joint ventures	Cominar's proportionate share[2]
	$	$	$	$	$	$
Operating revenues	**162,911**	**4,188**	**167,099**	166,156	4,519	170,675
Operating expenses	**(80,035)**	**(2,029)**	**(82,064)**	(78,200)	(2,062)	(80,262)
NOI	**82,876**	**2,159**	**85,035**	87,956	2,457	90,413
Finance charges	**(36,773)**	**(915)**	**(37,688)**	(33,901)	(941)	(34,842)
Trust administrative expenses	**(17,239)**	**(17)**	**(17,256)**	(4,212)	(5)	(4,217)
Change in fair value of investment properties	**(217,719)**	**(15,998)**	**(233,717)**	(150,295)	(1,259)	(151,554)
Share of joint ventures' net income (loss)	**(14,771)**	**14,771**	**—**	252	(252)	—
Transaction costs	**(715)**	**—**	**(715)**	(77)	—	(77)
Net loss before income taxes	**(204,341)**	**—**	**(204,341)**	(100,277)	—	(100,277)
Deferred income taxes	**58**	**—**	**58**	—	—	—
Net loss and comprehensive loss	**(204,283)**	**—**	**(204,283)**	(100,277)	—	(100,277)

1 Quarter ended December 31, 2021 includes $12.8 million of strategic alternatives consulting fees (quarter ended December 31, 2020 includes $1.4 million of strategic alternatives consulting fees).
2 Refer to section "Non-IFRS and Other Financial Measures".

Years ended December 31	2021 [1]			2020 [1]		
	Consolidated financial statements	Joint ventures	Cominar's proportionate share [2]	Consolidated financial statements	Joint ventures	Cominar's proportionate share [2]
	$	$	$	$	$	$
Operating revenues	**658,594**	**16,244**	**674,838**	661,320	17,406	678,726
Operating expenses	**(316,356)**	**(7,305)**	**(323,661)**	(334,133)	(7,377)	(341,510)
NOI	**342,238**	**8,939**	**351,177**	327,187	10,029	337,216
Finance charges	**(136,350)**	**(3,710)**	**(140,060)**	(143,640)	(3,809)	(147,449)
Trust administrative expenses	**(34,709)**	**(52)**	**(34,761)**	(16,973)	(16)	(16,989)
Change in fair value of investment properties	**(347,855)**	**(22,815)**	**(370,670)**	(469,763)	(11,262)	(481,025)
Share of joint ventures' net loss	**(17,638)**	**17,638**	**—**	(5,058)	5,058	—
Transaction costs	**(1,052)**	**—**	**(1,052)**	(5,375)	—	(5,375)
Impairment of goodwill	**—**	**—**	**—**	(15,721)	—	(15,721)
Net loss before income taxes	**(195,366)**	**—**	**(195,366)**	(329,343)	—	(329,343)
Deferred income taxes	**58**	**—**	**58**	66	—	66
Net loss and comprehensive loss	**(195,308)**	**—**	**(195,308)**	(329,277)	—	(329,277)

1 Year ended December 31, 2021 includes $17.8 million of strategic alternatives consulting fees and a $2.7 million distribution received in respect of a claim settlement regarding Sears Canada (year ended December 31, 2020 includes $1.7 million of strategic alternatives consulting fees, $2.5 million of yield maintenance fees paid in connection with the Series 4 debenture redemption and $4.6 million of penalties paid on mortgage repayments before maturity).
2 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 December 31, 2021, and December 31, 2020, as shown in our consolidated financial statements:

	December 31, 2021	December 31, 2020		
	$	$	$ Δ	% Δ
Assets				
Investment properties				
Income properties	**2,517,447**	6,077,025	(3,559,578)	(58.6)
Properties under development	**28,944**	26,315	2,629	10.0
Land held for future development	**29,635**	87,910	(58,275)	(66.3)
	2,576,026	6,191,250	(3,615,224)	(58.4)
Investment properties held for sale	**3,363,500**	20,990	3,342,510	15,924.3
Investments in joint ventures	**76,383**	97,497	(21,114)	(21.7)
Accounts receivable	**32,661**	51,816	(19,155)	(37.0)
Prepaid expenses and other assets	**18,230**	19,132	(902)	(4.7)
Cash and cash equivalents	**7,604**	13,594	(5,990)	(44.1)
Total assets	**6,074,404**	6,394,279	(319,875)	(5.0)
Liabilities				
Mortgages payable	**1,058,049**	2,105,906	(1,047,857)	(49.8)
Mortgages payable related to the investment properties held for sale	**992,785**	—	992,785	100.0
Debentures	**871,973**	1,070,491	(198,518)	(18.5)
Bank borrowings	**537,093**	366,958	170,135	46.4
Accounts payable and accrued liabilities	**131,380**	126,443	4,937	3.9
Total liabilities	**3,591,280**	3,669,798	(78,518)	(2.1)
Unitholders' equity				
Unitholders' equity	**2,483,124**	2,724,481	(241,357)	(8.9)
Total liabilities and unitholders' equity	**6,074,404**	6,394,279	(319,875)	(5.0)

Results of Operations

The following table highlights our results of operations for the periods ended December 31, 2021 and 2020, as shown in our consolidated financial statements:

	Quarter [1]			Year[2]		
Periods ended December 31	2021	2020		2021	2020	
	$	$	% Δ	$	$	% Δ
Operating revenues	**162,911**	166,156	(2.0)	**658,594**	661,320	(0.4)
Operating expenses	**(80,035)**	(78,200)	2.3	**(316,356)**	(334,133)	(5.3)
NOI	**82,876**	87,956	(5.8)	**342,238**	327,187	4.6
Finance charges	**(36,773)**	(33,901)	8.5	**(136,350)**	(143,640)	(5.1)
Trust administrative expenses	**(17,239)**	(4,212)	309.3	**(34,709)**	(16,973)	104.5
Change in fair value of investment properties	**(217,719)**	(150,295)	44.9	**(347,855)**	(469,763)	(26.0)
Share of joint ventures' net income (loss)	**(14,771)**	252	(5,961.5)	**(17,638)**	(5,058)	248.7
Transaction costs	**(715)**	(77)	828.6	**(1,052)**	(5,375)	(80.4)
Impairment of goodwill	**—**	—	—	**—**	(15,721)	100.0
Net loss before income taxes	**(204,341)**	(100,277)	103.8	**(195,366)**	(329,343)	(40.7)
Current income taxes	**—**	—	—	**—**	66	(100.0)
Net loss and comprehensive loss	**(204,283)**	(100,277)	103.7	**(195,308)**	(329,277)	(40.7)

1 Quarter ended December 31, 2021 $12.8 million of strategic alternatives consulting fees (quarter ended December 31, 2020 $1.4 million of strategic alternatives consulting fees).

2 In addition to the quarter events explained above, the year ended December 31, 2021 includes $5.0 million of strategic alternatives consulting fees and a $2.7 million distribution received in respect of a claim settlement regarding Sears Canada (the year ended December 31, 2020 includes $0.3 million of strategic alternatives consulting fees, $2.5 million in yield maintenance fees paid in connection with the Series 4 debenture redemption and $4.6 million of penalties paid on mortgage repayments before maturity).

The decrease in operating revenues according to the consolidated financial statements in 2021 compared with 2020 resulted mainly from a decrease in the average in-place occupancy rate, a decrease in project management revenues and parking revenues in our office portfolio (mainly related to the financial difficulties of a third-party parking manager) and a decrease in the average net rent of renewed leases in our retail portfolio, partly offset by an increase in the average net rent of renewed leases in our office and industrial and flex portfolios and an increase in the in-place occupancy rate in our industrial and flex portfolio.

The decrease in operating expenses according to the consolidated financial statements in 2021 compared with 2020 resulted mainly from a decrease of $30.2 million in expected credit losses, partly offset by an increase in property taxes billed to single tenants (also included in operating revenues, no impact on NOI) and a slight increase in operating expense and property maintenance.

Finance charges were down in 2021 mainly due to a decrease in interest on debentures related to the net redemption of $250.0 million of debentures in 2020 and a decrease in interest on mortgages payable related to a mortgage repayment of $81.0 million in September 2020, partially offset by a decrease in capitalized interest and higher usage of the credit facilities.

Finally, excluding strategic alternatives consulting fees, Trust administrative expenses increased by $1.6 million when compared to the corresponding 2020 period due to a higher level of legal fees related to bankruptcies and litigation and the impact on salaries of lesser Canadian emergency wage subsidies recorded in 2021.

The following tables highlight our results of operations for the fourth quarter and the year ended December 31, 2021 by property type:

Quarter ended December 31, 2021	Office Properties [1] $	Retail Properties [1] $	Industrial and flex properties [1] $	Corporate [1] $	TOTAL $
Operating revenues	61,837	59,641	41,433	—	**162,911**
Operating expenses	(33,511)	(32,633)	(13,891)	—	**(80,035)**
NOI	28,326	27,008	27,542	—	**82,876**
Finance charges	(6,803)	(5,056)	(5,272)	(19,642)	**(36,773)**
Trust administrative expenses	(719)	(956)	(431)	(15,133)	**(17,239)**
Change of fair value of investment properties	(155,478)	(90,197)	27,956	—	**(217,719)**
Share of joint ventures' net loss	(14,572)	(199)	—	—	**(14,771)**
Transaction costs	(715)	—	—	—	**(715)**
Deferred taxes	58	—	—	—	**58**
Net income (loss) and comprehensive income (loss)	**(149,903)**	**(69,400)**	**49,795**	**(34,775)**	**(204,283)**

1 Operating revenues and expenses are directly attributable to a property. Finance charges related to mortgages have been allocated to the related properties and the balance is allocated to Corporate. Trust administrative expenses related to leasing salaries have been allocated to the related property type and the balance is allocated to Corporate. Change in fair value of investment properties, share of joint ventures' net loss, transaction costs and deferred taxes are all allocated to the related property in each property type.

Year ended December 31, 2021	Office Properties [1] $	Retail Properties [1] $	Industrial and flex properties [1] $	Corporate [1] $	TOTAL $
Operating revenues	256,298	238,176	164,120	—	**658,594**
Operating expenses	(130,620)	(126,949)	(58,787)	—	**(316,356)**
NOI	125,678	111,227	105,333	—	**342,238**
Finance charges	(30,434)	(26,023)	(17,055)	(62,838)	**(136,350)**
Trust administrative expenses	(2,584)	(3,437)	(1,550)	(27,138)	**(34,709)**
Change in fair value of investment properties	(237,267)	(366,443)	255,855	—	**(347,855)**
Share of joint ventures' net loss	(15,044)	(2,594)	—	—	**(17,638)**
Transaction costs	(912)	(30)	(110)	—	**(1,052)**
Deferred taxes	58	—	—	—	**58**
Net income (loss) and comprehensive income (loss)	**(160,505)**	**(287,300)**	**342,473**	**(89,976)**	**(195,308)**

1 Operating revenues and expenses are directly attributable to a property. Finance charges related to mortgages have been allocated to the related properties and the balance is allocated to Corporate. Trust administrative expenses related to leasing salaries have been allocated to the related property type and the balance is allocated to Corporate. Change in fair value of investment properties, share of joint ventures' net loss, transaction costs and deferred taxes are all allocated to the related property in each property type.

Net Operating Income

NOI is a measure presented in the statement of comprehensive income in Cominar's 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.

	Quarter			Year		
Periods ended December 31	2021	2020		2021	2020	
	$	$	% Δ	$	$	% Δ
NOI — Financial statements	**82,876**	87,956	(5.8)	**342,238**	327,187	4.6
NOI — Joint ventures	**2,159**	2,457	(12.1)	**8,939**	10,029	(10.9)
NOI — Cominar's proportionate share [1]	**85,035**	90,413	(5.9)	**351,177**	337,216	4.1

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

NOI by Property Type

	Quarter			Year		
Periods ended December 31	2021	2020		2021	2020	
	$	$	% Δ	$	$	% Δ
Property type						
Office	**30,370**	37,208	(18.4)	**134,287**	142,555	(5.8)
Retail	**27,122**	28,092	(3.5)	**111,557**	98,523	13.2
Industrial and flex	**27,543**	25,113	9.7	**105,333**	96,138	9.6
NOI — Cominar's proportionate share [1]	**85,035**	90,413	(5.9)	**351,177**	337,216	4.1

1 Refer to section "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 December 31, 2019, with the exception of results from the properties sold, acquired or under development in 2020 and 2021, as well as the rental income arising from the recognition of leases on a straight-line basis.

	Quarter			Year		
Periods ended December 31	2021	2020		2021	2020	
	$	$	% Δ	$	$	% Δ
Same property operating revenues - Cominar's proportionate share [1]	**164,268**	169,960	(3.3)	**664,438**	673,454	(1.3)
Same property operating expenses - Cominar's proportionate share [1]	**(81,024)**	(79,698)	1.7	**(319,716)**	(338,508)	(5.6)
SPNOI - Cominar's proportionate share [1]	**83,244**	90,262	(7.8)	**344,722**	334,946	2.9

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

2021 fourth quarter SPNOI decreased 7.8% when compared with the corresponding quarter of 2020. This decrease resulted mainly from decreases in project management revenues, parking revenues and year end adjustments in our office portfolio, partly offset by the decrease of expected credit losses.

The decrease in same property operating revenues in 2021 compared with 2020 resulted mainly from a decrease in the average in-place occupancy rate, a decrease in project management revenues and parking revenues in our office portfolio (mainly related to the financial difficulties of a third-party parking manager) and a decrease in the average net rent of renewed leases in our retail portfolio, partly offset by an increase in the average net rent of renewed leases in our office and industrial and flex portfolios and an increase in the in-place occupancy rate in our industrial and flex portfolio.

The decrease in same property operating expenses in 2021 compared with 2020 resulted mainly from a decrease of $30.2 million in expected credit losses, partly offset by an increase in property taxes billed to single tenants (also included in operating revenues, no impact on NOI) and a slight increase in operating expense and property maintenance.

Net Operating Income - Same Property Portfolio

	Quarter			Year		
Periods ended December 31	2021	2020		2021	2020	
	$	$	% Δ	$	$	% Δ
NOI — Financial statements	**82,876**	87,956	(5.8)	**342,238**	327,187	4.6
NOI — Joint ventures	**2,159**	2,457	(12.1)	**8,939**	10,029	(10.9)
NOI — Cominar's proportionate share [1]	**85,035**	90,413	(5.9)	**351,177**	337,216	4.1
Acquisitions, developments and dispositions — Cominar's proportionate share [2]	**(1,791)**	(151)	1,086.1	**(6,455)**	(2,270)	184.4
SPNOI — Cominar's proportionate share [1]	**83,244**	90,262	(7.8)	**344,722**	334,946	2.9

1 Refer to section "Non-IFRS and Other Financial Measures".
2 Also includes rental income arising from the recognition of leases on a straight-line basis.

	Quarter			Year		
Periods ended December 31	2021	2020		2021	2020	
	$	$	% Δ	$	$	% Δ
Same property NOI — Financial statements	**81,106**	87,842	(7.7)	**335,853**	324,879	3.4
Same property NOI — Joint ventures	**2,138**	2,420	(11.7)	**8,869**	10,067	(11.9)
Same property NOI — Cominar's proportionate share [1]	**83,244**	90,262	(7.8)	**344,722**	334,946	2.9

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

NOI by Property Type - Same Property Portfolio

Same property NOI by property type

	Quarter			Year		
Periods ended December 31	2021	2020		2021	2020	
	$	$	% Δ	$	$	% Δ
Property type						
Office	**29,158**	37,647	(22.5)	**130,583**	142,095	(8.1)
Retail	**26,910**	27,911	(3.6)	**110,491**	98,669	12.0
Industrial and flex	**27,176**	24,704	10.0	**103,648**	94,182	10.1
SPNOI — Cominar's proportionate share [1]	**83,244**	90,262	(7.8)	**344,722**	334,946	2.9

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

2021 fourth quarter SPNOI decreased 7.8% when compared with the corresponding quarter of 2020. This decrease resulted mainly from decreases in project management revenues, parking revenues (mainly related to the financial difficulties of a third-party parking manager) and year end adjustments in our office portfolio and a decrease in the average net rent of renewed leases in our retail portfolio, partly offset by an increase in the average net rent of renewed leases in our office and industrial and flex portfolios, an increase in the in-place occupancy rate in our industrial and flex portfolio and the decrease of expected credit losses.

Same property NOI weighting by property type

	Quarter		Year	
Periods ended December 31	2021	2020	2021	2020
Property type				
Office	**35.1 %**	41.7 %	**37.8 %**	42.4 %
Retail	**32.3 %**	30.9 %	**32.1 %**	29.5 %
Industrial and flex	**32.6 %**	27.4 %	**30.1 %**	28.1 %
SPNOI — Cominar's proportionate share [1]	**100.0 %**	100.0 %	**100.0 %**	100.0 %

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

2021 Cominar's weighting to retail SPNOI increased 260 basis points to 32.1% while industrial and flex SPNOI increased 200 basis points to 30.1% and office SPNOI decreased 460 basis points to 37.8%. The retail increase was mostly due to COVID-19 related expected credit losses in 2020 which were higher than usual.

Same property average in-place occupancy by property type

	Quarter			Year		
Periods ended December 31	2021	2020	Δ	2021	2020	Δ
Property type						
Office	**88.4 %**	91.7 %	(3.3)	**88.9 %**	90.9 %	(2.0)
Retail	**86.6 %**	85.5 %	1.1	**86.0 %**	85.9 %	0.1
Industrial and flex	**96.9 %**	95.3 %	1.6	**96.0 %**	95.0 %	1.0
Total	**91.5 %**	91.6 %	(0.1)	**91.2 %**	91.4 %	(0.2)

Change in Fair Value of Investment Properties

Cominar opted to present its investment properties in the 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.

Here is a description of methods and the key assumptions used:

Discounted cash flow method - Under this method, the expected future cash flows are discounted using an appropriate rate based on the risk of the property. Expected future cash flows for each investment property are based upon, but not limited to, rental income from current leases, budgeted and actual expenses, and assumptions about rental income from future leases. Discount and terminal capitalization rates are estimated using available appraisals market comparable and market surveys.

Direct capitalized net operating income method - Under this method, overall capitalization rates are applied to stabilized net operating income in order to comply with current valuation standards. The stabilized net operating income represents adjusted net operating income for items such as management expenses, occupancy rates, the recognition of leases on a straight-line basis and other non recurring items. Cominar regularly receives publications from national firms about real estate activity and trends.

During the year 2021, Cominar revalued its entire real estate portfolio using internal and external valuations, as well as definitive agreements to sell investment properties, and determined that a net decrease of $347.9 million was necessary to adjust the carrying amount of investment properties to fair value [decrease of $469,8 million in 2020]. The change in fair value related to investment properties held as at December 31, 2021 amounts to $(362,7) million [$(471,1) million in 2020]. The fair value of investment properties reassessed at the end of 2021 from external valuations, as well as definitive agreements to sell investment properties, represented 86% (65% in 2020) of all investment properties fair value.

The following table presents, in summary form, the changes in fair value for the entire Cominar portfolio according to the items in the financial statements for 2021:

	Income properties $	Investment properties held for sale $	Properties under development and land held for future development $	Total according to financial statements $	Share in joint ventures $	Total - Cominar's proportion ate share [1] $
Property type						
Office	(236,769)	(450)	(48)	(237,267)	(20,206)	(257,473)
Retail	(364,911)	(130)	(1,404)	(366,445)	(2,609)	(369,054)
Industrial and flex	270,768	—	(14,911)	255,857	—	255,857
Total	**(330,912)**	**(580)**	**(16,363)**	**(347,855)**	**(22,815)**	**(370,670)**

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

The $257.5 million fair value decrease in office portfolio is mainly due to the properties transferred to investment properties held for sale and various adjustments affecting office cashflows.

Adjustments affecting cashflows are mainly due to an increase of the bad debt reserve, of leasing costs, a longer vacancy absorption period and reduced market growth. These adjustments reflect uncertainty of the longer term impact of work from home on the office portfolio which is percieved with slightly higher risk by investors.

The $369.1 million fair value decrease in our retail portfolio fair value is mainly due to the properties transferred to investment properties held for sale and various adjustments affecting retail cash flows.

Appraisal cashflows were adjusted mainly through an increase of leasing costs and of capital expenditures combined with market rents reduction. The bad debt provision for year was reduced but vacancy reserves were slightly increased for the 10 year projection period in many properties.

The $255.9 million fair value increase in our industrial and flex portfolio is mainly due to a combination of appraisal cashflow adjustments and yield compression. We also considered properties transferred to investment properties held for sale.

The following table presents, in summary form, the changes in fair value for the entire Cominar portfolio as a percentage for each property type according to the items in the financial statements:

	Income properties %	Investment properties held for sale %	Properties under development and land held for future development %	Total according to financial statements %	Share in joint ventures %	Total - Cominar's proportion ate share [1] %
Property type						
Office	(10.5%)	(15.0%)	(0.1%)	(10.3%)	(13.5%)	(10.5%)
Retail	(19.4%)	(0.7%)	(3.2%)	(18.9%)	(9.9%)	(18.7%)
Industrial and flex	14.0%	—%	(57.2%)	13.1%	—%	13.1%
Total	**(5.4%)**	**(2.8%)**	**(14.3%)**	**(5.6%)**	**(12.9%)**	**(5.8%)**

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

Weighted Average Overall Capitalization Rates, Discount Rates and Terminal Capitalization Rates

	December 31, 2021[1] 82 income properties (excludes properties held for sale)		December 31, 2020 310 income properties (excludes properties held for sale)	
	Range	Weighted average	Range	Weighted average
Office properties				
Direct capitalized net operating income method				
Overall capitalization rate	**4.8% - 7.5%**	**5.8 %**	5.3% - 7.5%	6.1 %
Discounted cash flow method				
Discount rate	**5.6% - 8.8%**	**6.7 %**	6.8% - 8.5%	7.3 %
Terminal capitalization rate	**5.0% - 7.8%**	**6.0 %**	5.5% - 7.8%	6.3 %
Retail properties				
Direct capitalized net operating income method				
Overall capitalization rate	**5.2% - 8.3%**	**6.6 %**	5.8% - 8.3%	6.9 %
Discounted cash flow method				
Discount rate	**6.2% - 9.3%**	**7.4 %**	6.8% - 9.3%	7.9 %
Terminal capitalization rate	**5.4% - 8.5%**	**6.8 %**	6.0% - 8.5%	7.1 %
Industrial and flex properties				
Direct capitalized net operating income method				
Overall capitalization rate	**4.5% - 7.3%**	**4.6 %**	5.1% - 8.0%	5.8 %
Discounted cash flow method				
Discount rate	**5.8% - 8.3%**	**5.9 %**	6.0% - 9.0%	6.7 %
Terminal capitalization rate	**5.0% - 7.5%**	**5.1 %**	5.4% - 8.3%	6.1 %
Total				
Direct capitalized net operating income method				
Overall capitalization rate		**6.1 %**		6.3 %
Discounted cash flow method				
Discount rate		**7.0 %**		7.3 %
Terminal capitalization rate		**6.3 %**		6.5 %

1 December 31, 2021, weighted average overall capitalization rates, discount rates and terminal capitalization rates shown in this table are based on income properties internal and external valuations and exclude investment properties held for sale

Finance Charges

Periods ended December 31	Quarter 2021	Quarter 2020		Year 2021	Year 2020	
	$	$	% Δ	$	$	%Δ
Interest on mortgages payable [1]	**19,378**	19,243	0.7	**74,515**	82,002	(9.1)
Interest on debentures [2]	**11,410**	12,829	(11.1)	**47,807**	57,271	(16.5)
Interest on bank borrowings	**5,020**	2,200	128.2	**13,717**	8,526	60.9
Amortization of deferred financing costs and other costs	**2,119**	1,632	29.8	**6,044**	4,959	21.9
Less: Capitalized interest [3]	**(1,154)**	(2,003)	(42.4)	**(5,733)**	(9,118)	(37.1)
Total finance charges — Financial statements	**36,773**	33,901	8.5	**136,350**	143,640	(5.1)
Adjusted finance charges [4]	**36,773**	33,901	8.5	**136,350**	139,017	(1.9)
Percentage of operating revenues	**22.6 %**	20.4 %		**20.7 %**	21.7 %	
Weighted average interest rate on total debt				**3.68 %**	3.76 %	

1 Year ended December 31, 2020 includes $4.6 million of penalties paid on mortgage repayments before maturity.
2 Year ended December 31, 2020 includes $2.5 million of yield maintenance fees paid in connection with the Series 4 debenture redemption.
3 Capitalized interest on properties under development and on major revitalization projects for income properties that take place over a substantial period of time.
4 Excludes penalties on mortgage repayments before maturity and yield management fees paid in connection with the Series 4 debenture redemption.

The decrease in finance charges during 2021, compared with 2020, is mainly due to a decrease in interest on debentures related to the net redemption of $250.0 million of debentures in 2020 and a decrease in interest on mortgages payable related to a mortgage repayment of $81.0 million in September 2020, partially offset by a decrease in capitalized interest and higher usage of the credit facilities.

Trust Administrative Expenses

Periods ended December 31	Quarter 2021	Quarter 2020		Year 2021	Year 2020	
	$	$	% Δ	$	$	%Δ
Salaries and other benefits	**3,101**	964	221.7	**10,801**	8,805	22.7
Compensation expense related to long-term incentive plan	**1,036**	844	22.7	**3,213**	3,332	(3.6)
Professional fees	**145**	333	(56.5)	**1,491**	983	51.7
Costs associated with public companies	**256**	350	(26.9)	**803**	990	(18.9)
Strategic alternatives consulting fees	**12,788**	1,444	785.6	**17,832**	1,694	952.7
Other fees	**(87)**	277	(131.4)	**569**	1,169	(51.3)
Total Trust administrative expenses — Financial statements	**17,239**	4,212	309.3	**34,709**	16,973	104.5
Adjusted Trust administrative expenses [1]	**4,451**	2,768	60.8	**16,877**	15,279	10.5

1 The quarter and the year ended December 31, 2021 exclude strategic alternatives consulting fees of $12.8 million and $5.0 million respectively ($1.4 million for the quarter and $1.7 million for the year ended December 31, 2020).

Excluding strategic alternatives consulting fees, Trust administrative expenses increased by $1.6 million when compared to the corresponding 2020 period due to a higher level of legal fees related to bankruptcies and litigation, and the impact on salaries of lesser Canadian emergency wage subsidies received in 2021.

Net Loss

Periods ended December 31	Quarter 2021 $	Quarter 2020 $	% Δ	Year 2021 $	Year 2020 $	% Δ
Net loss	**(204,283)**	(100,277)	103.7	**(195,308)**	(329,277)	(40.7)
Net loss per unit (basic and diluted)	**(1.12)**	(0.55)	103.6	**(1.07)**	(1.80)	(40.6)
Weighted average number of units outstanding (basic)	**182,757,834**	182,643,285		**182,746,882**	182,604,003	
Weighted average number of units outstanding (diluted)	**182,757,834**	182,643,285		**182,746,882**	182,604,003	

The net loss decrease for the fiscal year of 2021 compared to the corresponding period of 2020 is mainly due to a $15.1 million increase in NOI and the change in fair value of investment properties of $121.9 million, partially offset by a $16.1 million increase in strategic alternatives consulting fees.

Funds from Operations and Adjusted Funds from Operations

Although the concepts of funds from operations ("FFO") and adjusted funds from operations ("AFFO") are not IFRS financial measures, they are widely used in the real estate investment trust industry as they adjust 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.

REALpac defines AFFO as FFO net of rental revenue derived from the recognition of leases on a straight-line basis, capital expenditures for maintaining the ability to generate income and leasing costs.

FFO and AFFO are not a substitute for net income established in accordance with IFRS when measuring Cominar's performance. While our methods of calculating FFO and AFFO comply with REALpac recommendations, they may differ from and not be comparable to those used by other entities.

The fully diluted weighted average number of units outstanding used for the calculation of FFO and AFFO takes into account the potential issuance of units under the long-term incentive plan, when dilutive.

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

Funds from Operations and Adjusted Funds from Operations

	Quarter			Year		
Periods ended December 31	2021 [1]	2020 [1]		2021 [2]	2020 [2]	
	$	$	% Δ	$	$	% Δ
Net loss	**(204,283)**	(100,277)	103.7	**(195,308)**	(329,277)	(40.7)
Deferred income taxes	**(58)**	—	(100.0)	**(58)**	—	(100.0)
Initial and re-leasing salary costs	**600**	(603)	(199.5)	**2,340**	2,233	4.8
Change in fair value of investment properties [3]	**233,717**	151,554	54.2	**370,670**	481,025	(22.9)
Capitalizable interest on properties under development — joint ventures	**48**	192	(75.0)	**192**	561	(65.8)
Transaction costs	**715**	77	828.6	**1,052**	5,375	(80.4)
Impairment of goodwill	**—**	—	—	**—**	15,721	(100.0)
FFO [3,4]	**30,739**	50,943	(39.7)	**178,888**	175,638	1.9
Provision for leasing costs	**(8,000)**	(7,750)	3.2	**(32,833)**	(30,236)	8.6
Recognition of leases on a straight-line basis [3]	**(1,205)**	1,125	(207.1)	**(2,200)**	1,522	(244.5)
Capital expenditures — maintenance of rental income generating capacity	**(8,450)**	(50)	16,800.0	**(28,700)**	(17,000)	68.8
AFFO [3,4]	**13,084**	44,268	(70.4)	**115,155**	129,924	(11.4)
Per unit information:						
FFO (FD) [4,5]	**0.17**	0.28	(39.3)	**0.98**	0.96	2.1
AFFO (FD) [4,5]	**0.07**	0.24	(70.8)	**0.63**	0.71	(11.3)
Weighted average number of units outstanding (FD) [5]	**182,988,040**	182,923,330		**182,967,202**	182,893,802	
Payout ratio of AFFO [4,5]	**— %**	37.5 %		**42.9 %**	80.3 %	

1 Quarter ended December 31, 2021 $12.8 million of strategic alternatives consulting fees (quarter ended December 31, 2020 $1.4 million of strategic alternatives consulting fees).
2 In addition to the quarter events explained above, the year ended December 31, 2021 includes $5.0 million of strategic alternatives consulting fees and a $2.7 million distribution received in respect of a claim settlement regarding Sears Canada (the year ended December 31, 2020 includes $0.3 million of strategic alternatives consulting fees, $2.5 million in yield maintenance fees paid in connection with the Series 4 debenture redemption and $4.6 million of penalties paid on mortgage repayments before maturity).
3 Including Cominar's proportionate share in joint ventures.
4 Refer to section "Non-IFRS and Other Financial Measures".
5 Fully diluted.

FFO for the year ended December 31, 2021 amounted to $178.9 million or $0.98 per unit compared to $175.6 million or $0.96 per unit for the previous year due to the $15.1 million increase in NOI (refer to the NOI section) and a decrease in finance charges, partly offset by an increase of $16.1 million in strategic alternatives consulting fees.

AFFO for the year ended December 31, 2021 amounted to $115.2 million or $0.63 per unit compared to $129.9 million or $0.71 per unit for the previous year. AFFO decreased from 2020 due to the increases in the provision for leasing costs and capital expenditures - maintenance of rental income generating capacity, partially offset by the increase in FFO.

FFO adjusted and AFFO adjusted

To provide investors with useful information to assess its operating results, Cominar presents in the following table FFO adjusted and AFFO adjusted, which are measures not defined by IFRS and by Realpac. As these measures do not have a standardized meaning, they may differ from those presented by other entities and the results of these calculations should not be considered as measures defined by IFRS or by Realpac.

	Quarter			Year		
Periods ended December 31	2021	2020		2021	2020	
	$	$	% Δ	$	$	% Δ
FFO [1,2] (Realpac definition)	**30,241**	50,943	(40.6)	**178,888**	175,638	1.9
Penalties on mortgage repayments before maturity	**—**	—	—	**—**	4,623	(100.0)
Sears Canada settlement	**—**	—	—	**(2,715)**	—	(100.0)
Debenture redemption costs	**—**	—	—	**—**	2,487	(100.0)
Strategic alternatives consulting fees	**12,788**	1,444	785.6	**17,832**	1,694	952.7
CEWS Q2 and Q3 related adjustment recorded in Q4	**—**	(3,393)	100.0	**—**	—	—
FFO adjusted [1,2]	**43,029**	48,994	(12.2)	**194,005**	184,442	5.2
FFO adjusted (FD) per unit [2,3]	**0.24**	0.27		**1.06**	1.01	
AFFO [1,2]	**13,084**	44,268	(70.4)	**115,155**	129,924	(11.4)
Penalties on mortgage repayments before maturity	**—**	—	—	**—**	4,623	(100.0)
Sears Canada settlement	**—**	—	—	**(2,715)**	—	(100.0)
Debenture redemption costs	**—**	—	—	**—**	2,487	(100.0)
Strategic alternatives consulting fees	**12,788**	1,444	785.6	**17,832**	1,694	952.7
CEWS Q2 and Q3 related adjustment recorded in Q4	**—**	(3,393)	100.0	**—**	—	—
AFFO adjusted [1,2]	**25,872**	42,319	(38.9)	**130,272**	138,728	(6.1)
AFFO adjusted (FD) per unit [2,3]	**0.14**	0.23		**0.71**	0.76	

1 Including Cominar's proportionate share in joint ventures.
2 Refer to section "Non-IFRS and Other Financial Measures".
3 Fully diluted.

Track record of funds from operations per unit

Years ended December 31	2021	2020	2019	2018	2017
	$	$	$	$	$
Funds from operations (FD) [1, 2]	**0.98**	0.96	1.07	1.13	1.35

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

Track record of adjusted funds from operations per unit

Years ended December 31	2021	2020	2019	2018	2017
	$	$	$	$	$
Adjusted funds from operations (FD) [1, 2]	**0.63**	0.71	0.77	0.88	1.14

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

Provision for Leasing Costs

The provision for leasing costs which Cominar deducts in computing the AFFO represents the amortization, over the terms of the leases, of leasehold improvements and initial direct costs, which include brokerage fees incurred when negotiating and preparing leases. This allows for better reconciliation of the investments made with the operating revenues generated over the terms of the leases. During 2021, the actual costs incurred by Cominar were $29.1 million in leasehold improvements and $8.6 million in leasing costs, while the provision for leasing costs amounted to $32.8 million.

Periods ended December 31	Quarter 2021	Quarter 2020	Year 2021	Year 2020
	$	$	$	$
Leasehold improvements	**4,561**	4,657	**29,108**	21,543
Leasing costs	**1,850**	2,315	**8,579**	8,404
Actual leasing costs — Cominar's proportionate share [1, 2]	**6,411**	6,972	**37,687**	29,947
Provision for leasing costs in the calculation of AFFO [3]	**8,000**	7,750	**32,833**	30,236

1 See the reconciliation of capital expenditures as per the financial statements in section "Acquisitions, Investments and Dispositions".
2 Refer to section "Non-IFRS and Other Financial Measures".
3 Including Cominar's proportionate share in joint ventures.

Capital Expenditures - Maintenance of Rental Income Generating Capacity

The capital expenditures -- maintenance of rental income generating capacity, which Cominar deducts in computing AFFO, corresponds to management's estimate of the non-income generating portion of 2021 expenditures that have to be incurred primarily for major repair and maintenance expenditures, for example, some common areas, roofing, parking, as well as the replacement of equipment. In order to establish the allocation of capital expenditures between maintenance of rental income generating capacity and increase of rental income generating capacity, Cominar analyzes the work carried out according to its nature (common areas, roofing, parking, equipment, etc.), the age and location of the properties, the property type, market conditions as well as historical data. Capital expenditures related to maintenance of rental income generating capacity do not include current repair and maintenance costs, as they are already deducted in determining NOI.

Capital expenditures incurred that are designed to create, improve or increase net operating income of income properties are considered as a way of increasing rental income generating capacity and constitute investment activities for Cominar (see the "Investment in income properties" section). The calculation of AFFO does not take into account these capital expenditures aiming to increase rental income generating capacity.

During 2021, the actual costs incurred by Cominar were $28.9 million, while the deduction in the calculation of AFFO amounted to $28.7 million.

Distributions

Cominar is governed by a Contract of Trust whereby the Trustees, under the discretionary power attributed to them, intend to distribute a portion of Cominar's distributable income to unitholders. Distributable income generally means net income determined in accordance with IFRS, before adjustments to fair value, transaction costs, rental revenue derived from the recognition of leases on a straight-line basis, the provision for leasing costs, gains on the disposition of investment properties, changes to goodwill and certain other items not affecting cash, if applicable.

Distributions to Unitholders

Periods ended December 31	Quarter 2021	Quarter 2020		Year 2021	Year 2020	
	$	$	% Δ	$	$	% Δ
Distributions to unitholders	—	16,420	(100.0)	**49,262**	103,980	(52.6)
Per unit distribution	—	0.09		**0.27**	0.57	

Under the Arrangement Agreement, Cominar agreed that distributions for October, November and December 2021 would be suspended. However, as previously announced, given that the Arrangement did not close by January 15, 2022, Cominar was authorized to resume its monthly distributions for an amount not exceeding $0.015 per unit in respect of the second half of January and not exceeding $0.03 per unit for subsequent months until the closing of the Transaction.

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

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

On August 5, 2020, Cominar decreased the monthly distribution from $0.06 per unit to $0.03 per unit, beginning with the distribution of August 2020 paid in September 2020.

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 (loss):

Periods ended December 31	2021 (three months)	2021 (twelve months)	2020 (twelve months)	2019 (twelve months)
	$	$	$	$
Net income (loss)	**(204,283)**	**(195,308)**	(329,277)	462,504
Cash flows provided by operating activities - Financial statements	**46,066**	**202,489**	164,466	172,252
Distributions to unitholders	**—**	**49,262**	103,980	131,068
Surplus (deficit) of cash flows provided by operating activities compared with distribution to unitholders	**46,066**	**153,227**	60,486	41,184

The surplus of cash of $153.2 million after twelve months compared to $60.5 million in 2020 resulted mainly from a stronger NOI, a favorable change in non-cash working capital items, namely in accounts receivable, and from the 2021 fourth quarter distribution suspension and the 2020 decrease in distributions to unitholders.

Liquidity and Capital Resources

During 2021, Cominar generated $202.5 million in cash flows provided by operating activities as per its financial statements. Short-term obligations and commitments, including the monthly payments of distributions and the repayments of debentures and mortgages payable at maturity, are funded from operations, asset sales, proceeds from new mortgages payable, proceeds from debenture issuances, cash and equivalents and amounts available on the credit facilities.

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. Cominar finances itself primarily with long-term, fixed-rate debt and seeks to maintain a conservative debt to gross book value ratio.

As at December 31, 2021, Cominar's debt ratio stood at 56.9% (55.3% as at December 31, 2020) consisting of mortgages, senior unsecured debentures and bank loans less cash and cash equivalents. Mortgages payable represented approximately 59.3% of total debt, senior unsecured debentures represented approximately 25.2%, while bank borrowings represented approximately 15.5%. As at December 31, 2021, the weighted average annual contractual rate was 3.68% (3.76% as at December 31, 2020) and the residual weighted average remaining term was 3.0 years (3.8 years as at December 31, 2020) .

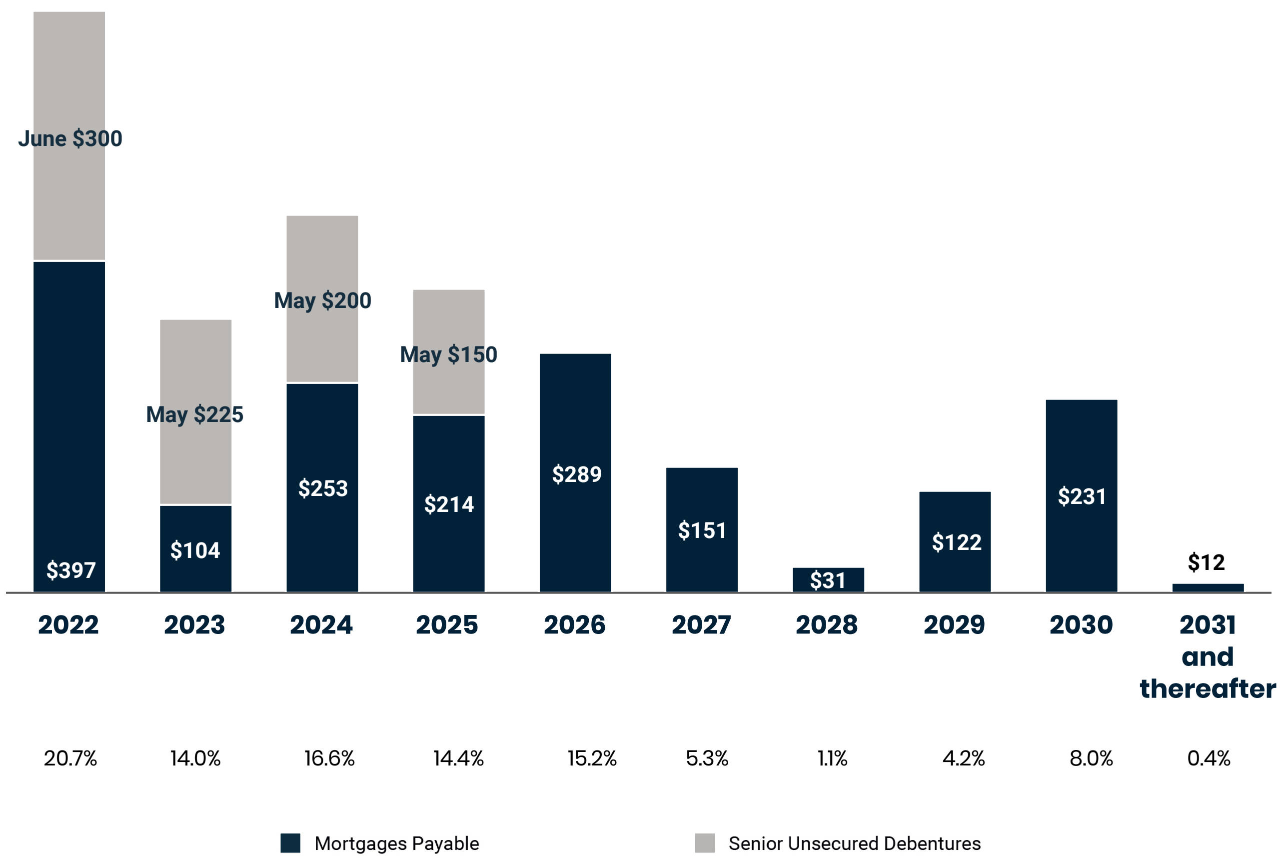
As at December 31, 2021, 83.2% of Cominar's total debt was fixed rate and 16.8% was variable rate.

Debt Summary

	December 31, 2021			December 31, 2020		
		Weighted average contractual rate	Residual weighted average term		Weighted average contractual rate	Residual weighted average term
	$			$		
Mortgages payable	**2,050,834**	**3.53 %**	**4.1 years**	2,105,906	3.54 %	4.9 years
Debentures	**871,973**	**4.57 %**	**1.6 years**	1,070,491	4.51 %	2.3 years
Bank borrowings secured	**420,093**	**2.81 %**	**1.4 years**	292,800	2.90 %	2.4 years
Bank borrowings unsecured	**117,000**	**2.73 %**	**0.4 year**	74,158	2.56 %	0.6 years
Total debt	**3,459,900**	**3.68 %**	**3.0 years**	3,543,355	3.76 %	3.8 years
Cash and cash equivalents	**(7,604)**	**1.20 %**		(13,594)	0.70 %	
Net debt	**3,452,296**			3,529,761		

Long Term Debt Maturities

As at December 31, 2021
[$ million]



Mortgages Payable

As at December 31, 2021, the balance of mortgages payable was $2,050.8 million, down $55.1 million from $2,105.9 million as at December 31, 2020. This decrease is mainly explained by monthly repayments of capital totaling $49.4 million. As at December 31, 2021, the weighted average contractual rate was 3.53% and the effective weighted average interest rate was 3.83%, stable since December 31, 2020.

Contractual maturities of mortgages payable

Years ending December 31	Repayment of principal $	Balances at maturity $	Total $	Weighted average contractual rate
2022	42,207	397,010	**439,217**	3.06 %
2023	55,951	104,292	**160,243**	4.17 %
2024	47,152	252,602	**299,754**	3.91 %
2025	37,812	213,508	**251,320**	3.18 %
2026	22,044	288,527	**310,571**	3.52 %
2027	19,367	151,199	**170,566**	3.25 %
2028	14,447	30,836	**45,283**	4.48 %
2029	11,952	122,034	**133,986**	3.56 %
2030	3,561	231,411	**234,972**	4.00 %
2031 and thereafter	2,070	11,650	**13,720**	4.19 %
Total	**256,563**	**1,803,069**	**2,059,632**	**3.53 %**

As at December 31, 2021, the residual weighted average term of mortgages payable was 4.1 years.

Senior Unsecured Debentures

	Date of issuance	Contractual interest rate	Effective interest rate	Dates of interest payments	Maturity date	Nominal value as at December 31, 2021 $
Series 9	June 2015	4.16 %	4.25 %	June 1 and December 1	June 2022	300,000
Series 10	May 2016	4.25 %	4.34 %	May 23 and November 23	May 2023	225,000
Series 11	May 2019	4.50 %	4.82 %	May 15 and November 15	May 2024	200,000
Series 12	May 2020	5.95 %	6.24 %	May 5 and November 5	May 2025	150,000
Weighted average interest rate		**4.57 %**	**4.74 %**			
Total						**875,000**

As at December 31, 2021, the residual weighted average term of senior unsecured debentures was 1.6 years.

On December 8, 2021, Cominar reimbursed at maturity its Series 8 senior unsecured debentures totaling $200,0 million and bearing interest at 4.25% using its unsecured revolving credit facility.

Bank Borrowings

On April 9, 2021, Cominar converted the $400.0 million unsecured revolving credit facility which was maturing in July 2021 into a $250.0 million unsecured revolving credit facility maturing in April 2022 (sized down to $167.0 million in December 2021 further to the repayment of the Series 8 senior unsecured debentures) and a $150.0 million secured revolving credit facility maturing in April 2023. This credit facility bears interest at the prime rate plus 175 basis points for the unsecured portion and 150 basis points for the secured portion, or at the bankers' acceptance rate plus 275 basis points for the unsecured portion and 250 basis points for the secured portion. As at December 31, 2021, the $150.0 million portion of the credit facility was secured by immovable hypothecs on investment properties with a book value of $259.8 million. These credit facilities contain certain restrictive covenants, with which Cominar was in compliance as at December 31, 2021. As at December 31, 2021, bank borrowings under those facilities totaled $249.7 million and availability was $67.3 million.

As at December 31, 2021, Cominar had a non-revolving secured credit facility of $167.4 million maturing in September 2023. This credit facility bears interest at the prime rate plus 150 basis points or at the bankers' acceptance rate plus 250 basis points and have quarterly principal repayments of $1,8 million. As at December 31, 2021, this credit facility was secured by immovable hypothecs on investment properties with a book value of $295.9 million. This credit facility contains certain restrictive covenants, with which Cominar was in compliance as at December 31, 2021. As at December 31, 2021, this secured credit facility was fully used.

As at December 31, 2021, Cominar had a non-revolving secured credit facility of $120,0 million maturing in September 2022. This credit facility bears interest at the prime rate plus 150 basis points or at the bankers' acceptance rate plus 250 basis points. As at December 31, 2021, this credit facility was secured by immovable hypothecs on investment properties with a book value of $180.9 million. This credit facility contains certain restrictive covenants, with which Cominar was in compliance as at December 31, 2021. As at December 31, 2021, this secured credit facility was fully used.

Subsequent to the year-end, Cominar entered into a 3-month agreement for a new unsecured credit facility of up to $175,000 maturing in March 2022 and bears 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 purposes until the closing of the Transaction.

		December 31, 2021		
Type	Maturity	Drawn amount ($)	Undrawn amount ($)	Interest rate
Unsecured credit facility (revolving)	April 2022	116,993	50,007	BA's + 275 bps
Secured credit facility (non revolving)	September 2022	120,000	—	BA's + 250 bps
Secured credit facility (revolving)	April 2023	132,700	17,300	BA's +250 bps
Secured credit facility (non revolving)	September 2023	167,400	—	BA's + 250 bps
Total		**537,093**	**67,307**	

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 Declaration of Trust limits the indebtedness of Cominar to a maximum of 65% of its total assets.

	December 31, 2021	December 31, 2020
	$	$
Mortgages payable	**2,050,834**	2,105,906
Debentures	**871,973**	1,070,491
Bank borrowings	**537,093**	366,958
Cash and cash equivalents	**(7,604)**	(13,594)
Total net debt	**3,452,296**	3,529,761
Total assets less cash and cash equivalents	**6,066,800**	6,380,685
Debt ratio [1, 2]	**56.9 %**	55.3 %

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

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

Debt/EBITDA Ratio

The debt to earnings before interest, income taxes, depreciation and amortization ("EBITDA") ratio is a non-IFRS measure widely used in the real estate industry and measures Cominar's ability to pay down its debts. Cominar defines EBITDA as net operating income minus adjusted Trust administrative expenses and recognition of leases on a straight-line basis.

	December 31, 2021	December 31, 2020
	$	$
Mortgages payable	**2,050,834**	2,105,906
Debentures	**871,973**	1,070,491
Bank borrowings	**537,093**	366,958
Total debt	**3,459,900**	3,543,355
NOI	**342,238**	327,187
Adjusted Trust administrative expenses [1]	**(16,877)**	(15,279)
Recognition of leases on a straight-line basis	**(2,141)**	1,485
EBITDA [2]	**323,220**	313,393
Debt/EBITDA ratio [2]	**10.7 x**	11.3x

1 Exclude strategic alternatives consulting fees of $17.8 million in 2021 and $1.7 million in 2020.
2 Refer to section "Non-IFRS and Other Financial Measures".

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 operating income minus adjusted Trust administrative expenses, divided by adjusted finance charges.

	December 31, 2021	December 31, 2020
	$	$
NOI	**342,238**	327,187
Adjusted Trust administrative expenses [1]	**(16,877)**	(15,279)
	325,361	311,908
Adjusted finance charges [2]	**136,350**	136,530
Interest coverage ratio [3]	**2.39:1**	2.28 : 1

1 Exclude strategic alternatives consulting fees of $17.8 million in 2021 and $1.7 million in 2020.
2 Excludes $2.5 million of yield maintenance fees paid in connection with the Series 4 debenture redemption in the second quarter of-2020 and $4.6 million of penalties paid on mortgage repayments before maturity in the first quarter of 2020.
3 Refer to section "Non-IFRS and Other Financial Measures".

Unencumbered Assets and Unsecured Debt

	December 31, 2021		December 31, 2020	
	Number of properties	Fair value of properties ($)	Number of properties	Fair value of properties ($)
Unencumbered income office properties [1]	**37**	**507,374**	35	709,049
Unencumbered income retail properties [1]	**24**	**422,300**	27	645,265
Unencumbered income industrial and flex properties [1]	**74**	**675,550**	78	634,715
Total unencumbered income properties [1]	**135**	**1,605,224**	140	1,989,029
Unencumbered assets to unsecured net debt ratio [2, 3]		**1.64:1**		1.76:1
Unsecured debt-to-total-debt ratio [3, 4]		**25.2 %**		32.2 %

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".
4 Unsecured debt divided by total debt.

As at December 31, 2021, the unencumbered assets to unsecured net debt ratio stood at 1.64:1, above the required ratios of 1.30:1 and 1.40:1 contained in the restrictive covenant of outstanding debentures (except debentures Series 11 and Series 12 which do not have that covenant) and the unsecured credit facility, respectively. The decline of this ratio from 1.76:1 as at December 31, 2020 to 1.64:1 as at December 31, 2021 is accounted for by the fact that the $400.0 million unsecured revolving credit facility which was maturing in July 2021 was partially converted into a $150.0 million secured revolving credit facility and the change in fair value of income properties.

Off-Balance Sheet Arrangements and Contractual Commitments

On October 24, 2021, Cominar announced that it has entered into an Arrangement Agreement to be acquired by Iris Acquisition II LP. Refer to section Our Objectives and Our Strategy for more information on the Arrangement Agreement.

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

Cominar has no significant contractual commitments other than those arising from its long-term debt and payments due under construction contracts and emphyteutic leases on land held for income properties.

Property Portfolio

	December 31, 2021	December 31, 2020
	$	$
Income properties — Cominar's proportionate share [1]	**2,538,047**	6,238,910
Properties under development and land held for future development — Cominar's proportionate share [1]	**72,208**	133,104
Investment properties held for sale [2] — Cominar's proportionate share [1]	**3,488,000**	20,990
Number of income properties	**309**	314
Leasable area (sq. ft.)	**35,547,173**	35,821,000

1 Refer to section "Non-IFRS and Other Financial Measures".
2 Refer to section Our Objectives and Our Strategy for more information on investment properties held for sale

Summary by property type

December 31, 2021	Office Properties	Retail Properties	Industrial and flex properties	Cominar's proportionate share [1]
	$	$	$	$
Income properties	**1,208,757**	**1,151,540**	**177,750**	**2,538,047**
Investment properties held for sale	**965,322**	**434,678**	**2,088,000**	**3,488,000**
Properties under development	**—**	**36,441**	**—**	**36,441**

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

	December 31, 2021		December 31, 2020	
	Number of properties	Leasable area (sq. ft.)	Number of properties	Leasable area (sq. ft.)
Office	**78**	**10,886,000**	80	11,089,000
Retail	**41**	**9,409,173**	44	9,480,000
Industrial and flex	**190**	**15,252,000**	190	15,252,000
Total	**309**	**35,547,173**	314	35,821,000

Please note that after giving effect to the closing of the Transaction, Cominar's portfolio will consist of 82 properties, 49 office, 30 retail and 3 industrial and flex properties.

Summary by geographic market

	December 31, 2021		December 31, 2020	
	Number of properties	Leasable area (sq. ft.)	Number of properties	Leasable area (sq. ft.)
Montreal	**193**	**23,493,000**	194	23,517,000
Quebec City	**97**	**9,702,173**	100	9,763,000
Ontario - Ottawa [1]	**19**	**2,352,000**	20	2,541,000
Total	**309**	**35,547,173**	314	35,821,000

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

Please note that after giving effect to the closing of the Transaction, Cominar's portfolio will consist of 82 properties, 57 in Montreal, 18 in Quebec City and 7 in Ottawa.

Acquisitions, Investments and Dispositions

Investments in Income Properties and Investment Properties Held for Sale

Cominar continued to invest in its investment properties in the normal course of business. Investments made include expansions, modernizations, modifications and upgrades to existing properties with a view to increasing or maintaining their rental income generating capacity. During 2021, Cominar incurred $63.7 million [$81.7 million in 2020] in capital expenditures specifically to increase the rental income generating capacity of its properties. These capital expenditures include, among others, investments of $33.5 million in revitalizations and redevelopments. Cominar also incurred $28.9 million [$17.0 million in 2020] in capital expenditures to maintain rental income generating capacity, consisting mainly of major repair and maintenance expenses, as well as property equipment replacements. Capital expenditures related to maintenance of rental income generating capacity do not include current repair and maintenance costs, as these are already deducted from revenues in determining NOI.

Finally, Cominar invested in leasehold improvements that aim to increase the value of its buildings through higher lease rates and higher occupancy, as well as in other leasing costs, mostly brokerage fees and tenant inducements. The level of investment required may vary from quarter to quarter since it depends closely on lease renewals and the signing of new leases. The level of investment also depends on increases in rental space through expanded, upgraded or acquired properties, or rental space transferred from properties under development. During 2021, Cominar made investments of $29.1 million in leasehold improvements and $8.6 million in leasing costs [$21.5 million in leasehold improvements and $8.4 million in leasing costs in 2020].

The following table shows the details of the capital expenditures and leasing costs reported in the 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		
Periods ended December 31	2021	2020		2021	2020	
	$	$	% Δ	$	$	% Δ
Capital expenditures — increase of rental income generating capacity						
Revitalization and redevelopment	**12,932**	13,177	(1.9)	**33,521**	48,346	(30.7)
Capitalized interests on revitalization and redevelopment	**462**	84	450.0	**2,163**	1,850	16.9
Structural work for common areas, parking, preparation of base building etc.	**15,768**	7,340	114.8	**28,023**	31,534	(11.1)
Capital expenditures — increase of rental income generating capacity	**29,162**	20,601	41.6	**63,707**	81,730	(22.1)
Capital expenditures — maintenance of rental income generating capacity	**17,251**	12,196	41.4	**28,914**	17,001	70.1
Total	**46,413**	32,797	41.5	**92,621**	98,731	(6.2)
Leasehold improvements	**4,561**	4,657	(2.1)	**29,108**	21,543	35.1
Leasing costs	**1,850**	2,315	(20.1)	**8,579**	8,404	2.1
Subtotal capital expenditures	**52,824**	39,769	32.8	**130,308**	128,678	1.3
Properties under development	**9,581**	1,967	387.1	**11,283**	17,640	(36.0)
Capitalized interests on properties under development	**708**	1,919	(63.1)	**3,664**	7,376	(50.3)
Total capital expenditures (including capitalized interests) [1]	**63,113**	43,655	44.6	**145,255**	153,694	(5.5)
Total capital expenditures (excluding capitalized interests) [1]	**61,943**	41,652	48.7	**139,428**	144,468	(3.5)

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

During 2021, Cominar invested $56.4 million in office income properties, $62.7 million in retail income properties, and $26.1 million in industrial and flex income properties, compared to $71.7 million , $67.8 million and $14.2 million respectively for 2020.

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. Refer to section Our Objectives and Our Strategy for more information on investment properties held for sale, including in respect of the Transaction.

	Year ended December 31, 2021				Year ended December 31, 2020
	Office properties	Retail properties	Industrial and flex properties	Total	Total
	$	$	$	$	$
Investment properties					
Balance, beginning of year	**3,000**	**17,990**	**—**	**20,990**	11,730
Transfer from income properties	**880,872**	**434,678**	**2,044,800**	**3,360,350**	36,160
Transfers from properties under development and land held for future development	**—**	**597**	**47,450**	**48,047**	—
Capitalized costs	**452**	**125**	**—**	**577**	93
Change in fair value	**(452)**	**(125)**	**—**	**(577)**	(2,788)
Dispositions	**(43,050)**	**(18,587)**	**(4,250)**	**(65,887)**	(24,205)
Balance, end of year	**840,822**	**434,678**	**2,088,000**	**3,363,500**	20,990

	Year ended December 31, 2021				Year ended December 31, 2020
	Office properties	Retail properties	Industrial and flex properties	Total	Total
	$	$	$	$	$
Mortgages payable related to investment properties held for sale					
Balance, beginning of year	**—**	**—**	**—**	**—**	—
Transfer of mortgages payable related to investment properties held for sale	**329,601**	**224,787**	**438,397**	**992,785**	—
Balance, end of year	**329,601**	**224,787**	**438,397**	**992,785**	—

During the year ended December 31, 2021, principally in connection with the Arrangement Agreement, Cominar transferred 228 income property having a fair value of $3.4 billion and 6 lands held for future development having a fair value of $48.0 million to investment properties held for sale.

As at December 31, 2021, Cominar had 227 investment properties held for sale. Refer to section Our Objectives and Our Strategy for more information on investment properties held for sale, including in respect of the Transaction.

During the year ended December 31, 2021, Cominar sold 5 investment properties and 2 lands held for sale for a total sales price of $65.9 million.

During the year ended December 31, 2020, Cominar sold 4 investment properties held for sale and 1 land for a total selling price of $24.2 million.

Joint Venture Investment Property Held for Sale - Cominar's proportionate share [1]

	Year ended December 31, 2021				Year ended December 31, 2020
	Office properties	Retail properties	Industrial and flex properties	Total	Total
	$	$	$	$	$
Joint Venture Investment property - Cominar's proportionate share [1]					
Balance, beginning of year	–	–	–	–	–
Transfer from income properties	**124,500**	–	–	**124,500**	–
Balance, end of year - Cominar's proportionate share [1]	**124,500**	–	–	**124,500**	–

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

	Year ended December 31, 2021				Year ended December 31, 2020
	Office properties	Retail properties	Industrial and flex properties	Total	
	$	$	$	$	$
Mortgages payable related to joint venture investment property held for sale - Cominar's proportionate share [1]					
Balance, beginning of year	–	–	–	–	–
Transfer of mortgages payable related to investment properties held for sale	**64,271**	–	–	**64,271**	–
Balance, end of year - Cominar's proportionate share [1]	**64,271**	–	–	**64,271**	–

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

Dispositions of Investment Properties Held for Sale

Address	Area	Property type	Leasable area sq. ft.	Transaction date	Selling price $
355, rue du Marais, Québec, Québec	Quebec	Retail	38,000	March 10, 2021	5,800
325, rue du Marais, Québec, Québec	Quebec	Retail	80,000	March 10, 2021	10,500
230, boulevard des Bois-Francs Sud, Victoriaville, Québec	Quebec	Retail	8,000	March 30, 2021	1,690
3669-3681, boulevard des Sources, Dollard-des-Ormeaux, Québec	Montreal	Office	24,000	February 15, 2021	3,000
–	Montreal	Land	–	July 5, 2021	4,250
–	Montreal	Land	–	November 3, 2021	597
110, rue O'Connor, Ottawa, Ontario	Ottawa	Office	189,000	December 16, 2021	40,050
			339,000		**65,887**

Disposition of Land Held for Future Development

Date	Property type	Number of properties	Geographic market	Total selling price ($)
June 2, 2021	Land	–	Quebec City	**5,500**

Real Estate Operations

The operational information displayed in that section reflects Cominar portfolio as at December 31, 2021 (309 properties) and does not reflect the remaining Cominar portfolio after giving effect to the closing of the Transaction (82 properties).

Occupancy Rate

Occupancy rate track record

	Committed		In-place	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Property type				
Office	**90.0 %**	93.1 %	**88.3 %**	91.4 %
Retail	**90.7 %**	90.8 %	**87.2 %**	86.3 %
Industrial and flex	**97.4 %**	96.7 %	**96.9 %**	95.3 %
Total	**93.4 %**	94.0 %	**91.7 %**	91.7 %

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.

Leasing Activity

	Total Portfolio
Leases that matured in 2021	
Number of clients	890
Leasable area (sq. ft.)	5,442,668
Renewed leases	
Number of clients	577
Leasable area (sq. ft.)	4,031,626
Retention rate	**74.1 %**
New leases	
Number of clients	198
Leasable area (sq. ft.)	1,781,531
Unexpected departures	
Number of clients	41
Leasable area (sq. ft.)	467,000

Growth in the average net rent of renewed leases

	Quarter ended December 31, 2021		Year ended December 31, 2021		Year ended December 31, 2020	
	Renewed leasable area (sq. ft.)	Growth in the average net rent	Renewed leasable area (sq. ft.)	Growth in the average net rent	Renewed leasable area (sq. ft.)	Growth in the average net rent
Property type						
Office	565,193	10.6 %	1,358,551	7.0 %	1,072,000	7.6 %
Retail	358,455	(1.4)%	1,116,374	(2.1)%	1,170,000	(4.3)%
Industrial and flex	337,054	23.9 %	1,556,701	22.4 %	2,306,000	18.0 %
Portfolio total	**1,260,702**	**8.6 %**	**4,031,626**	**7.5 %**	**4,548,000**	**7.4 %**

Growth in the average net rent on renewed leases is measured by comparing the rent at the end of the lease to the rent at the beginning of the lease's renewal.

As at December 31, 2021, 74.1% [76.3% in 2020] of the leasable area maturing in 2021 was renewed representing 4.0 million square feet at 7.5% growth in the average net rent, and 60.4% of leases that matured during the fourth quarter of 2021 were renewed representing 0.9 million square feet at 8.6% growth in the average net rent. New leases were also signed, representing 1.8 million square feet of leasable area for 2021, while tenants whose leases were not expiring that left before the end of their lease totaled a leasable area of 0.5 million square feet. As at December 31, 2021, 106.8% of the leasable area maturing in 2021 and 89.4% of leasable area maturing in the fourth quarter of 2021 were covered by renewals and new leases.

Lease Maturities

Years ending December 31	2022	2023	2024	2025	2026
Office					
Leasable area (sq. ft.)	1,221,570	1,548,763	1,306,523	1,259,732	678,947
% of total portfolio — Office	11.2 %	14.2 %	12.0 %	11.6 %	6.2 %
Retail					
Leasable area (sq. ft.)	1,444,318	1,112,687	891,233	829,193	628,558
% of portfolio — Retail	15.4 %	11.8 %	9.5 %	8.8 %	6.7 %
Industrial and flex					
Leasable area (sq. ft.)	2,786,579	2,448,392	1,874,210	1,957,609	1,701,214
% of portfolio — Industrial and flex	18.3 %	16.1 %	12.3 %	12.8 %	11.2 %
Portfolio total					
Leasable area (sq. ft.)	5,452,467	5,109,842	4,071,966	4,046,534	3,008,719
% of portfolio — Total	15.3 %	14.4 %	11.5 %	11.4 %	8.5 %

The following table summarizes information on leases as at December 31, 2021:

	Residual weighted average term (years)	Weighted average term of leases (years)	Average leased area per client (sq. ft.)	Average minimum rent ($/sq. ft.)
Property type				
Office	5.4	8.6	12,197	18.29
Retail	5.0	8.1	4,979	19.05
Industrial and flex	6.9	7.5	16,705	7.42
Weighted average of total portfolio	**6.0**	**8.0**	**9,775**	**13.51**

At year end Cominar had a broad, highly diversified retail client base consisting of approximately 3,450 tenants occupying an average of 9,775 square feet each. Approximately 15.2% of operating revenues come from government agencies, over 100 leases.

Top 10 clients

Top 10 clients	% of leasable area [1]	% of operating revenues[1]
Société québécoise des infrastructures	5.6 %	6.2 %
Public Works Canada	3.9 %	4.8 %
Canadian National Railway Company	1.8 %	3.4 %
Infra MTL Inc.	3.1 %	2.2 %
Canadian Tire group	1.6 %	1.4 %
Loblaws group	0.8 %	0.9 %
Desjardins Property Management	0.7 %	0.9 %
Winners merchants	0.7 %	0.8 %
Metro group	0.8 %	0.8 %
Dollarama	0.6 %	0.8 %
Total	**19.6 %**	**22.1 %**

1 Based on tenants in-place as at December 31, 2021

Office Highlights

Periods ended December 31, 2021	Quarter	Year
Reduction in same property net operating income[1]	**(22.5)%**	**(8.1)%**
Growth in the average net rent of renewed leases	**10.6%**	**7.0%**
Committed occupancy rate		**90.0%**
Change in fair value	**$(155)M**	**$(237)M**

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

The financial and operational information displayed in this section reflects Cominar's office portfolio as at December 31, 2021 (78 office properties) and does not reflect the remaining Cominar office portfolio after giving effect to the closing of the Transaction (49 office properties).

Office Financial and Operational Highlights

	Quarter			Year		
Periods ended December 31	2021	2020		2021	2020	
	$	$	% Δ	$	$	% Δ
Financial performance						
Operating revenues — Cominar's proportionate share [1]	**65,698**	71,885	(8.6)	**271,612**	281,264	(3.4)
NOI — Cominar's proportionate share [1]	**30,370**	37,208	(18.4)	**134,287**	142,555	(5.8)
Same property NOI [1]	**29,158**	37,647	(22.5)	**130,583**	142,095	(8.1)
Change in fair value of investment properties	**(155,478)**	(142,677)	9.0	**(237,267)**	(182,732)	29.8
Net loss	**(149,903)**	(113,128)	32.5	**(160,505)**	(84,865)	89.1
Funds from operations (FFO) [1]	**22,379**	29,239	(23.5)	**99,121**	108,723	(8.8)
Adjusted funds from operations (AFFO) [1]	**14,309**	26,272	(45.5)	**69,414**	85,095	(18.4)
Income properties fair value — Cominar's proportionate share [1]				**1,208,757**	2,417,676	(50.0)
Income properties held for sale fair value — Cominar's proportionate share [1]				**965,322**	—	100.0
Financing						
Mortgages payable — Cominar's proportionate share [1]				**872,465**	814,660	
Unencumbered income properties				**507,374**	709,049	
Mortgages payable to income properties ratio [1,2]				**50.8 %**	33.7 %	
Operational data						
Number of investment properties				**78**	80	
Leasable area (in thousands of sq. ft.)				**10,886**	11,089	
Committed occupancy rate				**90.0 %**	93.1 %	
In-place occupancy rate				**88.3 %**	91.4 %	
Retention rate				**77.6 %**	73.0 %	
Growth in the average net rent of renewed leases				**7.0 %**	7.6 %	

1 Refer to section "Non-IFRS and Other Financial Measures".
2 Total of mortgages payable divided by total of income properties fair value - Cominar's proportionate share.

Results of Operations - Office

The following table highlights our office results of operations as shown in our consolidated financial statements for the periods ended December 31, 2021 and 2020:

	Quarter			Year		
Periods ended December 31	2021	2020		2021	2020	
	$	$	% Δ	$	$	% Δ
Operating revenues	**61,837**	68,077	(9.2)	**256,298**	265,554	(3.5)
Operating expenses	**(33,511)**	(32,758)	2.3	**(130,620)**	(131,980)	(1.0)
NOI	**28,326**	35,319	(19.8)	**125,678**	133,574	(5.9)
Finance charges	**(6,803)**	(5,019)	35.5	**(30,434)**	(29,404)	3.5
Trust administrative expenses	**(719)**	(148)	385.8	**(2,584)**	(2,085)	23.9
Change in fair value of investment properties	**(155,478)**	(142,677)	9.0	**(237,267)**	(182,732)	29.8
Share of joint ventures' net loss	**(14,572)**	(595)	2,349.1	**(15,044)**	(733)	1,952.4
Transaction costs	**(715)**	(8)	8,837.5	**(912)**	(3,489)	(73.9)
Net loss before income taxes	**(149,961)**	(113,128)	32.6	**(160,563)**	(84,869)	89.2
Deferred income taxes	**58**	—	100.0	**58**	4	1,350.0
Net loss and comprehensive loss	**(149,903)**	(113,128)	32.5	**(160,505)**	(84,865)	89.1

Results of Operations - Same Property Office 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 office NOI excludes rental income arising from the recognition of leases on a straight-line basis.

Same property office portfolio NOI

	Quarter			Year		
Periods ended December 31	2021	2020		2021	2020	
	$	$	% Δ	$	$	% Δ
Same property operating revenues - Cominar's proportionate share [1]	**63,892**	71,974	(11.2)	**265,473**	278,827	(4.8)
Same property operating expenses - Cominar's proportionate share [1]	**(34,734)**	(34,327)	1.2	**(134,890)**	(136,732)	(1.3)
SPNOI - Cominar's proportionate share [1]	**29,158**	37,647	(22.5)	**130,583**	142,095	(8.1)

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

Periods ended December 31	Quarter 2021 $	Quarter 2020 $	% Δ	Year 2021 $	Year 2020 $	% Δ
Geographic Market						
Montreal	**18,199**	21,830	(16.6)	**77,765**	81,505	(4.6)
Quebec City	**8,445**	9,381	(10.0)	**35,917**	37,745	(4.8)
Ottawa [1]	**2,514**	6,436	(60.9)	**16,901**	22,845	(26.0)
SPNOI — Cominar's proportionate share [2]	**29,158**	37,647	(22.5)	**130,583**	142,095	(8.1)

1 For presentation purposes, the Gatineau area is included in the Ottawa geographic market.
2 Refer to section "Non-IFRS and Other Financial Measures".

Throughout most of 2020 and 2021, the Quebec government had taken several measures to reduce the progression of the COVID-19 pandemic. In the office sector, teleworking was mandatory until June 14th 2021, and remained under strong advisory until November 15th. On December 20th, growing concerns over the rapid spread and rise of COVID-19 variants left provincial authorities with no choice but to reinstate public health restrictions and mandatory work from home. The pandemic's effects have led to continued delays in the return-to-office plans for private and public sector occupants which contributes to additional pressure on leasing activity.

Vacancy rates have been generally on the rise over the past 2 years in many Canadian office markets and our portfolio has maintained occupancy levels in line or above the market average in all three core markets. We are currently not seeing a major negative impact on net rents, albeit with moderate increases in renewal activity in the office segment. Increased competitiveness in our markets have led us to structure transactions differently and creatively, often with shorter terms and/or higher incentives on a case-by-case basis.

In 2021, the office SPNOI decreased by 8.1% and 22.5% in Q4 alone for many different reasons:
- As at December 31st, the in-place occupancy rate had decreased by 3.1% when compared to 2020, mainly related to our central business district Montreal and Ottawa portfolios;
- Due to the reduced levels of occupancy in our office portfolio, we witnessed a significant reduction in parking revenues for the first two quarters of the year, before stabilizing in Q3 and followed by a slower recovery in Q4 driven by our most central and traffic sensitive properties such as Place Alexis-Nihon and Gare Centrale in Montreal. The gains in Q4 were partially offset by a loss related to the financial difficulties of one of our parking service providers in Montreal and Ottawa. Parking revenue still represents one of the largest impact on office SPNOI when comparing to pre-pandemic levels;
- The SPNOI decrease is also related to an increase of the operating expenses related to the gradual reopening of the office sector in Q3 and Q4. As a large portion of our tenancy in Ottawa is related to governmental agencies, which operate under gross lease terms, the recovery of an increase in expenses is very limited, while we benefited of the decrease in operating expenses in 2020 for the same reason;
- In 2020, we had recorded important material ancillary revenues related to project management and profits on jobs for tenant improvements, which could not be repeated in 2021 due to the low level of leasing activity;
- The SPNOI decrease is also related to various year end adjustments that occurred in Q4 such as tax and operating costs adjustments for government leases and free rent on a 330,000 sq.ft. 15-year renewal with the federal government at 550 de la Cité in Gatineau;
- 2021 witnessed diminished credit losses in comparison to 2020, minimizing SPNOI erosion.

Change in fair value of investment properties - Office portfolio

The $258.5 million decrease in our office portfolio fair value is mainly due to properties transferred to investment properties held for sale, including those in relation to the Arrangement Agreement, and various adjustments affecting office assets cashflows.

Adjustments affecting cashflows are mainly due to an increase of bad debt reserve, higher leasing costs, a longer vacancy absorption period and reduced market growth. Those adjustments reflect the uncertainty of a longer term impact of work from home strategies on the office sector which is perceived a slightly higher risk by investors.

Office property portfolio

Office	December 31, 2021 Number of properties	December 31, 2021 Leasable area sq. ft	December 31, 2020 Number of properties	December 31, 2020 Leasable area sq. ft
Geographic Market				
Montreal	**48**	**6,464,000**	49	6,488,000
Quebec City	**13**	**2,419,000**	13	2,409,000
Ottawa [1]	**17**	**2,003,000**	18	2,192,000
Office portfolio total	**78**	**10,886,000**	80	11,089,000

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

Investments in Office Properties

Periods ended December 31	Quarter 2021 $	Quarter 2020 $	Quarter % Δ	Year 2021 $	Year 2020 $	Year % Δ
Capital expenditures — increase of rental income generating capacity	**13,189**	10,328	27.7	**21,519**	27,348	(21.3)
Capital expenditures — maintenance of rental income generating capacity	**5,414**	7,102	(23.8)	**12,931**	9,580	35.0
Leasehold improvements	**1,558**	2,105	(26.0)	**15,206**	8,117	87.3
Leasing costs	**1,076**	1,041	3.4	**4,352**	4,525	(3.8)
Properties under development	**930**	3,183	(70.8)	**2,427**	22,103	(89.0)
Total capital expenditures (including capitalized interests)[1]	**22,167**	23,759	(6.7)	**56,435**	71,673	(21.3)
Total capital expenditures (excluding capitalized interests)[1]	**22,157**	22,090	0.3	**54,895**	65,406	(16.1)

1 *Includes Cominar's share of joint ventures*

Real Estate Operations - Office

Occupancy Rate

Occupancy rate track record

Office	Committed Dec. 31, 2021	Committed Dec. 31, 2020	In-place Dec. 31, 2021	In-place Dec. 31, 2020
Geographic Market				
Montreal	**87.6 %**	91.7 %	**86.0 %**	90.1 %
Quebec City	**96.3 %**	97.7 %	**96.0 %**	97.2 %
Ottawa [1]	**89.8 %**	92.1 %	**86.5 %**	88.6 %
Office portfolio total	**90.0 %**	93.1 %	**88.3 %**	91.4 %

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

The in-place and committed office occupancy rate decreased by 3.1% in 2021 when compared to December 31, 2020 following the expiry of a few key leases in the office market where leasing activity is at a stand-still due to the pandemic. In Montreal, the decrease in occupancy is mostly related to the departure of a few large tenants totaling 200,000 square feet in the Center Business District. The in-place occupancy decreased by 2.1% in Ottawa since the beginning of the year, where we had an important departure of 60,000 square feet in the first quarter of 2021 at 1000 Innovation Drive. Finally, the 1.2% decrease in Quebec City is explained by the non-renewal of smaller sized units and some space reductions, the largest one being 11,000 square feet at 150 René-Lévesque Blvd.

Office Leasing Activity

Leases that matured in 2021	
Number of clients	176
Leasable area (sq. ft.)	1,750,918
Renewed leases	
Number of clients	110
Leasable area (sq. ft.)	1,358,551
Retention rate	**77.6 %**
New leases	
Number of clients	42
Leasable area (sq. ft.)	345,944
Unexpected departures	
Number of clients	15
Leasable area (sq. ft.)	186,000

During the year ended December 31, 2021, 77.6% of the office leasable area maturing in 2021 was renewed. New leases were also signed representing 0.3 million square feet of leasable area, while tenants whose leases were not expiring and that left before the end of their lease totaled a leasable area of 0.2 million square feet. As at December 31, 2021, 97.3% of the leasable area maturing in 2021 was covered by renewals and new leases.

Growth in the average net rent of renewed leases

Office	Quarter ended December 31, 2021		Year ended December 31, 2021		Year ended December 31, 2020	
	Renewed leasable area (sq. ft.)	Growth in the average net rent	Renewed leasable area (sq. ft.)	Growth in the average net rent	Renewed leasable area (sq. ft.)	Growth in the average net rent
Geographic Market						
Montreal	182,990	5.1 %	520,593	5.3 %	573,000	8.0 %
Quebec City	44,400	1.8 %	269,788	5.8 %	251,000	3.4 %
Ottawa [1]	337,804	15.5 %	568,170	9.7 %	248,000	12.8 %
Office portfolio total	**565,193**	**10.6 %**	**1,358,551**	**7.0 %**	**1,072,000**	**7.6 %**

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

Growth in the average net rent on renewed leases is measured by comparing the rent at the end of the lease to the rent at the beginning of the lease's renewal. Our rental growth for the leases maturing in 2021 was 7.0%, mostly driven by increases in Quebec City and Ottawa related to two major governmental leases totaling over 440,000 square feet.

Office Lease Maturities

Years ending December 31	2022	2023	2024	2025	2026
Leasable area (sq. ft.)	1,221,570	1,548,763	1,306,523	1,259,732	678,947
% of portfolio — Office	11.2 %	14.2 %	12.0 %	11.6 %	6.2 %

The following table summarizes information on office leases as at December 31, 2021:

	Residual weighted average term (years)	Weighted average term of leases (years)	Average leased area per client (sq. ft.)	Average minimum rent ($/sq. ft.)
Office leases	5.4	8.6	12,197	18.29

At year end, Cominar had a broad, highly diversified office client base consisting of approximately 850 tenants occupying an average of approximately 12,197 square feet each. The top three tenants, Société Québécoise des Infrastructures, Public Works Canada and Canadian National Railway Company, account respectively for approximately 5.6%, 4.6% and 3.4% of operating revenues over several leases with staggered maturities in respect of the government portion.

Top 10 office clients

The following table presents our top ten office clients:

Top 10 office clients	% of office leasable area [1]	% of office operating revenues [1]
Société québécoise des infrastructures	4.7 %	5.6 %
Public Works Canada	3.6 %	4.6 %
Canadian National Railway Company	1.8 %	3.4 %
Institut Royal pour l'avancement des sciences (McGill) [2]	0.4 %	0.8 %
Ford motor company of Canada, Limited [2]	0.4 %	0.7 %
Ville de Montréal	0.4 %	0.5 %
Centre de services scolaire de Montréal (School Board) [2]	0.6 %	0.5 %
Desjardins Property Management	0.4 %	0.5 %
Autorité des marchés financiers (Government Agency) [2]	0.3 %	0.4 %
HSBC Bank of Canada	0.2 %	0.4 %
Total	**12.8 %**	**17.4 %**

1 Based on tenants in place as at December 31, 2021
2 This tenant will not any longer be a tenant upon closing of the Transaction as it occupies premises in properties that are held for sale.

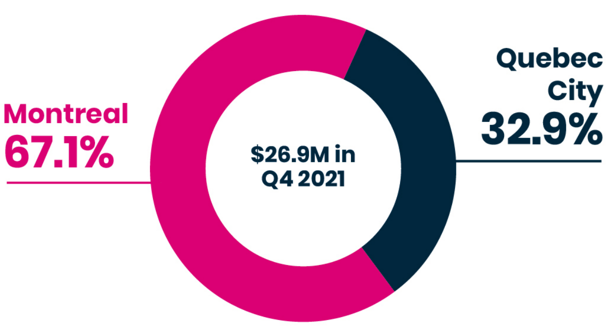
Field of activity	% of office leasable area [1]	% of office operating revenues [1]
Government and paragovernmental institutions	31.6 %	26.1 %
Professional, scientific and technical services	15.5 %	17.0 %
Financial services, real estate and bank services	14.6 %	16.7 %
Wholesale, Distribution, transportation and logistics	11.9 %	13.1 %
Education	7.0 %	7.6 %
Technologies	6.3 %	6.3 %
Administrative services	4.5 %	5.1 %
Manufacturing	3.3 %	3.7 %
Medical services	2.6 %	2.6 %
Others	2.7 %	1.8 %
Total	**100.0 %**	**100.0 %**

1 Based on tenants in place as at December 31, 2021

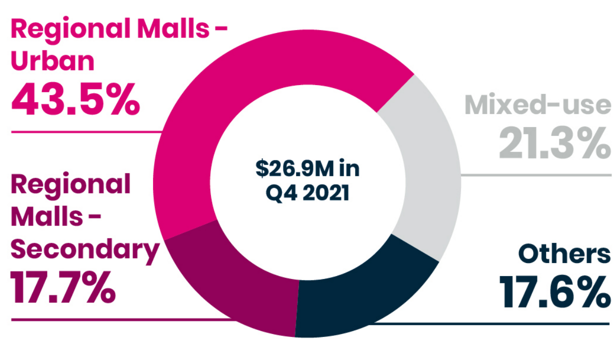
Retail Highlights

Periods ended December 31, 2021	Quarter	Year
Growth in same property net operating income[1,2]	(3.6)%	12.0%
Reduction in the average net rent of renewed leases	(1.4)%	(2.1)%
Committed occupancy rate		90.7%
Change in fair value	$(90)M	$(366)M

Same Property NOI by Geographic Market[2]



Same Property NOI by Asset Type[2]



[1] Refer to section "Non-IFRS and Other Financial Measures".
[2] Split as per quarter ended December 31, 2021.

The financial and operational information displayed in this section reflects Cominar's retail portfolio as at December 31, 2021 (41 retail properties) and does not reflect the remaining Cominar retail portfolio sfter giving effect to the closing of the Transaction (30 retail properties).

Retail Financial and Operational Highlights

	Quarter			Year		
Periods ended December 31	2021	2020		2021	2020	
	$	$	% Δ	$	$	% Δ
Financial performance						
Operating revenues — Cominar's proportionate share [1]	**59,967**	59,783	0.3	**239,106**	239,967	(0.4)
NOI — Cominar's proportionate share [1]	**27,122**	28,092	(3.5)	**111,557**	98,523	13.2
Same property NOI [1]	**26,910**	27,911	(3.6)	**110,491**	98,669	12.0
Change in fair value of investment properties	**(90,197)**	(163,982)	(45.0)	**(366,443)**	(410,196)	(10.7)
Net loss	**(69,400)**	(143,027)	(51.5)	**(287,300)**	(351,989)	(18.4)
Funds from operations (FFO) [1]	**21,188**	20,860	1.6	**82,413**	65,774	25.3
Adjusted funds from operations (AFFO) [1]	**15,447**	18,469	(16.4)	**61,293**	52,595	16.5
Income properties fair value — Cominar's proportionate share [1]				**1,151,540**	1,889,299	(39.0)
Income properties held for sale fair value — Cominar's proportionate share [1]				**434,678**	—	100.0
Financing						
Mortgages payable — Cominar's proportionate share [1]				**738,762**	887,262	
Unencumbered income properties				**422,300**	645,265	
Mortgages payable to income properties ratio [1,2]				**46.6 %**	47.0 %	
Operational data						
Number of investment properties				**41**	44	
Leasable area (in thousands of sq. ft.)				**9,409**	9,480	
Committed occupancy rate				**90.7 %**	90.8 %	
In-place occupancy rate				**87.2 %**	86.3 %	
Retention rate				**72.8 %**	76.9 %	
Reduction in the average net rent of renewed leases				**(2.1)%**	(4.3)%	
Development activities						
Properties under development — Cominar's proportionate share [1]				**36,441**	37,165	

1 Refer to section "Non-IFRS and Other Financial Measures".
2 Total of mortgages payable divided by the total of income properties fair value - Cominar's proportionate share.

COVID-19 - Impact Analysis and Risks - Retail

In April and May 2021, a number of regions (Greater Quebec City area, Lower St-Lawrence, Chaudieres-Appalaches and Outaouais) were shut down again (except for essential services) for an average duration of five weeks.

As a result of the pandemic, shopping centers were closed from December 24, 2020 until February 8, 2021, except for essential services. Restaurants (only take-out allowed), cinemas, entertainment and gyms were shut down again December 31st, 2021. All have reopened on January 31st, 2022 (except gyms still closed) with restricted capacity at 50% .

During the quarter ended December 31st, 2021 we saw a 16% increase in footfall in all non-urban core properties (excluding Alexis-Nihon and Place de la Cité) over the comparable 2020 quarter and a 16% decrease in footfall over the comparable 2019 pre pandemic level. The footfall during quarter ended December 31st, 2021 is a net improvement from the first two quarters of 2021. We experienced a 14% increase in total comparable sales in all non-urban core properties (excluding Alexis-Nihon and Place de la Cité) over the comparable 2020 quarter and a 9% decrease in sale over the comparable 2019 pre pandemic level.

Essential services, sporting goods, electronics, furniture home and decor and jewelry stores are categories that experienced strong sales through last quarter in the circumstances. The mid fashion category is starting to recover with a good number of operators coming back to 2019 levels for the quarter. The ones on a path of slower recovery are women's apparel, menswear and fashion accessories.

Results of Operations - Retail

The following table highlights our results of operations as shown in our consolidated financial statements for the periods ended December 31, 2021 and 2020:

	Quarter			Year		
Periods ended December 31	2021	2020		20212	2020	
	$	$	% Δ	$	$	% Δ
Operating revenues	**59,641**	59,073	1.0	**238,176**	238,272	—
Operating expenses	**(32,633)**	(31,549)	3.4	**(126,949)**	(140,797)	(9.8)
NOI	**27,008**	27,524	(1.9)	**111,227**	97,475	14.1
Finance charges	**(5,056)**	(7,150)	(29.3)	**(26,023)**	(30,283)	(14.1)
Trust administrative expenses	**(956)**	(197)	385.3	**(3,437)**	(2,774)	23.9
Change in fair value of investment properties	**(90,197)**	(163,982)	(45.0)	**(366,443)**	(410,196)	(10.7)
Share of joint ventures' net income (loss)	**(199)**	847	(123.5)	**(2,594)**	(4,325)	(40.0)
Transaction costs	**—**	(69)	100.0	**(30)**	(1,886)	(98.4)
Net loss and comprehensive loss	**(69,400)**	(143,027)	(51.5)	**(287,300)**	(351,989)	(18.4)

Results of Operations - Same Property Retail 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. SPNOI excludes rental income arising from the recognition of leases on a straight-line basis.

Same property retail portfolio NOI

	Quarter			Year		
Periods ended December 31	2021	2020		2021 [1]	2020	
	$	$	% Δ	$	$	% Δ
Same property operating revenues - Cominar's proportionate share [2]	**59,495**	59,481	—	**237,073**	239,781	(1.1)
Same property operating expenses - Cominar's proportionate share [2]	**(32,585)**	(31,570)	3.2	**(126,582)**	(141,112)	(10.3)
SPNOI - Cominar's proportionate share [2]	**26,910**	27,911	(3.6)	**110,491**	98,669	12.0

1 *The year ended December 31, 2021 includes $2.6 million distribution received in respect of a claim settlement regarding Sears Canada.*
2 *Refer to section "Non-IFRS and Other Financial Measures".*

The 2021 fourth quarter decline of 3.6% in retail same property NOI compared with the corresponding quarter of 2021 is mainly attributable to the 2020 Canadian emergency wage subsidy that was all accounted for in the 2020 fourth quarter. The increase of 12.0% in retail SPNOI in 2021 compared to 2020 is mainly due to a decrease of $21.8 million in expected credit losses.

	Quarter			Year		
Periods ended December 31	2021	2020		2021 [1]	2020	
	$	$	% Δ	$	$	% Δ
Geographic Market						
Montreal	**18,066**	16,836	7.3	**69,315**	61,523	12.7
Quebec City	**8,850**	10,132	(12.7)	**37,235**	35,564	4.7
Ottawa [2]	**(6)**	943	(100.6)	**3,941**	1,582	149.1
SPNOI — Cominar's proportionate share [3]	**26,910**	27,911	(3.6)	**110,491**	98,669	12.0

1 *The year ended December 31, 2021 includes a $2.6 million distribution received in respect of a claim settlement regarding Sears Canada.*
2 *For presentation purposes, the Gatineau area is included in the Ottawa geographic market. Mainly, Galeries de Hull.*
3 *Refer to section "Non-IFRS and Other Financial Measures".*

Ottawa retail SPNOI for the year ended December 31, 2021 increased mainly due to the claim settlement regarding Sears Canada in the first quarter of 2021.

Periods ended December 31	Quarter			Year		
	2021	2020		2021 [1]	2020	
	$	$	% Δ	$	$	% Δ
Asset Type						
Regional Malls - Urban	**11,704**	11,061	5.8	**43,773**	35,276	24.1
Regional Malls - Secondary	**4,751**	5,162	(8.0)	**20,283**	17,592	15.3
Mixed-Use	**5,727**	6,771	(15.4)	**25,958**	26,464	(1.9)
Others	**4,728**	4,917	(3.8)	**20,477**	19,337	5.9
SPNOI — Cominar's proportionate share [2]	**26,910**	27,911	(3.6)	**110,491**	98,669	12.0

1 *The year ended December 31, 2021 includes a $2.6 million distribution received in respect of a claim settlement regarding Sears Canada.*
2 *Refer to section "Non-IFRS and Other Financial Measures".*

Regional Malls - Urban SPNOI for the year ended December 31, 2021 was favorably impacted by a $2.6 million claim settlement regarding Sears Canada in the first quarter of 2021.

Same property retail portfolio NOI weighting

Periods ended December 31	Quarter		Year	
	2021	2020	2021	2020
Geographic market				
Montreal	**67.1 %**	60.3 %	**62.7 %**	62.4 %
Quebec City	**32.9 %**	36.3 %	**33.7 %**	36.0 %
Ottawa [1]	**— %**	3.4 %	**3.6 %**	1.6 %
SPNOI — Cominar's proportionate share [2]	**100.0 %**	100.0 %	**100.0 %**	100.0 %

1 *For presentation purposes, the Gatineau area is included in the Ottawa geographic market.*
2 *Refer to section "Non-IFRS and Other Financial Measures".*

Periods ended December 31	Quarter		Year	
	2021	2020	2021	2020
Asset types				
Regional Malls - Urban	**43.5 %**	39.6 %	**39.6 %**	35.8 %
Regional Malls - Secondary	**17.7 %**	18.5 %	**18.4 %**	17.8 %
Mixed-Use	**21.3 %**	24.3 %	**23.5 %**	26.8 %
Others	**17.6 %**	17.6 %	**18.5 %**	19.6 %
SPNOI — Cominar's proportionate share [1]	**100.0 %**	100.0 %	**100.0 %**	100.0 %

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

Change in fair value of investment properties - Retail portfolio

The $369.1 million decrease in retail portfolio fair value is mainly due to the properties transferred to investment properties held for sale, including those in relation to the Arrangement Agreement, and various adjustments affecting retail cash flows.

Appraisal cashflows were adjusted mainly through an increase of leasing costs and of capital expenditures combined with market rents reduction. Bad debt provisions for year were reduced but vacancy reserves were slightly increased for the 10 year projection period in many properties.

Retail property portfolio

Retail	December 31, 2021 Number of properties	December 31, 2021 Leasable area sq. ft	December 31, 2020 Number of properties	December 31, 2020 Leasable area sq. ft
Geographic Market				
Montreal	**19**	**5,218,000**	19	5,218,000
Quebec City	**20**	**3,842,173**	23	3,913,000
Ottawa [1]	**2**	**349,000**	2	349,000
Retail portfolio total	**41**	**9,409,173**	44	9,480,000

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

Retail	December 31, 2021 Number of properties	December 31, 2021 Leasable area sq. ft	December 31, 2020 Number of properties	December 31, 2020 Leasable area sq. ft
Asset type				
Regional Malls - Urban	**7**	**3,865,000**	7	3,865,000
Regional Malls - Secondary	**6**	**1,918,000**	6	1,918,000
Mixed-Use	**2**	**1,415,000**	2	1,415,000
Others	**26**	**2,211,173**	29	2,282,000
Retail portfolio total	**41**	**9,409,173**	44	9,480,000

Investments in Retail Properties

Periods ended December 31	Quarter			Year		
	2021	2020		2021	2020	
	$	$	% Δ	$	$	% Δ
Capital expenditures — increase of rental income generating capacity	**14,671**	9,886	48.4	**38,667**	50,592	(23.6)
Capital expenditures — maintenance of rental income generating capacity	**7,707**	3,137	145.7	**9,187**	4,366	110.4
Leasehold improvements	**2,062**	2,245	(8.2)	**8,208**	8,581	(4.3)
Leasing costs	**236**	732	(67.8)	**1,364**	1,602	(14.9)
Properties under development	**2,982**	111	2,586.5	**5,262**	2,654	98.3
Total capital expenditures (including capitalized interests)[1]	**27,658**	16,111	71.7	**62,688**	67,795	(7.5)
Total capital expenditures (excluding capitalized interests)[1]	**26,626**	15,777	68.8	**58,616**	64,837	(9.6)

1 Includes Cominar's share of joint ventures

Retail Properties Under Construction and Development Projects

Centropolis – Residential
In partnership with Cogir/Divco, this ±530 units residential development is currently at the formal approval stage at the City of Laval and is expected to commence in the second quarter of 2022, with the construction of the first phase (approximately 364 units).

Intensification Opportunities
At Galeries de Hull, we are now at the stage of meeting with the City of Gatineau on a master plan significantly optimized for the site and in continuity with the requalification of the sector, currently underway.

Real Estate Operations - Retail

Occupancy Rate

Occupancy rate track record

Retail	Committed Dec. 31, 2021	Committed Dec. 31, 2020	In-place Dec. 31, 2021	In-place Dec. 31, 2020
Geographic market				
Montreal	**91.7 %**	91.3 %	**88.4 %**	87.8 %
Quebec City	**90.0 %**	90.3 %	**86.6 %**	86.0 %
Ottawa [1]	**84.3 %**	87.5 %	**75.1 %**	65.2 %
Retail portfolio total	**90.7 %**	90.8 %	**87.2 %**	86.3 %

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

Retail	Committed Dec. 31, 2021	Committed Dec. 31, 2020	In-place Dec. 31, 2021	In-place Dec. 31, 2020
Asset type				
Regional Malls - Urban	**91.7 %**	91.6 %	**86.6 %**	83.5 %
Regional Malls - Secondary	**93.8 %**	93.4 %	**91.5 %**	88.5 %
Mixed-Use	**93.0 %**	95.0 %	**90.1 %**	95.0 %
Others	**85.0 %**	84.3 %	**82.7 %**	82.8 %
Retail portfolio total	**90.7 %**	90.8 %	**87.2 %**	86.3 %

Retail Leasing Activity

Leases that matured in 2021	
Number of clients	528
Leasable area (sq. ft.)	1,532,605
Renewed leases	
Number of clients	339
Leasable area (sq. ft.)	1,116,374
Retention rate	**72.8 %**
New leases	
Number of clients	74
Leasable area (sq. ft.)	524,450
Unexpected departures	
Number of clients	19
Leasable area (sq. ft.)	106,000

During the year ended December 31, 2021, 72.8% of the retail leasable area maturing in 2021 was renewed. We have remained active on the leasing front with 524,000 square feet of new leases in place for 2021. Tenants that left before the end of their lease totaled 0.1 million square feet. For 2021, 107.1% of the leasable area maturing was covered by renewals and new leases.

During the quarter ended December 31, 2021, we recorded a total of 160,000 square feet of new leases in place including three Éconofitness locations (gym) (total of 43,000 square feet), GBI Experts-Conseils ((Galeries Rive-Nord, office space) 30,000 square feet), 4 Griffon stores (total of 20,000 square feet) and MONT VR (Les Rivieres) 15,000 square feet.

During the 2021, in-place occupancy was favorably impacted by 524,450 square feet of new leases including:
- Tesla (Cyrille-Duquet, QC) 31,000 square feet
- Éconofitness (4 leases) (gym) 60,000 square feet
- GBI Experts-Conseils (Galeries Rive-Nord, office space) 30,000 square feet
- Urban Planet (Mail Champlain) 21,000 square feet
- Griffon (4 leases) 20,000 square feet

– Dollarama (Galeries Rive-Nord) 19,000 square feet
– Archambault (Les Rivières) 15,000 square feet
– MONT VR (Les Rivieres) 15,000 square feet

Additional leases committed and expected to be in-place by year end 2022, total 176,000 square feet including:
– AVRIL health oriented grocer (Place de la Cité) 36,000 square feet
– Elna Medical Clinic (Rockland) 17,000 square feet
– HART - Maison en Gros (Centre Rivière-du-Loup) 17,000 square feet
– LA VUE (4 leases) 17,000 square feet
– Dollarama (Galeries de Hull) 15,000 square feet
– Bicycles Quilicot (Centre Laval) 10,000 square feet
– CIMA (Centre Rivière-du-Loup) 9,000 square feet

Growth in the average net rent of renewed leases

Retail	Quarter ended December 31, 2021		Year ended December 31, 2021		Year ended December 31, 2020	
	Renewed leasable area (sq. ft.)	Growth in the average net rent	Renewed leasable area (sq. ft.)	Growth in the average net rent	Renewed leasable area (sq. ft.)	Growth in the average net rent
Geographic Market						
Montreal	201,931	0.4 %	668,791	(1.2)%	583,000	(7.8)%
Quebec City	136,413	(3.3)%	410,041	(3.8)%	544,000	(1.0)%
Ottawa [1]	20,111	0.1 %	37,542	3.3 %	43,000	9.8 %
Retail portfolio total	**358,455**	**(1.4)%**	**1,116,374**	**(2.1)%**	**1,170,000**	**(4.3)%**

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

Growth in the average net rent on renewed leases is measured by comparing the rent at the end of the lease to the rent at the beginning of the lease's renewal.

Retail Lease Maturities

Years ending December 31	2022	2023	2024	2025	2026
Leasable area (sq. ft.)	1,444,318	1,112,687	891,233	829,193	628,558
% of portfolio — Retail	15.4 %	11.8 %	9.5 %	8.8 %	6.7 %

The following table summarizes information on retail leases as at December 31, 2021:

	Residual weighted average term (years)	Weighted average term of leases (years)	Average leased area per client (sq. ft.)	Average minimum rent ($/sq. ft.)
Retail leases	5.0	8.1	4,979	19.05

At year end, Cominar had a broad, highly diversified retail client base consisting of approximately 1,700 tenants occupying an average of approximately 4,979 square feet each. The top three clients, Canadian Tire group, Loblaws group and Winners merchants, account respectively for approximately 4.2%, 2.7% and 2.5% of retail operating revenues over several leases with staggered maturities.

Top 10 retail clients

The following table presents our top ten retail clients:

Top 10 retail clients	% of retail leasable area[1]	% of retail operating revenues [1]
Canadian Tire group	6.4 %	4.2 %
Loblaws group	3.0 %	2.7 %
Winners merchants	2.8 %	2.5 %
Metro group	3.2 %	2.3 %
Dollarama	2.2 %	1.9 %
Marie-Claire group	1.7 %	1.6 %
Sobey's	2.1 %	1.7 %
Decathlon	2.4 %	1.5 %
Leon's/The Brick	1.8 %	1.3 %
Bell group	0.5 %	1.3 %
Total	**26.1 %**	**21.0 %**

1 *Based on tenants in place as at December 31, 2021*

Industrial and Flex Highlights

Periods ended December 31, 2021	Quarter	Year
Growth in same property net operating income[1]	**10.0%**	**10.1%**
Growth in the average net rent of renewed leases	**23.9%**	**22.4%**
Committed occupancy rate		**97.4%**
Change in fair value	**$28M**	**$256M**

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

The financial and operational information displayed in this section reflects Cominar's industrial and flex portfolio as at December 31, 2021 (190 industrial and flex properties) and does not reflect the remaining Cominar industrial and flex portfolio after giving effect to the closing of the Transaction, which is being sold in large part pursuant to the Transaction.

Industrial and Flex Financial and Operational Highlights

	Quarter			Year		
Periods ended December 31	2021	2020		2021	2020	
	$	$	% Δ	$	$	% Δ
Financial performance						
Operating revenues — Cominar's proportionate share [1]	**41,433**	39,006	6.2	**164,120**	157,494	4.2
NOI — Cominar's proportionate share [1]	**27,543**	25,113	9.7	**105,333**	96,138	9.6
Same property NOI [1]	**27,176**	24,704	10.0	**103,648**	94,182	10.1
Change in fair value of investment properties	**27,956**	156,364	(82.1)	**255,855**	123,165	107.7
Net income	**49,795**	177,674	(72.0)	**342,473**	184,791	85.3
Funds from operations (FFO) [1]	**21,960**	21,189	3.6	**87,196**	77,793	12.1
Adjusted funds from operations (AFFO) [1]	**18,116**	19,873	(8.8)	**74,290**	68,885	7.8
Income properties fair value — Cominar's proportionate share [1]				**177,750**	1,931,935	(90.8)
Income properties held for sale fair value — Cominar's proportionate share [1]				**2,044,800**	—	100.0
Financing						
Mortgages payable — Cominar's proportionate share [1]				**519,909**	502,837	
Unencumbered income properties				**675,550**	634,715	
Mortgages payable to income properties ratio [1,2]				**23.4 %**	26.0 %	
Operational data						
Number of investment properties				**190**	190	
Leasable area (in thousands of sq. ft.)				**15,252**	15,252	
Committed occupancy rate				**97.4 %**	96.7 %	
In-place occupancy rate				**96.9 %**	95.3 %	
Retention rate				**72.1 %**	77.7 %	
Growth in the average net rent of renewed leases				**22.4 %**	18.0 %	

1 Refer to section "Non-IFRS and Other Financial Measures".
2 Total of mortgages payable divided by the total income properties fair value - Cominar's proportionate share.

Results of Operations - Industrial and Flex

The following table highlights our results of operations as shown in our consolidated financial statements for the periods ended December 31, 2021 and 2020:

	Quarter			Year		
Periods ended December 31	2021	2020		2021	2020	
	$	$	% Δ	$	$	% Δ
Operating revenues	**41,433**	39,006	6.2	**164,120**	157,494	4.2
Operating expenses	**(13,891)**	(13,893)	—	**(58,787)**	(61,356)	(4.2)
NOI	**27,542**	25,113	9.7	**105,333**	96,138	9.6
Finance charges	**(5,272)**	(3,714)	41.9	**(17,055)**	(17,602)	(3.1)
Trust administrative expenses	**(431)**	(89)	384.3	**(1,550)**	(1,251)	23.9
Change in fair value of investment properties	**27,956**	156,364	(82.1)	**255,855**	123,165	107.7
Transaction costs	**—**	—	—	**(110)**	—	(100.0)
Impairment of goodwill	**—**	—	—	**—**	(15,721)	100.0
Net income before income taxes	**49,795**	177,674	(72.0)	**342,473**	184,729	85.4
Current income taxes	**—**	—	—	**—**	62	(100.0)
Net income and comprehensive income	**49,795**	177,674	(72.0)	**342,473**	184,791	85.3

Results of Operations - Same Property Industrial and Flex 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. SPNOI excludes rental income arising from the recognition of leases on a straight-line basis.

Same property industrial and flex portfolio NOI

	Quarter			Year		
Periods ended December 31	2021	2020		2021	2020	
	$	$	% Δ	$	$	% Δ
Same property operating revenues - Cominar's proportionate share [1]	**40,882**	38,504	6.2	**161,892**	154,846	4.6
Same property operating expenses - Cominar's proportionate share [1]	**(13,706)**	(13,800)	(0.7)	**(58,244)**	(60,664)	(4.0)
SPNOI - Cominar's proportionate share [1]	**27,176**	24,704	10.0	**103,648**	94,182	10.1

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

Our industrial segment continues to perform very well in the COVID-19 environment, in line with sound industrial market fundamentals at a global level.

Change in fair value of investment properties - Industrial and flex portfolio

Our industrial portfolio $255.9 million fair value increase is mainly due to a combination of appraisal cashflow adjustments and yield compression. The industrial market was strong in 2021.

Industrial and flex property portfolio

	December 31, 2021		December 31, 2020	
Industrial and flex	Number of properties	Leasable area sq. ft	Number of properties	Leasable area sq. ft
Geographic Market				
Montreal	**126**	**11,811,000**	126	11,811,000
Quebec City	**64**	**3,441,000**	64	3,441,000
Industrial and flex portfolio total	**190**	**15,252,000**	190	15,252,000

Investments in Industrial and Flex Properties

	Quarter			Year		
Periods ended December 31	2021	2020		2021	2020	
	$	$	% Δ	$	$	% Δ
Capital expenditures — increase of rental income generating capacity	**1,302**	1,152	13.0	**3,521**	3,790	(7.1)
Capital expenditures — maintenance of rental income generating capacity	**4,131**	2,433	69.8	**6,796**	3,055	122.5
Leasehold improvements	**941**	1,253	(24.9)	**5,694**	4,845	17.5
Leasing costs	**538**	541	(0.6)	**2,863**	2,278	25.7
Properties under development	**6,377**	142	4,390.8	**7,258**	259	2,702.3
Total capital expenditures (including capitalized interests)	**13,289**	5,521	140.7	**26,132**	14,227	83.7
Total capital expenditures (excluding capitalized interests)	**13,161**	5,521	138.4	**25,918**	14,227	82.2

Real Estate Operations - Industrial and Flex

Occupancy Rate

Occupancy rate track record

Industrial and flex	Committed Dec. 31, 2021	Committed Dec. 31, 2020	In-place Dec. 31, 2021	In-place Dec. 31, 2020
Geographic Market				
Montreal	**97.2 %**	96.6 %	**96.8 %**	95.2 %
Quebec City	**97.8 %**	96.9 %	**97.0 %**	95.7 %
Industrial and flex global portfolio total	**97.4 %**	96.7 %	**96.9 %**	95.3 %

In both markets, the in-place occupancy has grown steadily for the past twelve months, reaching 96.9% as at December 31 2021, which is 1.6% higher than a year ago.

Industrial and Flex Leasing Activity

Leases that matured in 2021	
Number of clients	186
Leasable area (sq. ft.)	2,159,145
Renewed leases	
Number of clients	128
Leasable area (sq. ft.)	1,556,701
Retention rate	**72.1 %**
New leases	
Number of clients	82
Leasable area (sq. ft.)	911,137
Unexpected departures	
Number of clients	7
Leasable area (sq. ft.)	175,000

During the year ended December 31, 2021, 1.6 million square feet or 72.1% of the industrial and flex leasable area maturing in 2021 was renewed. New leases were also signed, representing 0.9 million square feet of leasable area, while tenants whose leases were not expiring and which left before the end of their lease totaled 0.2 million square feet of leasable area. As at December 31, 2021, 114.3% of the leasable area maturing in 2021 was covered by renewals and new leases.

Growth in the average net rent of renewed leases

Industrial and flex	Quarter ended December 31, 2021		Year ended December 31, 2021		Year ended December 31, 2020	
	Renewed leasable area (sq. ft.)	Growth in the average net rent	Renewed leasable area (sq. ft.)	Growth in the average net rent	Renewed leasable area (sq. ft.)	Growth in the average net rent
Geographic Market						
Montreal	265,806	24.6 %	1,245,719	22.0 %	1,836,000	20.3 %
Quebec City	71,248	21.5 %	310,982	23.5 %	450,000	10.6 %
Industrial and flex portfolio total	**337,054**	**23.9 %**	**1,556,701**	**22.4 %**	**2,286,000**	**18.0 %**

Industrial and Flex Lease Maturities

Years ending December 31	2022	2023	2024	2025	2026
Leasable area (sq. ft.)	2,786,579	2,448,392	1,874,210	1,957,609	1,701,214
% of portfolio — Industrial and flex	18.3 %	16.1 %	12.3 %	12.8 %	11.2 %

The following table summarizes information on industrial and flex leases as at December 31, 2021:

	Residual weighted average term (years)	Weighted average term of leases (years)	Average leased area per client (sq. ft.)	Average minimum rent ($/sq. ft.)
Industrial and flex leases	6.9	7.5	16,705	7.42

At year end, Cominar had a broad, highly diversified industrial and flex client base consisting of approximately 880 tenants occupying an average of approximately 16,705 square feet each. The top three clients Infra MTL Inc. (at la Gare Centrale), LDC Logistics Development corp [3]. and Société Québécoise des Infrastructures [3], account respectively for approximately 2.2%, 0.5% and 0.4% of our operating revenues. The stability and quality of cash flows provided by operating activities are enhanced by the fact that approximately 2.7% of operating revenues come from government agencies or related agencies.

Top 10 industrial and flex clients

The following table presents our top ten industrial and flex clients:

Top 10 industrial and flex clients	% of industrial and flex leasable area [2]	% of industrial and flex operating revenues [2]
Infra MTL Inc. [1]	3.1 %	2.2 %
LDC Logistics Development corp [3]	1.6 %	0.5 %
Société Québécoise des Infrastructures [3]	0.6 %	0.4 %
Desjardins Property Management [3]	0.4 %	0.4 %
Wolseley Canada [3]	0.6 %	0.3 %
Groupe Colabor [3]	0.7 %	0.3 %
Nortek Air Solutions Quebec [3]	0.6 %	0.3 %
Jerry Cohen Forwarders [3]	0.4 %	0.3 %
Englobe Corp [3]	0.2 %	0.2 %
GTI storage & handling inc. [3]	0.4 %	0.2 %
Total	**8.6 %**	**5.1 %**

1 *Infra MTL inc. is a wholly owned subsidiary of the Caisse de dépôt et placement du Quebec and is related to the REM project.*
2 *Based on tenants in place as at December 31, 2021*
3 *This tenant will not any longer be a tenant upon closing of the Transaction as it occupies premises in properties that are held for sale.*

Field of activity	% of industrial and flex leasable area [1]	% of industrial and flex operating revenues [1]
Wholesale, Distribution, transportation and logistics	63.0 %	67.9 %
Manufacturing	16.6 %	12.3 %
Professional, scientific and technical services	7.8 %	7.3 %
Government and paragovernmental institutions	2.8 %	2.7 %
Retail, food and entertainment	2.5 %	2.3 %
Financial services, real estate and bank services	2.4 %	2.4 %
Heavy industry	1.4 %	1.5 %
Technologies	1.1 %	1.1 %
Administrative services	0.9 %	0.9 %
Medical services	0.8 %	0.7 %
Others	0.7 %	0.9 %
Total	**100.0 %**	**100.0 %**

1 *Based on tenants in place as at December 31, 2021*

Corporate Financial and Operational Highlights

Periods ended December 31	Quarter [2]			Year [2]		
	2021	2020		2021	2020	
	$	$	% Δ	$	$	% Δ
Financial performance						
Finance charges	**(19,642)**	(18,018)	9.0	**(62,838)**	(66,351)	(5.3)
Trust administrative expenses	**(15,133)**	(3,778)	300.6	**(27,138)**	(10,863)	149.8
Net loss	**(34,775)**	(21,796)	59.5	**(89,976)**	(77,214)	16.5
Funds from operations (FFO) [1]	**(34,788)**	(20,345)	71.0	**(89,842)**	(76,652)	17.2
Adjusted funds from operations (AFFO) [1]	**(34,788)**	(20,346)	71.0	**(89,842)**	(76,651)	17.2
Financing [3]						
Unsecured credit facility				**117,000**	74,158	
Secured credit facilities				**420,093**	292,800	
Debentures				**871,973**	1,070,491	

1 Refer to section "Non-IFRS and Other Financial Measures".
2 The quarters and years ended December 31, 2021 and 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - Impact analysis and risks".
3 Refer to section Liquidity and Capital resources.

Corporate expenses

Corporate expenses comprise finance charges related to unsecured debentures and the credit facilities and Trust administrative expenses not allocated to properties.

Finance charges

The decrease in finance charges related to Corporate during 2021, compared with 2020, is mainly due to a decrease in interest on debentures related to the net redemption of $250.0 million of debentures in 2020 and a decrease in interest on mortgages payable related to a mortgage repayment of $81.0 million in September 2020, partially offset by a decrease in capitalized interest and higher usage of the credit facilities.

Trust administrative expenses

Excluding strategic alternatives consulting fees, Trust administrative expenses increased by $1.6 million when compared to the corresponding 2020 period due to a higher level of legal fees related to bankruptcies and litigation, and the impact on salaries of lesser Canadian emergency wage subsidies received in 2021.

Issued and Outstanding Units

Ownership interests in Cominar are represented by a single class of units, unlimited in number. Units represent a unitholder's undivided and proportionate ownership interest in Cominar. Each unit confers the right to one vote at any unitholders' meeting and to participate equally and rateably in all Cominar distributions. All issued units are fully paid.

	Year ended December 31, 2021	Year ended December 31, 2020
	Units	Units
Units issued and outstanding, beginning of year	**182,451,026**	182,111,365
Exercise of options, conversion of restricted units and deferred units	**—**	339,661
Units issued and outstanding, end of year	**182,451,026**	182,451,026

Additional information	February 27, 2022
Issued and outstanding units	182,451,026
Outstanding unit options	2,977,600
Deferred units, restricted units and performance units	708,298

Long Term Incentive Plan

The long-term incentive plan is a compensation tool used to attract, motivate and retain key executives who contribute to Cominar's continued success and to increased value for unitholders. It consists of performance units, deferred units, restricted units and unit options.

				Unit options	
Year ended December 31, 2021	Performance units	Deferred units	Restricted units	Quantity	Weighted average exercise price $
Outstanding, beginning of year	479,798	362,009	1,359	3,385,150	14.16
Granted	—	28,053	—	—	—
Cancelled	(189,959)	—	—	(342,650)	14.14
Accrued distributions	11,794	9,884	37	—	—
Outstanding, end of year	**301,633**	**399,946**	**1,396**	**3,042,500**	**14.16**
Vested units/options, end of year	**—**	**334,198**	**1,396**	**3,042,500**	**14.16**

As at December 31, 2021, the maximum number of units that may be issued under the long-term incentive plan is 16,055,878 units.

Considering the prohibition on trading following the announcement of the strategic review process, the usual annual grant of deferred units and performance units for 2021 was replaced by a long-term equivalent replacement cash award. This award will only be payable upon the closing of the Arrangement Agreement,. Refer to the proxy circular dated November 24, 2021, available on Cominar's website at www.cominar.com and on the CSA website at www.sedar.com.

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' Multilateral Instrument 52-109.

Evaluations are performed regularly to assess the effectiveness of DC&P, including this MD&A and the consolidated financial statements. Based on these evaluations, the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer concluded that the DC&P were effective as at the end of the year ended December 31, 2021, and that the current controls and procedures provide reasonable assurance that material information about Cominar, including its consolidated subsidiaries, is made known to them during the period in which these reports are being prepared.

Evaluations are also performed to assess the effectiveness of ICFR. Based on those evaluations, the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer of Cominar concluded that ICFR was effective as at the end of the year ended December 31, 2021, and, more specifically, that the financial reporting is reliable and that the consolidated financial statements have been prepared for financial reporting purposes in accordance with IFRS.

Significant Accounting Policies and Estimates used in the Consolidated Financial Statements

a) Basis of presentation

Cominar's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The accounting policies and application methods thereof have been consistently applied throughout each of the fiscal years presented in these consolidated financial statements.

b) Basis of preparation

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

Use of estimates, assumptions and judgments
The preparation of financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities in 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 year. Actual results that could differ materially from those estimates, assumptions and judgments, are described below:

COVID-19 related critical accounting estimates and judgments
The continued spread of the of respiratory illness caused by the 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.

- ***Canada Emergency Commercial Rent Assistance (CECRA)***
  CECRA provided relief for small businesses experiencing financial hardship due to COVID-19. Over the course of the program, it allowed landlords to reduce rent by 75 % from April to September 2020 for their small business tenants. CECRA covered 50 % of the rent, with the tenant paying 25 % and the landlord forgiving 25 %. The Quebec government implemented a program that covers the same period and which covered 50% of the landlord's forgiveness of 25%. Following a detailed analysis of the CECRA guidelines published by the federal government, Cominar concluded that the tenant acted as the principal and Cominar acted as the agent and consequently, Cominar recorded the portion of the rent paid by the CECRA (and the Quebec government program) as lease revenue receivable from the federal and the provincial governments. Since the eligibility of each tenant was determined or the program extension was announced, as the case may be, after rents were already invoiced, the landlord portion to be forgiven was accounted for as an expected credit loss. The tenant portion of the program was recorded as usual. Cominar estimated CECRA's amounts to be recorded in its financial statements based on the program criteria prequalification form received from tenants who made a request for financial assistance. Actual results may differ and depend on the government's assessment of a tenant's eligibility to the program.

- ***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 current COVID-19 and impacts have been considered in these 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 for the uncertainty of the recoverability of all other trade receivables.

- ***Joint arrangements***
  Upon the creation of a joint arrangement, Cominar's management reviews its classification criteria to determine if it is a joint venture to be accounted for using the equity method or if it is a joint operation for which we must recognize the proportionate share of assets, liabilities, revenues and expenses. Cominar holds 50% and 75% interests in its joint arrangements. It has joint control over them since, under the contractual agreements, unanimous consent is required from all parties to the agreements in decisions concerning all relevant activities. The joint arrangements in which Cominar is involved are structured so that they provide Cominar rights to these entities' net assets. Therefore, these arrangements are presented as joint ventures and are accounted for using the equity method.

Investment properties
An investment property is an immovable property held by Cominar to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods and services or for administrative purposes, or for sale in the ordinary course of business. Investment properties include income properties, properties under development and land held for future development.

Cominar presents its investment properties based on the fair value model. Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Any change in the fair value is recognized in profit or loss in the period in which it arises. The fair value of investment properties should reflect market conditions at the end of the reporting period. Fair value is time-specific as at a given date. As market conditions could change, the amount presented as fair value could be incorrect or inadequate at another date. The fair value of investment properties is based on measurements derived from internal and independent appraisers valuations or according to definitive agreements to sell investment properties. Management regularly reviews appraisals of its investment properties between the appraisal dates in order to determine whether the related assumptions, such as stabilized net operating income and capitalization rates, still apply. These assumptions are compared to market data issued by independent experts. When increases or decreases are required, Cominar adjusts the carrying amount of its investment properties.

Properties under development in the construction phase are measured at cost until their fair value can be reliably determined, usually when development has been completed. The fair value of land held for future development is based on recent prices derived from comparable market transactions.

Capitalization of costs
Cominar capitalizes into investment properties the costs incurred to increase their capacity, replace certain components and make improvements after the acquisition date. Cominar also capitalizes major maintenance and repair expenses providing benefits that will last far beyond the end of the reporting period. For construction, expansion or major revitalization projects of income properties that take place over a substantial period of time, Cominar capitalizes the borrowing costs that are directly attributable to the investments in question.

Leasehold improvements, incurred directly by Cominar or through an allowance to tenants, which represent capital investments that increase the service capacity and value of properties and for which the economic advantage will extend beyond the term of the lease and will mainly benefit Cominar, as well as initial direct costs, mostly brokerage fees incurred to negotiate or prepare leases, are added to the carrying amount of investment properties when incurred, and are not amortized subsequently.

Concerning properties under development and land held for future development, Cominar capitalizes all direct costs incurred for their acquisition, development and construction. Such capitalized costs also include borrowing costs that are directly attributable to the property concerned. Cominar begins capitalizing borrowing costs when it incurs expenditures for the properties in question and when it undertakes activities that are necessary to prepare these properties for their intended use. Cominar ceases capitalizing borrowing costs when the asset is ready for management's intended use.

When Cominar determines that the acquisition of an investment property is an asset acquisition, it capitalizes all costs that are directly related to the acquisition of the property, as well as all expenses incurred to carry out the transaction.

Tenant inducements
Tenant inducements, mostly the payment of a monetary allowance to tenants and the granting of free occupancy periods, are added to the carrying amount of investment properties as they are incurred and are subsequently amortized against rental revenue from investment properties on a straight-line basis over the related lease term.

Investment properties held for sale
Investment properties held for sale are classified as being held for sale if their carrying amount will be recovered mainly through a sale transaction rather than through continuing use. Investment properties held for sale continue to be measured using the fair value model.

Financial instruments
Cominar groups its financial instruments into classes according to the purpose for which they were acquired and to their characteristics. Management determines such classification upon initial measurement, which is usually at the date of acquisition.
Cominar uses the following classifications for its financial instruments:

- Cash and cash equivalents and accounts receivable are classified as "Financial assets at amortized cost." They are initially measured at fair value. Subsequently, they are measured at amortized cost using the effective interest method. For Cominar, this value generally represents cost.

- Mortgages payable, debentures, bank borrowings, and accounts payable and accrued liabilities are classified as "Financial liabilities at amortized cost." They are initially measured at fair value. Subsequently, they are measured at amortized cost using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents consist of cash and investments that are readily convertible into a known amount of cash, that are not subject to a significant risk of change in value and that have original maturities of three months or less. Bank borrowings are considered to be financing activities.

Deferred financing costs
Issue costs incurred to obtain term loan financing, typically through mortgages payable or debentures, are applied against the borrowings and are amortized using the effective interest rate method over the term of the related debt.

Financing costs related to credit facilities are recorded as assets under prepaid expenses and other assets and are amortized on a straight-line basis over the term of the credit facility.

Revenue recognition
Management has determined that all leases concluded between Cominar and its tenants are operating leases. Minimum lease payments are recognized using the straight-line method over the term of the related leases, and the excess of payments recognized over amounts payable is recorded on Cominar's consolidated balance sheet under investment properties. Leases generally provide for the tenants' payment of maintenance expenses for common elements, realty taxes and other operating costs, such payment being recognized as operating revenues in the period when the right to payment vests. Contingent rents are recognized when the minimum sales level has been reached pursuant to the related leases. Lease cancellation fees are recognized when they are due. Lastly, incidental income is recognized when services are rendered.

Government grants
Government grants are recognized only when Cominar has reasonable assurance that it meets the conditions and will receive the grants. Cominar has determined that government grants related to expenses such as the Canadian Emergency Wage Subsidy are recognized in profit or loss as a deduction of the related expenses.

Long-term incentive plan
Cominar has a long-term incentive plan in order to attract, retain and motivate its employees to attain Cominar's objectives. This plan does not provide for any cash settlements.

Performance units
Cominar recognizes a compensation expense on performance units, based on their fair value, which corresponds to the market value of Cominar units on the date of the grant. The compensation expense is amortized on a straight-line basis over the duration of the vesting period.

Deferred units
Cominar recognizes a compensation expense on deferred units granted, based on their fair value, which corresponds to the market value of Cominar units on the date of the grant. The compensation expense is amortized using the graded vesting method.

Restricted units
Cominar recognizes a compensation expense on restricted unit options granted, based on their fair value, which corresponds to the market value of Cominar units on the date of the grant. The compensation expense is amortized on a straight-line basis over the duration of the vesting period.

Unit options
Cominar recognizes a compensation expense on unit options granted, based on their fair value on the date of the grant, which is calculated using an option valuation model. The compensation expense is amortized using the graded vesting method.

Income taxes
Cominar is considered a mutual fund trust for income tax purposes. Pursuant to the Contract of Trust, the trustees intend to distribute or designate all taxable income directly earned by Cominar to unitholders and to deduct such distributions and allocations from its income for tax purposes. Therefore, no provision for income taxes is required.

Cominar's subsidiaries that are incorporated as business corporations are subject to tax on their taxable income under the Income Tax Act (Canada) and the taxation acts of the provinces concerned. These subsidiaries account for their taxes payable or recoverable at the current enacted tax rates and use the asset and liability method to account for deferred taxes. The net deferred tax liability represents the cumulative amount of taxes applicable to temporary differences between the reported carrying amounts and tax bases of the assets and liabilities.

Per unit calculations
Basic net income per unit is calculated based on the weighted average number of units outstanding for the period. The calculation of net income per unit on a diluted basis considers the potential issuance of units under the long-term incentive plan, if dilutive.

Segment information
Segment information is determined based on internal reports that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to the segment and assessing its performance. Cominar's segments are managed by use of properties.

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:

Risk Factors Related to the Business of Cominar

COVID-19 Health Crisis
COVID-19 and the resulting government restrictive measures continue to have a significant impact on the global and domestic economy since the onset of the pandemic in March 2020. While many areas experienced a respite in case counts delineating the first wave, the pandemic entered a second wave with increased case outbreaks. Subsequent to year end 2020, the Government of Quebec took another set of measures to slow the pandemic spread by announcing on January 8, 2021 the closing of non-essential retail operations throughout the province and by making teleworking mandatory for people working in offices, except for workers whose public or private sector employers deem their presence necessary to pursue the organization's activities.

Cominar has implemented additional safety measures at all of its properties, including increased frequency in cleaning and disinfecting, as well as physical distancing practices. As the COVID-19 pandemic evolves, Cominar will continue to act according to directions provided by the Federal, Provincial and Municipal governments. Despite the recent rollout of vaccinations across Canada and globally, the longevity and extent of the pandemic, the duration and intensity of resulting business disruptions and related financial, social and public health impacts currently remain fluid and uncertain.

Such continuing risks and uncertainties arising from the COVID-19 health crisis include, but are not limited to, consumer demands for tenant's products or services; consumer foot traffic to tenant stores and Cominar shopping centres; changing consumer habits and level of discretionary spending; mobility restrictions; increased unemployment; tenants' ability to adequately staff their businesses; tenants' ability to pay rent as required under their leases; the extent of tenant business closures and changes in tenant business strategies that may impact retail real estate occupancy; changes in the creditworthiness of tenants; leasing activities; market rents; the availability, duration and effectiveness 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 Cominar's ability or its extent to raise rents based on market conditions upon lease renewals or restrict existing landlord rights or landlord's ability to reinforce such landlord rights; the availability and extent of support programs that Cominar may offer its tenants; the pace of property lease-up or rents and yields achieved upon development completion; domestic and global supply chains; labor supply and demand; and the capitalization rates that arm's length buyers and sellers are willing to transact on properties.

Many of these factors could not only impact Cominar's operations and financial performance but could also have a material adverse impact on Cominar's investment property valuations because such factors could have a direct or indirect impact on net operating income, cash flows or capitalization rates, among others, that are inputs to investment property valuations. During 2021, management revalued the entire real estate portfolio using internal and external valuations and determined that a net decrease of $347.9 million was necessary to adjust the carrying amount of investment properties to fair value. The negative change in fair value related to investment properties held as at December 31, 2021 amounts to $325.78 million. As the events unfold in association with the pandemic, further adjustments to Cominar's IFRS value of investment properties, which could be negative or positive, may be required.

The ongoing pandemic could also impact the timelines and costs related to the execution of Cominar's strategic plan, as well as the pace of maintenance of its capital expenditures. The current pandemic could also increase risks associated with cyber security, information technology systems and networks, which in turn could impact Cominar's business and operations. The spread, duration and severity of COVID-19 could adversely affect global economies, including credit and capital markets, resulting in a short-term or long-term economic downturn, which could potentially increase the difficulty and cost of accessing capital.

Access to Capital and Debt Financing, and Current Global Financial Conditions

The real estate industry is capital intensive. Cominar requires access to capital to maintain its properties, as well as to fund its growth strategy and its significant capital expenditures from time to time. There can be no assurances that Cominar will have access to sufficient capital (including debt financing) on terms favourable to Cominar for future property acquisitions and developments, for the financing or refinancing of properties, for funding operating expenses or for other purposes. In addition, Cominar may not be able to borrow funds under its unsecured revolving credit facility or other sources due to limitations on Cominar's ability to incur debt set forth in the Contract of Trust or conditions in its debt instruments. Cominar's access to the unsecured debenture market and the cost of Cominar's borrowings under the unsecured revolving credit facility are also dependent on its credit rating. A negative change in its credit rating could further materially adversely impact Cominar. See "Risks and Uncertainties - Risk Factors Related to the Ownership of Securities - Credit rating".

Market events and conditions, including disruptions that sometimes affect international and regional credit markets and other financial systems and global economic conditions, could impede Cominar's access to capital (including debt financing) or increase the cost of such capital. Failure to raise or access capital in a timely manner or under favourable terms could have a material adverse effect on Cominar's financial position and results of operations, including on its development program.

Debt Financing

Cominar has to have substantial outstanding consolidated borrowings comprised primarily of hypothecs, mortgages, debentures, and borrowings under its unsecured revolving credit facility. Cominar intends to finance its growth strategy, including developments and acquisitions, through a combination of asset sales, its working capital and liquidity resources, including cash flows from operations, additional borrowings and public or private sales of equity or debt securities. Cominar's activities are therefore partially dependent upon the interest rates applied to its existing debt. Cominar may not be able to refinance its existing debt or renegotiate the terms of repayment at favourable rates. In addition, the terms of Cominar's indebtedness provide that, upon an event of default, such indebtedness becomes immediately due and payable and distributions that may be made by Cominar may be restricted. Therefore, upon an event of default under such borrowings, or inability to renew same at maturity, Cominar's ability to make distributions will be adversely affected.

A portion of Cominar's cash flows is dedicated to servicing its debt, and there can be no assurance that Cominar will continue to generate sufficient cash flows from operations to meet required interest or principal payments, such that it could be required to seek renegotiation of such payments or obtain additional financing, including equity or debt financing.

As at December 31, 2021, bank borrowings totaled $537.1 million. As at December 31, 2021, Cominar had a secured credit facility of $167.4 million maturing in September 2023. As at December 31, 2021, this credit facility was fully used. As at December 31, 2021, Cominar also had a secured credit facility of $120.0 million maturing in September 2022. As at December 31, 2021, this credit facility was fully used.

As at December 31, 2021, Cominar had a secured credit facility of $150.0 million maturing in April 2023. As at December 31, 2021, $17.3 million was available under this credit facility.

As at December 31, 2021, Cominar had an unsecured credit facility of $167.0 million maturing in April 2022. As at December 31, 2021, $50.0 million was available under this credit facility.

Between January 2022 and May 2025, $875.0 million of Senior Debentures will come to maturity, with $200.0 million aggregate principal amount of Series 9 Senior Debentures due first in June 2022.

Cominar is exposed to debt financing risks, including the risk that the existing hypothecary borrowings secured by its properties, the unsecured revolving credit facility or the Senior Debentures cannot be refinanced or that the terms of such refinancing will not be as favorable as the terms of the existing loans.

A downgrade of the credit rating assigned by DBRS to Cominar and to the unsecured debentures could materially adversely impact Cominar. See "Risks and Uncertainties - Risk Factors Related to the Business of Cominar - Credit Rating."

Ownership of Immovable Property
All Immovable Property investments are subject to risk exposures. Such investments are affected by general economic conditions, local real estate markets, demand for leased premises, competition from other vacant premises, municipal valuations and assessments, and various other factors.

The value of Immovable Property and improvements thereto may also depend on the solvency and financial stability of tenants, the economic environment in which they operate and the increase in interest rates. Due to difficult conditions in the Canadian retail environment, certain retailers have announced the closure of their stores, including Sears Canada Inc. and other retailers, who were or are, as the case may be, tenants of Cominar. Other retailers may follow. Cominar has also been impacted by vacancies and by the downward review of rents in the Montréal Area's suburban office market (including Laval) and the Ottawa Area office market. Cominar's income and Distributable Income would be adversely affected if one or more major tenants or a significant number of tenants were unable to meet their lease obligations or if a significant portion of vacant space in Cominar's properties cannot be leased on economically favourable lease terms, or simply re-leased. In the event of default by a tenant, delays or limitations may be experienced in enforcing Cominar's rights as a lessor and substantial costs may be incurred to protect Cominar's investment. The ability to rent unleased space in Cominar's properties will be affected by many factors, including the level of general economic activity and competition for tenants by other similar properties. The failure to rent unleased space on a timely basis or at all or at rents that are equivalent to or higher than current rents would likely have an adverse effect on Cominar's financial position and the value of its properties.
Certain significant expenditures, including property taxes, operating and maintenance costs, capital repairs and enhancements, hypothecary payments, insurance costs and related charges must be made throughout the period of ownership of Immovable Property regardless of whether the property is producing any income. In order to retain desirable rentable space and to generate adequate revenue over the long term, Cominar must maintain or, in some cases, improve each property's condition to meet market demand. Maintaining a rental property in accordance with market standards can entail significant costs, which Cominar may not be able to recover from its tenants. In addition, property tax reassessments based on updated appraised values may occur, which Cominar may not be able to recover from its tenants. As a result, Cominar could have to bear the economic cost of such operating costs and/or taxes which may adversely impact Cominar's financial condition and results from operations and decrease the amount of cash available for distribution to Unitholders. Numerous factors, including the age of the relevant building, the materials used at the time of construction or currently unknown building code violations could result in substantial unbudgeted costs for refurbishment or modernization. The timing and amount of capital expenditures may indirectly affect the amount of cash available for distributions to Unitholders. In addition, if Cominar is unable to meet mortgage payments on a property, a loss could be sustained as a result of the mortgage creditor's exercise of its hypothecary remedies.

Immovable Property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relationship with the demand for and the perceived desirability of such investments. Such illiquidity may tend to limit Cominar's ability to make changes to its portfolio promptly in response to changing economic or investment conditions. If Cominar were to be required to liquidate its Immovable Property investments, the proceeds to Cominar might be significantly less than the aggregate carrying value of its properties.

Leases for Cominar's properties, including those of significant tenants, will mature from time to time over the short and long term. There can be no assurance that Cominar will be able to renew any or all of the leases upon maturity or that rental rate increases will occur or be achieved upon any such renewals. The failure to renew leases or achieve rental rate increases may adversely impact Cominar's financial position and results of operations.

Environmental Matters
Environmental and ecological legislation and policies have become increasingly important in recent years. As an owner or operator of real property, Cominar could, under various federal, provincial and municipal laws, become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in its properties or disposed of at other locations. The failure to remove or remediate such substances, or address such matters through alternative measures prescribed by the governing authority, may adversely affect Cominar's ability to sell such real estate or to borrow using such real estate as collateral, and could potentially also result in claims against Cominar by private plaintiffs or governmental agencies. Cominar is not currently aware of any material non-compliance, liability or other claim in connection with any of its properties, nor is Cominar aware of any environmental condition with respect to any of its properties that it believes would involve material expenditures by Cominar, other than in respect of remediation expenditures taken into consideration as part of the acquisition of properties.

Pursuant to Cominar's operating policies, Cominar shall obtain or review a Phase I environmental audit of each Immovable Property to be acquired by it. See "Description of the Business - Investment Guidelines and Operating Policies - Operating Policies" of the 2021 AIF.

Climate Change
Climate change has continued to attract the focus of governments, the scientific community and the general public as an important threat, given the emission of greenhouse gases and other activities continue to negatively impact the planet. As a real estate property owner and manager, Cominar faces the risk that its properties will be subject to government initiatives aimed at countering climate change, such as reduction of greenhouse gas emissions, which could impose constraints on its operational flexibility. To the extent any such initiative would require Cominar to ensure its tenants compliance and/or constrain their activities in any way, this could have an undesirable effect on Cominar's ability to successfully pursue its leasing strategy. Furthermore, Cominar's properties may be exposed to the impact of events caused by climate change, such as natural disasters and increasingly frequent and serious

weather conditions. Such events could interrupt Cominar's operations and activities, damage its properties, diminish traffic and require Cominar to incur important additional expenses. Cominar's financial position and results from operations, as well as its ability to secure and maintain lucrative leases, would be adversely affected by the materialization of any of the risks identified herein related to climate change.

Legal Risks
Cominar's operations are subject to various laws and regulations across all of its operating jurisdictions and Cominar faces risks associated with legal and regulatory changes and litigation.

Competition
Cominar competes for suitable Immovable Property investments with individuals, corporations, pension funds and other institutions (both Canadian and foreign) which are presently seeking, or which may seek in the future, Immovable Property investments similar to those desired by Cominar. Many of those investors have greater financial resources than Cominar, or operate without the investment or operating restrictions applicable to Cominar or under more flexible conditions. An increase in the availability of investment funds and heightened interest in Immovable Property investments could increase competition for Immovable Property investments, thereby increasing the purchase prices of such investments and reducing their yield.

In addition, numerous property developers, managers and owners compete with Cominar in seeking tenants. The existence of competing developers, managers and owners and competition for Cominar's tenants could have an adverse effect on Cominar's ability to lease space in its properties and on the rents charged, and could adversely affect Cominar's revenues and, consequently, its ability to meet its debt obligations.

Property Development Program
Information regarding Cominar's development projects, development costs, capitalization rates and expected returns are subject to change, which may be material, as assumptions regarding items such as, but not limited to, tenant rents, building sizes, leasable areas, project completion timelines and project costs, are updated periodically based on revised site plans, Cominar's cost tendering process, continuing tenant negotiations, demand for leasable space in Cominar's markets, the obtaining of required building permits, ongoing discussions with municipalities and successful property re-zonings. There can be no assurance that any assumptions in this regard will materialize as expected and any changes in these assumptions could have a material adverse effect on Cominar's development program, asset values and financial performance.

The feasibility, timing and profitability of certain of Cominar's intensification and densification opportunities may be affected by the completion of certain mass transit initiatives such as the REM, the extension of the Metro, tramways and trambuses, and light rail trains. There can be no assurance that any such initiatives will be completed or as to the timing thereof. Such intensification and development initiatives may also be impacted by escalating construction costs and required zoning changes. There can be no assurance that any such zoning changes can be obtained. Special taxes, levies and assessments may be incurred by Cominar in respect of such developments.

Recruitment and Retention of Employees and Executives
Management depends on the services of certain key personnel. Competition for qualified employees and executives is intense. If Cominar is unable to attract and retain qualified and capable employees and executives, the conduct of its activities may be adversely affected.

Government Regulation
Cominar and its properties are subject to various government statutes and regulations. Any change in such statutes or regulations that is adverse to Cominar and its properties could affect Cominar's operating results and financial performance. See "Risks and Uncertainties - Risk Factors Related to the Business of Cominar - Environmental matters".

Limit on Activities
In order to maintain its status as a "mutual fund trust" under the Tax Act, Cominar cannot carry on most active business activities and is limited in the types of investments it may make. The Contract of Trust contains restrictions to this effect.

General Uninsured Losses
Cominar carries a blanket comprehensive general liability and a property policy including insurance against fire, flood, extended coverage and rental loss insurance, with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks (generally of a catastrophic nature such as wars or environmental contamination) which are either uninsurable or not insurable on an economically viable basis. Cominar also carries insurance for earthquake risks, subject to certain policy limits and deductibles, and will continue to carry such insurance if it is economical to do so. Should an uninsured or underinsured loss occur, Cominar could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, but Cominar would continue to be obligated to repay any hypothecary recourse or mortgage indebtedness on such properties.

Many insurance companies have eliminated coverage for acts of terrorism from their policies, and Cominar may not be able to obtain coverage for terrorist acts at commercially reasonable rates or at any price. Damage to a property sustained as a result of an uninsured terrorist or similar act would likely adversely impact Cominar's financial condition and results of operations and decrease the amount of cash available for distribution.

Cybersecurity Events
Cominar faces various security threats, including cybersecurity threats to gain unauthorized access to sensitive information, to render data or systems unusable, or otherwise affect Cominar's ability to operate. Cominar's operations require it to use and store personally identifiable and other sensitive information of its tenants and employees. The collection and use of personally identifiable information is governed by Canadian federal and provincial laws and regulations. Privacy and information security laws continue to evolve and may be inconsistent from one jurisdiction to another. The security measures put in place by Cominar in that regard cannot provide absolute security, and Cominar's information technology infrastructure may be vulnerable to cyberattacks, including without limitation, malicious software, attempts to gain unauthorized access to data hereinabove mentioned, and other electronic security breaches that could lead to disruptions in critical systems, corruptions of data and unauthorized release of confidential or otherwise protected information. The occurrence of one of these events could cause a substantial decrease in revenues, increased costs to respond or other financial loss, damage to reputation, increased regulation or litigation or inaccurate information reported by Cominar's operations. These developments may subject Cominar's operations to increased risks, as well as increased costs, and, depending on their ultimate magnitude, could have a material adverse effect on Cominar's financial position and results of operations.

Cominar has developed an IT security risk management program based on the NIST framework and focuses across a broad spectrum of preventative and protective measures. These measures include, but are not limited to, security awareness and training programs for all employees, patch and technological debt management, identity and access control, regular security posture assessment performed by specialized third parties and various monitoring activities. The overall strategic security plan focuses on identifying Cominar's risk profile and prioritizing the appropriate security measures and its threat management initiatives.

Risk Factors Related to the Ownership of Senior Debentures

Credit Ratings
The credit rating assigned by DBRS to Cominar and to the Senior Debentures is not a recommendation to buy, hold or sell securities of Cominar. A rating is not a comment on the market price of a security nor is it an assessment of ownership given various investment objectives. Prospective investors should consult with DBRS with respect to the interpretation and implications of the rating. There is no assurance that any rating will remain in effect for any given period of time and ratings may be upgraded, downgraded, placed under review, confirmed or withdrawn. Non-credit risks that can meaningfully impact the value of the securities issued include market risk, trading liquidity risk and covenant risk. DBRS uses rating symbols as a simple and concise method of expressing its opinion to the market, although DBRS usually provides broader contextual information regarding securities in rating reports, which generally set out the full rationale for the chosen rating symbol, and in other releases.

On December 29, 2020, DBRS confirmed Cominar's credit rating as BB (high) but changed the outlook from "Stable" to "Negative"". Any further downgrade of the credit rating assigned by DBRS to Cominar and to the Senior Debentures could have a material adverse effect on Cominar.

Trading Market for Senior Debentures
There is currently no trading market for Senior Debentures. No assurance can be given that an active or liquid trading market for these securities will develop or be sustained. If an active or liquid market for these securities fails to develop or be sustained, the prices at which these securities trade may be adversely affected. Whether or not these securities will trade at lower prices depends on many factors, including the liquidity of these securities, prevailing interest rates and the markets for similar securities, the market price of the Units, general economic conditions and Cominar's financial position, historic financial performance and future prospects.

Market Price or Value Fluctuation
If the Senior Debentures are traded after their initial issuance, they may trade at a discount from their initial public offering price. The market price or value of the Senior Debentures depends on many factors, including liquidity of the Senior Debentures, prevailing interest rates and the markets for similar securities, general economic conditions and Cominar's financial condition, historic financial performance and prospects. Assuming all other factors remain unchanged, the market price or value of the Senior Debentures, which carry a fixed interest rate, will likely decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline.

Challenging market conditions, the health of the economy as a whole and numerous other factors beyond the control of Cominar may have a material effect on the business, financial condition, liquidity and results of operations of Cominar. In recent years, financial markets have experienced significant price and volume fluctuations that have particularly affected the market prices of securities of issuers and that have often been unrelated to the operating performance, underlying asset values or prospects of such issuers. There can be no assurance that such fluctuations in price and volume will not occur. Accordingly, the market price of the Senior Debentures may decline even if Cominar's operating results, underlying asset values or prospects have not changed. In periods of increased levels of volatility and market turmoil, Cominar's operations could be adversely impacted and the market price of the Senior Debentures may be adversely affected.

Senior Debentures Redemption Right Risk
Cominar may choose to redeem the Senior Debentures prior to maturity, in whole or in part, at any time or from time to time, especially when prevailing interest rates are lower than the rate borne by the Senior Debentures. If prevailing rates are lower at the time of redemption, a purchaser may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Senior Debentures being redeemed.

Inability of Cominar to Purchase Senior Debentures on a Change of Control

Cominar may be required to purchase all outstanding Senior Debentures upon the occurrence of a change of control. However, it is possible that following a change of control, Cominar will not have sufficient funds at that time to make any required purchase of outstanding Senior Debentures or that restrictions contained in other indebtedness will restrict those purchases.

Corporate Information

Board of Trustees

Key Officers

Sylvain Cossette
President and Chief Executive Officer

Antoine Tronquoy
Executive Vice President
and Chief Financial Officer

Marie-Andrée Boutin, MBA
Executive Vice President,
Retail and Development

Bernard Poliquin
Executive Vice President, Office and Industrial
and Chief Real Estate Operations Officer

Nathalie Rousseau
Executive Vice President,
Asset Management and Transactions

Unitholders Information

Cominar Real Estate Investment Trust

Complexe Jules-Dallaire - T3
2820 Laurier Boulevard, Suite 850
Québec City (Quebec) Canada G1V 0C1

Tel.: 418 681-8151
Fax: 418 681-2946
Toll-free: 1-866 COMINAR
Email: info@cominar.com
Website: www.cominar.com

Listing

The units of Cominar Real Estate Investment Trust are listed on the Toronto Stock Exchange under the trading symbol CUF.UN.

Transfer Agent

Computershare Trust Company of Canada
1500 Robert-Bourassa Boulevard, Suite 700
Montreal (Quebec) Canada H3A 3S8

Tel.: 514 982-7555
Fax: 514 982-7580
Toll-free: 1-800 564-6253
Email: service@computershare.com

Taxability of Distributions

In 2021, 100% of the distributions made by Cominar to unitholders were returns of capital, reducing the adjusted cost base of the units.

Legal Counsel

Davies Ward Phillips & Vineberg LLP

Auditors

PricewaterhouseCoopers LLP

Unitholders Distribution Reinvestment Plan

In 2017, Cominar suspended the distribution reinvestment plan. If Cominar decides to resume the plan in the future, the unitholders who were registered in the plan at the time of its suspension and who are still registered at the time of its resumption shall automatically resume their participation in the plan.

For further information about the DRIP, please refer to the DRIP section of our website at www.cominar.com or contact us by email at info@cominar.com or contact the Transfer Agent.