Management's Discussion and Analysis

Year ended December 31, 2022

Cominar

Table of Contents

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, 2022, in comparison with the year ended December 31, 2021, as well as its financial position as at that date. Dated February 27, 2023, 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 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, 2023.

Caution Regarding Forward-Looking Statements

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

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

Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause our actual results or performance to be materially different from the outlook or any future results or performance implied by such statements.

We caution readers that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Cominar, debentureholders and others should carefully consider the foregoing factors, as well as other factors and uncertainties. Unless otherwise stated, all forward-looking statements are valid only as at the date of this 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.

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

Non-IFRS Financial Measures

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

Non-IFRS Ratios and Other Specified Financial Measures

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

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

Financial and Operational Highlights

Years ended December 31	2022 [1] $	2021 [1] $	% Δ	Page
Financial performance				
Operating revenues — Financial statements	**382,010**	658,594	(42.0)	11
Operating revenues — Cominar's proportionate share [2]	**385,155**	674,838	(42.9)	11
NOI — Financial statements	**181,703**	342,238	(46.9)	14
NOI — Cominar's proportionate share [2]	**183,367**	351,177	(47.8)	14
Same property NOI [2]	**141,924**	139,591	1.7	15
Change in fair value of investment properties	**(92,561)**	(347,855)	(73.4)	16
Net loss	**(95,022)**	(195,308)	(51.3)	13
Funds from operations (FFO) [2]	**82,803**	178,888	(53.7)	17
Cash distributions to unitholders prior to the Arrangement [3]	**8,210**	49,262	(83.3)	17
Cash distributions to parent company (IRIS) [3]	**1,144,634**	—	100.0	17
Total assets	**2,437,127**	6,074,404	(59.9)	10
Financing				
Debt ratio [2]	**46.0 %**	56.9 %		21
Interest coverage ratio [2]	**3.73:1**	2.24:1		20
Weighted average interest rate on total debt [2]	**4.01 %**	3.68 %		18
Residual weighted average term of total debt (years) [2]	**3.5**	3.0		18
Unsecured debt-to-total-debt ratio [2]	**23.6 %**	25.2 %		18
Unencumbered income properties [2]	**818,015**	1,605,224		20
Unencumbered assets to unsecured net debt ratio [2]	**3.53:1**	1.64:1		20
Operational data				
Number of investment properties	**68**	309		22
Leasable area (in thousands of sq. ft.)	**11,919**	35,547		22
Committed occupancy rate	**89.2 %**	93.4 %		25
Development activities				
Properties under development — Cominar's proportionate share [2]	**8,979**	36,285		10

1 Year ended December 31, 2022 includes impact of the Arrangement [3] (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 Refer to section "Non-IFRS and Other Financial Measures".

3 On March 1, 2022, all then issued and outstanding units of Cominar were acquired for $11.75 per unit in cash by a consortium, Iris Acquisition II LP ("IRIS"), including an affiliate of Canderel Management Inc., FrontFour Capital Group LLC, Artis Real Estate Investment Trust ("Artis"), partnerships managed by Sandpiper Group and Koch Real Estate Investments, LLC ("KREI"), with KREI and Artis also providing preferred equity (the "Arrangement").

Selected Quarterly Information

Quarters ended	Dec. 2022 [1] $	Sept. 2022 [1] $	Jun. 2022 [1] $	Mar. 2022 [1] $	Dec. 2021 [2] $	Sept. 2021 [3] $	Jun. 2021 [4] $	Mar. 2021 [5] $
Financial performance								
Operating revenues — Financial statements	**80,246**	81,605	80,368	139,791	162,911	161,684	164,278	169,721
Operating revenues — Cominar's proportionate share [6]	**80,246**	81,605	80,533	142,771	167,099	165,658	168,325	173,756
NOI — Financial statements	**36,763**	40,630	39,311	64,999	82,876	87,453	85,438	86,471
NOI — Cominar's proportionate share [6]	**36,765**	40,630	39,395	66,577	85,035	89,647	87,710	88,785
Change in fair value of investment properties	**(48,267)**	(118,298)	2,672	71,332	(217,719)	(506)	(129,565)	(65)
Net income (loss)	**(34,477)**	(101,737)	19,080	22,112	(204,283)	50,101	(91,390)	50,264
FFO [6]	**17,753**	17,570	20,807	26,673	30,739	51,232	45,406	51,511
Cash flows provided (used) by operating activities	**20,375**	31,255	(6,416)	(61,812)	46,066	48,351	29,117	78,955
Cash distributions to unitholders prior to the Arrangement	**N/A**	N/A	N/A	8,210	—	16,420	16,421	16,421
Cash distributions to parent company (IRIS)	**78,845**	320,789	745,000	—	—	—	—	—
Per unit financial performance								
Distributions to unitholders prior to the Arrangement	**N/A**	N/A	N/A	0.045	0.00	0.09	0.09	0.09

1 *Includes impact of the Arrangement.*
2 *Includes $12.8 million of strategic alternatives consulting fees.*
3 *Includes $1.1 million of strategic alternatives consulting fees.*
4 *Includes $2.5 million of strategic alternatives consulting fees.*
5 *Includes $1.4 million of strategic alternatives consulting fees and a $2.7 million distribution received in respect of a claim settlement regarding Sears Canada.*
6 *Refer to "Non-IFRS and Other Financial Measures".*

Selected Annual Information

Years ended December 31	2022 [1] $	2021 [2] $	2020 [3] $
Financial performance			
Operating revenues — Financial statements	**382,010**	658,594	661,320
Operating revenues — Cominar's proportionate share [4]	**385,155**	674,838	678,726
NOI — Financial statements	**181,703**	342,238	327,187
NOI — Cominar's proportionate share [4]	**183,367**	351,177	337,216
Change in fair value of investment properties	**(92,561)**	(347,855)	(469,763)
Impairment of goodwill	**—**	—	(15,721)
Net loss	**(95,022)**	(195,308)	(329,277)
FFO [4]	**82,803**	178,888	175,638
Cash flows provided by (used in) operating activities	**(16,598)**	202,489	164,466
Cash distributions to unitholders prior to the Arrangement	**8,210**	49,262	103,980
Cash distributions to parent company (IRIS)	**1,144,634**	—	—
Per unit financial performance			
Distributions to unitholders prior to the Arrangement	**0.045**	0.27	0.57

1 *Year ended December 31, 2022 includes impact of the Arrangement.*
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.*
3 *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.*
4 *Refer to "Non-IFRS and Other Financial Measures."*

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

General Business Overview and Strategy

On March 1, 2022, Cominar became privately owned by IRIS pursuant to the Arrangement. As at December 31, 2022, Cominar owns and manages a portfolio of 68 properties, composed of office and mixed-use and retail properties located in the Montréal, Québec City and Ottawa areas.

Real Estate Portfolio Summary as at December 31, 2022

Property type	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate
Office and mixed-use	46	6,213,000	86.9 %
Retail	22	5,706,000	91.7 %
Total	**68**	**11,919,000**	**89.2 %**

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

Geographic market	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate
Montréal	49	9,864,000	89.9 %
Québec City	14	1,408,000	86.9 %
Ottawa	5	647,000	82.9 %
Total	**68**	**11,919,000**	**89.2 %**

Our Strategy

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

Overview of 2022

Acquisition of Cominar by Plan of Arrangement
On March 1, 2022, Cominar announced the closing of the Arrangement pursuant to which the then outstanding units were acquired under a plan of arrangement for $11.75 per unit in cash by a consortium, IRIS, including an affiliate of Canderel Management Inc., FrontFour Capital Group LLC, Artis, partnerships managed by Sandpiper Group, and KREI, with KREI and Artis also providing preferred equity.

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

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

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

Investment properties: During 2022, Cominar sold 239 investment properties held for sale for a total sale price of $3,527.9 million and 2 income properties for $16.0 million. Of these properties, 226 were sold for $3,361.0 million as part of the Arrangement (see above).

Investment properties held for sale: During 2022, Cominar transferred 41 income properties and 2 land held for future development totaling $493.2 million to investment properties held for sale. These properties were actively marketed for sale or under conditional sale agreements. As at December 31, 2022, Cominar had 29 properties and 1 land held for sale totaling $312.9 million.

Financial Performance

Net Operating Income ("NOI"): NOI decreased $160.5 million in 2022 compared with 2021, mainly due to the sale of 241 investment properties and investment properties held for sale in 2022.

SPNOI[1]: The increase of $9.2 million in same property operating revenues in 2022 compared with 2021 resulted mainly from increases of (i) $4.5 million in rents, mainly from the retail segment where the average in-place occupancy increased by 2.7% from 2021, (ii) $3.2 million in recovery revenues due to an increase in operating expenses, and (iii) $3.1 million in parking revenues, partially offset by (iv) a decrease of $1.6 million in other revenues (a decrease of $4.9 million in termination penalties partly offset by an increase in other revenues of $3.2 million mainly related construction management fees and proceeds from the sale of unused equipment). Same property operating expenses increased $6.9 million mainly due to increased activity in both our office and retail portfolios. As a result, SPNOI increased by $2.3 million in 2022 compared with 2021.

Investment properties fair value: During 2022, Cominar revalued its entire real estate portfolio using external and internal valuations, as well as definitive agreements to sell investment properties and determined that a net decrease of $92.6 million was necessary to adjust the carrying amount of investment properties to fair value.

Net loss : Net loss for the year ended December 31, 2022 amounted to $(95.0) million compared to $(195.3) million for 2021. The net loss decrease of $100.3 million is mainly due to (i) a decrease of $160.5 million in NOI mainly due to the sales of 241 investment properties and investment properties held for sale in 2022, (ii) an increase in transaction costs of $82.0 million mainly incurred as a result of the Arrangement, partially offset by (iii) a decrease of $66.1 million in finance charges, and (iv) a favorable change in fair value in our investment properties of $255.3 million.

FFO[1]: FFO for the year ended December 31, 2022 amounted to $82.8 million compared to $178.9 million for the previous year due to the $160.5 million decrease in NOI which is mainly related to the sale of 241 investment properties and investment properties held for sale in 2022, partially offset by the decrease of finance charges mainly related to the impact of the Arrangement.

Financing

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

Repayment of debentures as part of the optional put right: During March 2022, holders of $153.9 million of the Series 10 debentures, $149.2 million of the Series 11 debentures and $0.9 million of the Series 12 debentures exercised their optional right, following completion of the Arrangement, to require the REIT to repurchase their debentures for a purchase price of 101% of the aggregate principal amount thereof, which repayments were made by the REIT on April 19, 2022. The total amount paid to such debentureholders for these repurchases was approximately $307.0 million.

Debt ratio[1]**:** As at December 31, 2022, Cominar's debt ratio stood at 46.0% (56.9% as at December 31, 2021).

Interest coverage ratio[1]**:** As at December 31, 2022, Cominar's interest coverage ratio stood at 3.73:1 (2.24:1 as at December 31, 2021).

Unencumbered asset coverage ratio[1]**:** As at December 31, 2022, Cominar's unencumbered asset coverage ratio stood at 3.53:1 (1.64:1 as at December 31, 2021).

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

Portfolio as at December 31, 2022

As at December 31, 2022 Cominar's portfolio, including its properties held for sale, was composed of 46 office and mixed-use properties of approximately 6.2 million square feet and 22 retail properties of approximately 5.7 million square feet located in the Montréal, Québec City and Ottawa areas, representing a total leasable area of approximately 11.9 million square feet for a total fair value of $2.4 billion.

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, 2022[1]			December 31, 2021		
	Consolidated financial statements	Joint ventures	Cominar's proportionate share[2]	Consolidated financial statements	Joint ventures	Cominar's proportionate share[2]
	$	$	$	$	$	$
Assets						
Investment properties						
Income properties	**1,988,690**	**—**	**1,988,690**	2,517,447	20,600	2,538,047
Properties under development	**—**	**8,979**	**8,979**	28,944	7,341	36,285
Land held for future development	**52,700**	**5,250**	**57,950**	29,635	6,288	35,923
	2,041,390	**14,229**	**2,055,619**	2,576,026	34,229	2,610,255
Investment properties held for sale	**312,865**	**—**	**312,865**	3,363,500	124,500	3,488,000
Investments in joint ventures	**13,317**	**(13,317)**	**—**	76,383	(76,383)	—
Mortgage receivable	**10,000**	**—**	**10,000**	—	—	—
Accounts receivable	**17,823**	**95**	**17,918**	32,661	69	32,730
Prepaid expenses and other assets	**3,669**	**—**	**3,669**	18,230	77	18,307
Cash and cash equivalents	**38,063**	**—**	**38,063**	7,604	1,103	8,707
Total assets	**2,437,127**	**1,007**	**2,438,134**	6,074,404	83,595	6,157,999
Liabilities						
Mortgages payable	**775,431**	**—**	**775,431**	1,058,049	17,011	1,075,060
Mortgages payable related to the investment properties held for sale	**96,439**	**—**	**96,439**	992,785	64,271	1,057,056
Debentures	**269,916**	**—**	**269,916**	871,973	—	871,973
Bank borrowings	**—**	**—**	**—**	537,093	778	537,871
Accounts payable and accrued liabilities	**68,516**	**1,007**	**69,523**	131,380	1,535	132,915
Total liabilities	**1,210,302**	**1,007**	**1,211,309**	3,591,280	83,595	3,674,875
Unitholders' equity						
Unitholders' equity	**1,226,825**	**—**	**1,226,825**	2,483,124	—	2,483,124
Total liabilities and unitholders' equity	**2,437,127**	**1,007**	**2,438,134**	6,074,404	83,595	6,157,999

1 Includes impact of the Arrangement.
2 Refer to section "Non-IFRS and Other Financial Measures".

Quarters ended December 31	2022 [1]			2021 [2]		
	Consolidated financial statements	Joint ventures	Cominar's proportionate share[3]	Consolidated financial statements	Joint ventures	Cominar's proportionate share[3]
	$	$	$	$	$	$
Operating revenues	**80,246**	**—**	**80,246**	162,911	4,188	167,099
Operating expenses	**(43,483)**	**2**	**(43,481)**	(80,035)	(2,029)	(82,064)
NOI	**36,763**	**2**	**36,765**	82,876	2,159	85,035
Finance charges	**(11,548)**	**(2)**	**(11,550)**	(36,773)	(915)	(37,688)
Trust administrative expenses	**(8,173)**	**(20)**	**(8,193)**	(17,239)	(17)	(17,256)
Change in fair value of investment properties	**(48,267)**	**(939)**	**(49,206)**	(217,719)	(15,998)	(233,717)
Share of joint ventures' net loss	**(846)**	**846**	**—**	(14,771)	14,771	—
Transaction costs	**(2,469)**	**113**	**(2,356)**	(715)	—	(715)
Net loss before income taxes	**(34,540)**	**—**	**(34,540)**	(204,341)	—	(204,341)
Income taxes						
Current	**(9)**	**—**	**(9)**	—	—	—
Deferred	**72**	**—**	**72**	58	—	58
	63	**—**	**63**	58	—	58
Net loss and comprehensive loss	**(34,477)**	**—**	**(34,477)**	(204,283)	—	(204,283)

1 Quarter ended December 31, 2022 includes impact of the Arrangement.
2 Quarter ended December 31, 2021 includes $12.8 million of strategic alternatives consulting fees.
3 Refer to section "Non-IFRS and Other Financial Measures".

Year ended December 31	2022 [1]			2021 [2]		
	Consolidated financial statements	Joint ventures	Cominar's proportionate share [3]	Consolidated financial statements	Joint ventures	Cominar's proportionate share [3]
	$	$	$	$	$	$
Operating revenues	**382,010**	**3,145**	**385,155**	658,594	16,244	674,838
Operating expenses	**(200,307)**	**(1,481)**	**(201,788)**	(316,356)	(7,305)	(323,661)
NOI	**181,703**	**1,664**	**183,367**	342,238	8,939	351,177
Finance charges	**(70,298)**	**(768)**	**(71,066)**	(136,350)	(3,710)	(140,060)
Trust administrative expenses	**(32,313)**	**(41)**	**(32,354)**	(34,709)	(52)	(34,761)
Change in fair value of investment properties	**(92,561)**	**475**	**(92,086)**	(347,855)	(22,815)	(370,670)
Share of joint ventures' net income (loss)	**1,282**	**(1,282)**	**—**	(17,638)	17,638	—
Transaction costs	**(83,023)**	**(48)**	**(83,071)**	(1,052)	—	(1,052)
Net loss before income taxes	**(95,210)**	**—**	**(95,210)**	(195,366)	—	(195,366)
Income taxes						
Current	**(14)**	**—**	**(14)**	—	—	—
Deferred	**202**	**—**	**202**	58	—	58
	188	**—**	**188**	58	—	58
Net loss and comprehensive loss	**(95,022)**	**—**	**(95,022)**	(195,308)	—	(195,308)

1 Year ended December 31, 2022 includes impact of the Arrangement.
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.
3 Refer to section "Non-IFRS and Other Financial Measures".

Performance Analysis

Financial Position

The following table indicates the changes in assets and liabilities as well as in unitholders' equity between December 31, 2022, and December 31, 2021, as shown in our consolidated financial statements:

	December 31, 2022[1]	December 31, 2021		
	$	$	$ Δ	% Δ
Assets				
Investment properties				
Income properties	**1,988,690**	2,517,447	(528,757)	(21.0)
Properties under development	**—**	28,944	(28,944)	(100.0)
Land held for future development	**52,700**	29,635	23,065	77.8
	2,041,390	2,576,026	(534,636)	(20.8)
Investment properties held for sale	**312,865**	3,363,500	(3,050,635)	(90.7)
Investments in joint ventures	**13,317**	76,383	(63,066)	(82.6)
Mortgage receivable	**10,000**	—	10,000	100.0
Accounts receivable	**17,823**	32,661	(14,838)	(45.4)
Prepaid expenses and other assets	**3,669**	18,230	(14,561)	(79.9)
Cash and cash equivalents	**38,063**	7,604	30,459	400.6
Total assets	**2,437,127**	6,074,404	(3,637,277)	(59.9)
Liabilities				
Mortgages payable	**775,431**	1,058,049	(282,618)	(26.7)
Mortgages payable related to the investment properties held for sale	**96,439**	992,785	(896,346)	(90.3)
Debentures	**269,916**	871,973	(602,057)	(69.0)
Bank borrowings	**—**	537,093	(537,093)	(100.0)
Accounts payable and accrued liabilities	**68,516**	131,380	(62,864)	(47.8)
Total liabilities	**1,210,302**	3,591,280	(2,380,978)	(66.3)
Unitholders' equity				
Unitholders' equity	**1,226,825**	2,483,124	(1,256,299)	(50.6)
Total liabilities and unitholders' equity	**2,437,127**	6,074,404	(3,637,277)	(59.9)

1 Includes impact of the Arrangement.

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

On March 15, 2022, Cominar early redeemed its Series 9 senior unsecured debentures totaling $300 million and bearing interest at 4.25% using its cash on hand following the Arrangement. Cominar paid $2.0 million in yield maintenance fees in connection with the redemption.

During March 2022, holders of $153.9 million of the Series 10 debentures, $149.2 million of the Series 11 debentures and $0.9 million of the Series 12 debentures exercised their optional right, following completion of the Arrangement, to require the REIT to repurchase their debentures for a purchase price of 101% of the aggregate principal amount thereof, which repayments were made by the REIT on April 19, 2022. The total amount paid to such debentureholders for these repurchases was approximately $307.0 million.

Excluding the properties sold as part of the Arrangement, Cominar sold 15 investment properties and investment properties held for sale, and 1 land for $182.9 million in 2022.

During 2022, Cominar revalued its entire real estate portfolio and determined that a net decrease of $92.6 million was necessary to adjust the carrying amount of investment properties to fair value.

Results of Operations

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

	Quarter [1]			Year[2]		
Periods ended December 31	2022	2021		2022	2021	
	$	$	% Δ	$	$	% Δ
Operating revenues	**80,246**	162,911	(50.7)	**382,010**	658,594	(42.0)
Operating expenses	**(43,483)**	(80,035)	(45.7)	**(200,307)**	(316,356)	(36.7)
NOI	**36,763**	82,876	(55.6)	**181,703**	342,238	(46.9)
Finance charges	**(11,548)**	(36,773)	(68.6)	**(70,298)**	(136,350)	(48.4)
Trust administrative expenses	**(8,173)**	(17,239)	(52.6)	**(32,313)**	(34,709)	(6.9)
Change in fair value of investment properties	**(48,267)**	(217,719)	(77.8)	**(92,561)**	(347,855)	(73.4)
Share of joint ventures' net income (loss)	**(846)**	(14,771)	(94.3)	**1,282**	(17,638)	(107.3)
Transaction costs	**(2,469)**	(715)	245.3	**(83,023)**	(1,052)	NM
Net loss before income taxes	**(34,540)**	(204,341)	(83.1)	**(95,210)**	(195,366)	(51.3)
Income taxes						
Current	**(9)**	—	(100.0)	**(14)**	—	(100.0)
Deferred	**72**	58	24.1	**202**	58	248.3
	63	58	8.6	**188**	58	224.1
Net loss and comprehensive loss	**(34,477)**	(204,283)	(83.1)	**(95,022)**	(195,308)	(51.3)

1 *Quarter ended December 31, 2022 includes impact of the Arrangement (quarter ended December 31, 2021 includes $12.8 million of strategic alternatives consulting fees).*
2 *In addition to the quarter events explained above, the year ended December 31, 2022 includes impact of the Arrangement (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 decrease in operating revenues and in operating expenses resulted mainly from the sale of 241 investment properties and investment properties held for sale in 2022. Refer to the "Investment properties, Investments and Dispositions" section.

The decrease in finance charges resulted mainly from debt reimbursement in connection with the Arrangement. Refer to the "Finance Charges" section.

The decrease in trust administrative expenses resulted mainly from a decrease in strategic alternative consulting fees, partly offset by an increase in asset management fees in connection with the operation of the current portfolio. Refer to the "Trust Administrative Expenses" section.

During 2022, Cominar revalued its real estate portfolio and determined that a net decrease of $92.6 million was necessary to adjust the carrying amount of investment properties to fair value. Refer to the "Change in Fair Value of Investment Properties" section.

Transaction costs of $83.0 million were incurred as a result of the Arrangement or as a result of the reassessment of the transaction costs related to the Arrangement and as a result of the dispositions that occurred in 2022. Refer to the "Transaction Costs" section.

Net Operating Income

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

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

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

	Quarter			Year		
Periods ended December 31	2022	2021		2022	2021	
	$	$	% Δ	$	$	% Δ
NOI — Financial statements	**36,763**	82,876	(55.6)	**181,703**	342,238	(46.9)
NOI — Joint ventures	**2**	2,159	(99.9)	**1,664**	8,939	(81.4)
NOI — Cominar's proportionate share [1]	**36,765**	85,035	(56.8)	**183,367**	351,177	(47.8)

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

NOI by Property Type

	Quarter			Year		
Periods ended December 31	2022	2021		2022	2021	
	$	$	% Δ	$	$	% Δ
Property type						
Office and mixed-use	**17,854**	32,434	(45.0)	**87,733**	142,789	(38.6)
Retail	**18,927**	27,122	(30.2)	**79,810**	111,557	(28.5)
Industrial and flex	**(16)**	25,479	(100.1)	**15,824**	96,831	(83.7)
NOI — Cominar's proportionate share [1]	**36,765**	85,035	(56.8)	**183,367**	351,177	(47.8)

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

NOI by Geographic Market

	Quarter			Year		
Periods ended December 31	2022	2021		2022	2021	
	$	$	% Δ	$	$	% Δ
Geographic market						
Montréal	**32,016**	56,916	(43.7)	**143,405**	229,666	(37.6)
Québec City	**3,329**	24,578	(86.5)	**28,048**	101,083	(72.3)
Ottawa [2]	**1,420**	3,541	(59.9)	**11,914**	20,428	(41.7)
NOI — Cominar's proportionate share [1]	**36,765**	85,035	(56.8)	**183,367**	351,177	(47.8)

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

Results of Operations - Same Property Portfolio

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

	Quarter			Year		
Periods ended December 31	2022	2021		2022	2021	
	$	$	% Δ	$	$	% Δ
Same property operating revenues - Cominar's proportionate share [1]	**77,996**	73,528	6.1	**301,054**	291,804	3.2
Same property operating expenses - Cominar's proportionate share [1]	**(41,342)**	(38,875)	6.3	**(159,130)**	(152,213)	4.5
SPNOI - Cominar's proportionate share [1]	**36,654**	34,653	5.8	**141,924**	139,591	1.7

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

The increase in same property operating revenues resulted mainly from increases of (i) $4.5 million in rents, mainly from the retail segment where the average in-place occupancy increased by 2.7% from 2021, (ii) $3.2 million in recovery revenues due to an increase in operating expenses, and (iii) $3.1 million in parking revenues, partially offset by (iv) a decrease of $1.6 million in other revenues (a decrease of $4.9 million in termination penalties partly offset by an increase in other revenues of $3.2 million mainly related construction management fees and proceeds from the sale of unused equipment). Same property operating expenses increased $6.9 million mainly due to increased activity in both our office and retail portfolios. As a result, SPNOI increased by $2.3 million in 2022 compared with 2021.

Finance Charges

	Quarter			Year		
Periods ended December 31	2022	2021		2022	2021	
	$	$	% Δ	$	$	% Δ
Interest on mortgages payable	**8,054**	19,378	(58.4)	**39,499**	74,515	(47.0)
Interest on debentures [1]	**3,563**	11,410	(68.8)	**26,076**	47,807	(45.5)
Interest on bank borrowings (on cash surplus)	**(375)**	5,020	(107.5)	**2,520**	13,717	(81.6)
Amortization of deferred financing costs and other costs	**671**	2,119	(68.3)	**3,998**	6,044	(33.9)
Less: Capitalized interest [2]	**(365)**	(1,154)	(68.4)	**(1,795)**	(5,733)	(68.7)
Total finance charges — Financial statements	**11,548**	36,773	(68.6)	**70,298**	136,350	(48.4)
Adjusted finance charges [3, 4]	**11,548**	36,773	(68.6)	**67,270**	136,350	(50.7)
Percentage of operating revenues	**14.4 %**	22.6 %		**18.4 %**	20.7 %	
Weighted average interest rate on total debt [4]				**4.01 %**	3.68 %	

1 Year ended December 31, 2022 includes $1.1 million of deferred financing cost write-offs related to payments in respect of the optional put right in favor of certain debentureholders and $2.0 million of yield maintenance fees paid in connection with the Series 9 debenture redemption.
2 Capitalized interest on properties under development and on major revitalization projects for income properties that take place over a substantial period of time.
3 Year ended December 31, 2022 excludes $1.1 million of deferred financing cost write-offs related to payments in respect of the optional put right in favor of certain debentureholders and $2.0 million of yield maintenance fees paid in connection with the Series 9 debenture redemption.
4 Refer to section "Non-IFRS and Other Financial Measures".

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

Trust Administrative Expenses

Periods ended December 31	Quarter 2022 $	Quarter 2021 $	% Δ	Year 2022 $	Year 2021 $	% Δ
Salaries and other benefits	**2,884**	3,101	(7.0)	**12,109**	10,801	12.1
Incentive and bonus program	**175**	0	100.0	**175**	—	100.0
Compensation expense related to long-term incentive plan	**—**	1,036	(100.0)	**—**	3,213	(100.0)
Professional fees	**2,205**	145	NM	**5,332**	1,491	257.6
Public company costs	**67**	256	(73.8)	**269**	803	(66.5)
Strategic alternatives consulting fees	**—**	12,788	(100.0)	**—**	17,832	(100.0)
Asset management fees	**2,660**	—	100.0	**13,944**	—	100.0
Other fees	**182**	(87)	NM	**484**	569	(14.9)
Total Trust administrative expenses — Financial statements	**8,173**	17,239	(52.6)	**32,313**	34,709	(6.9)

Trust administrative expenses decreased by $2.4 million mainly due to a decrease in strategic alternatives consulting fees partly offset by an increase in asset management fees related to the operation of the current portfolio.

Change in Fair Value of Investment Properties

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

During 2022, Cominar revalued its entire real estate portfolio using external and internal valuations, as well as definitive agreements to sell investment properties and determined that a net decrease of $92.6 million was necessary to adjust the carrying amount of investment properties to fair value. For the quarter ended December 31, 2022 the adjustment represented a decrease of $48.3 million. The adjustment in fair value related to investment properties held as at December 31, 2022 amounts to a decrease of $73.5 million. The fair value of investment properties reassessed at the end of 2022 from external valuations, as well as definitive agreements to sell investment properties, represented 100% of all investment properties fair value.

Transaction Costs

Periods ended December 31	Quarter 2022 $	Quarter 2021 $	% Δ	Year 2022 $	Year 2021 $	% Δ
Banker and professional fees	**1,729**	12	NM	**29,460**	390	NM
Closing adjustments	**—**	703	(100.0)	**17,652**	5	NM
Compensation, severances, retention bonuses and other related costs	**—**	—	—	**19,512**	—	100.0
Financing costs and other asset write-offs	**40**	—	100.0	**11,325**	657	1,623.7
Penalties on debt repayments	**—**	—	—	**3,023**	—	100.0
Others	**700**	—	100.0	**2,051**	—	100.0
Total	**2,469**	715	NM	**83,023**	1,052	NM

Transaction costs for the year ended December 31, 2022 were incurred as a result of the Arrangement or as a result of the reassessment of the transaction costs related to the Arrangement and as a result of the dispositions that occurred in 2022.

Funds from Operations

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

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

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

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

Funds from Operations

	Quarter [1]			Year[2]		
Periods ended December 31	2022	2021		2022	2021	
	$	$	% Δ	$	$	% Δ
Net loss	**(34,477)**	(204,283)	(83.1)	**(95,022)**	(195,308)	(51.3)
Deferred income taxes	**(72)**	(58)	24.1	**(202)**	(58)	248.3
Initial and re-leasing salary costs	**627**	600	4.5	**2,726**	2,340	16.5
Change in fair value of investment properties - Cominar's proportionate share	**49,206**	233,717	(78.9)	**92,086**	370,670	(75.2)
Capitalizable interest on properties under development — joint ventures	**—**	48	(100.0)	**192**	192	—
Transaction costs	**2,469**	715	NM	**83,023**	1,052	NM
FFO[3]	**17,753**	30,739	(42.2)	**82,803**	178,888	(53.7)

1 *Quarter ended December 31, 2022 includes impact of the Arrangement (Quarter ended December 31, 2021 includes $12.8 million of strategic alternatives consulting fees).*
2 *In addition to the quarter events explained above, the year ended December 31, 2022 includes impact of the Arrangement (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).*
3 *Refer to section "Non-IFRS and Other Financial Measures".*

FFO[1]: FFO for the year ended December 31, 2022 amounted to $82.8 million compared to $178.9 million for the previous year due to the $160.5 million decrease in NOI which is mainly related to the sale of 241 investment properties and investment properties held for sale in 2022, partially offset by the decrease of finance charges mainly related to the impact of the Arrangement.

Distributions

Cominar is governed by a Contract of Trust dated as of March 31, 1998, as amended and restated or amended from time to time. The trustees of the REIT intend to distribute Cominar's distributable income to its sole unitholder. 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

	Quarter			Year		
Periods ended December 31	2022	2021		2022	2021	
	$	$	% Δ	$	$	% Δ
Cash distributions to unitholders prior to the Arrangement	**N/A**	—	N/A	**8,210**	49,262	(83.3)
Per unit cash distribution prior to the Arrangement	**N/A**	—		**0.045**	0.27	
Cash distributions to parent company (IRIS)	**78,845**	—	100.0	**1,144,634**	—	100.0

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

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

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

During the year ended December 31, 2022, Cominar received $1,325.3 million from the parent company (IRIS) subscription receivable and used it, along with the property dispositions net proceeds, to declare and pay $1,144.6 million in cash distributions to such parent company (IRIS).

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

	Three months ended March 31, 2022	Years ended December 31	
		2021	2020
	(three months)	(twelve months)	(twelve months)
	$	$	$
Net income (loss)	**22,112**	(195,308)	(329,277)
Cash flows provided by (used in) operating activities - Financial statements	**(61,812)**	202,489	164,466
Cash distributions to unitholders prior to the Arrangement	**8,210**	49,262	103,980
Surplus (deficit) of cash flows provided by operating activities compared with distributions to unitholders prior to the Arrangement	**(70,022)**	153,227	60,486

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

Liquidity and Capital Resources

Debt Management

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

Debt Summary

	December 31, 2022			December 31, 2021		
		Weighted average contractual rate [1]	Residual weighted average term [1]		Weighted average contractual rate [1]	Residual weighted average term [1]
	$			$		
Mortgages payable	**871,870**	**3.63 %**	**4.1 years**	2,050,834	3.53 %	4.1 years
Debentures	**269,916**	**5.23 %**	**1.7 years**	871,973	4.57 %	1.6 years
Bank borrowings secured	**—**	**— %**	**—**	420,093	2.81 %	1.4 years
Bank borrowings unsecured	**—**	**— %**	**—**	117,000	2.73 %	0.4 year
Total debt	**1,141,786**	**4.01 %**	**3.5 years**	3,459,900	3.68 %	3.0 years
Cash and cash equivalents	**(38,063)**			(7,604)		
Net debt	**1,103,723**			3,452,296		
Unsecured debt-to-total-debt ratio [1, 2]	**23.6 %**			**25.2 %**		

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

Mortgages Payable

As at December 31, 2022, the balance of mortgages payable after deduction of deferred financing costs was $871.9 million, down $1,179.0 million from $2,050.8 million as at December 31, 2021. This decrease is mainly explained by repayments of mortgage balances of $598.2 million and $560.2 million of assigned mortgages related to the Arrangement and to monthly repayments of capital totaling $26.8 million. As at December 31, 2022, the weighted average contractual rate was 3.63% and the effective weighted average interest rate was 3.75%.

Contractual maturities of mortgages payable

Years ending December 31	Repayment of principal $	Balances at maturity $	Total $	Weighted average contractual rate[1]
2023	17,263	239,983	257,246	3.22 %
2024	17,094	102,121	119,215	4.00 %
2025	13,775	—	13,775	— %
2026	12,627	47,806	60,433	3.57 %
2027	12,705	54,468	67,173	3.10 %
2028	11,957	—	11,957	— %
2029	10,098	87,794	97,892	3.65 %
2030	2,785	231,411	234,196	4.00 %
2031 and thereafter	911	11,650	12,561	4.19 %
Total	**99,215**	**775,233**	**874,448**	**3.63 %**

1 Based on the contractual maturities of each year.

As at December 31, 2022, the residual weighted average term of mortgages payable was 4.1 years.

Debentures

	Date of issuance	Contractual interest rate	Effective interest rate	Dates of interest payments	Maturity date	Nominal value as at December 31, 2022 $
Series 10	May 2016	4.25 %	4.34 %	May 23 and November 23	May 2023	71,097
Series 11	May 2019	4.50 %	4.82 %	May 15 and November 15	May 2024	50,787
Series 12	May 2020	5.95 %	6.24 %	May 5 and November 5	May 2025	149,131
Weighted average interest rate		**5.23 %**	**5.48 %**			
Total						**271,015**

As at December 31, 2022, the residual weighted average term of debentures was 1.7 years.

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

During March 2022, holders of $153.9 million of the Series 10 debentures, $149.2 million of the Series 11 debentures and $0.9 million of the Series 12 debentures exercised their right, following completion of the Arrangement, to require the REIT to repurchase their debentures for a purchase price of 101% of the aggregate principal amount thereof, which repayments were made by the REIT on April 19, 2022. The total amount paid to such debentureholders as part of this optional put right was $307.0 million.

Bank Borrowings

As at December 31, 2021, Cominar had a revolving unsecured credit facility of $167,0 million which was set to mature in in April 2022 and a $150,0 million secured revolving credit facility maturing in April 2023. Cominar also had a non-revolving secured credit facility of $167.4 million which was set to mature in September 2023 and a non-revolving secured credit facility of $120,0 million which was set to mature in September 2022.

On January 14, 2022, Cominar entered into a 3-month financing agreement for a new unsecured credit facility of up to $175,0 million maturing in March 2022 and bearing interest at the prime rate plus 175 basis points or at the bankers' acceptance rate plus 275 basis points. The purpose of this facility was the repayment of the $128,2 million mortgage on Rockland maturing on January 15, 2022 and the financing of general corporate expenses until the closing of the Arrangement.

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

Cominar has provided a secured guarantee of the obligations of IRIS, as borrower, under a credit agreement dated March 1, 2022 maturing March 1, 2023 (the "Credit Facility") with, among others, the Bank of Montreal, as administrative agent and lender. As at December 31, 2022 there was $174.1 million outstanding on the Credit Facility. There are certain covenants under the Credit Facility, which IRIS was in compliance with as at December 31, 2022.

Debenture Covenants

Interest Coverage Ratio

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

	December 31, 2022 $	December 31, 2021 $
NOI	**181,703**	342,238
Trust administrative expenses	**(27,550)**	(34,709)
Recognition of leases on a straight-line basis (last 12 months)	**(64)**	(2,141)
EBITDA (last 12 months) [2]	**154,089**	305,388
Adjusted finance charges [1]	**41,332**	136,350
Interest coverage ratio [2]	**3.73:1**	2.24 : 1

1 Excludes $2.0 million of yield maintenance fees paid in connection with the Series 9 debenture redemption in 2022 and $1.1 million of deferred financing cost write-offs related to payments in respect to the optional put right in favor of certain debentureholders in 2022.
2 Refer to section "Non-IFRS and Other Financial Measures".

Unencumbered Assets Coverage Ratio

	December 31, 2022		December 31, 2021	
	Number of properties	Fair value of properties ($)	Number of properties	Fair value of properties ($)
Total unencumbered income properties [1, 3]	**51**	**818,015**	135	1,605,224
Unsecured net debt		**231,853**		981,369
Unencumbered assets to unsecured net debt ratio [2, 3]		**3.53:1**		1.64:1

1 Includes investment properties held for sale.
2 Fair value of unencumbered income properties divided by unsecured net debt.
3 Refer to section "Non-IFRS and Other Financial Measures".

As at December 31, 2022, the unencumbered assets to unsecured net debt ratio stood at 3.53:1, above the required ratio of 1.30:1 contained in the restrictive covenant of the outstanding Series 10 debentures (the Series 11 and Series 12 debentures do not have such a restrictive covenant).

Debt Ratio

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

	December 31, 2022	December 31, 2021
	$	$
Mortgages payable	**871,870**	2,050,834
Debentures	**269,916**	871,973
Bank borrowings	**—**	537,093
Cash and cash equivalents	**(38,063)**	(7,604)
Total net debt	**1,103,723**	3,452,296
Total assets less cash and cash equivalents	**2,399,064**	6,066,800
Debt ratio [1, 2]	**46.0 %**	56.9 %

1 The debt ratio is equal to the total of, mortgages payable, debentures and bank borrowings less cash and cash equivalents, divided by total assets less cash and cash equivalents.
2 Refer to section "Non-IFRS and Other Financial Measures".

Off-Balance Sheet Arrangements and Contractual Commitments

Cominar has provided a secured guarantee of the obligations of IRIS, as borrower, under a credit agreement dated March 1, 2022 with, among others, the Bank of Montreal, as administrative agent and lender. As at December 31, 2022, $174.1 million was borrowed by IRIS under this credit agreement.

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

Related Party Transactions

Since March 1, 2022, Cominar has been a 100% owned subsidiary of IRIS.

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

During the year ended December 31, 2022, Cominar entered into transactions with such entities, then related companies, in the normal course of business and/or as part of the Arrangement, the details of which are as follows:

Years ended December 31	2022	2021
	$	$
Parent company (IRIS) subscription under the Arrangement	**2,143,800**	—
Reimbursement of the subscription receivable from parent company (IRIS)	**1,630,901**	—
Cash distributions to parent company (IRIS)	**1,144,634**	—
Asset management fees to a joint venture under common control [1]	**12,922**	—
Professional fees to a company controlled by a member of the Board of Trustees	**1,658**	—

1 Includes reimbursement of expenses of $7.9 million

Property Portfolio

	December 31, 2022 $	December 31, 2021 $
Income properties — Cominar's proportionate share [1]	**1,988,690**	2,538,047
Properties under development and land held for future development — Cominar's proportionate share [1]	**66,929**	72,208
Investment properties held for sale — Cominar's proportionate share [1]	**312,866**	3,488,000
Number of income properties	**68**	309
Leasable area (sq. ft.)	**11,919,000**	35,547,173

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

Summary by property type

	December 31, 2022		December 31, 2021	
	Number of properties	Leasable area (sq. ft.)	Number of properties	Leasable area (sq. ft.)
Office and mixed-use	**46**	**6,213,000**	81	11,982,000
Retail	**22**	**5,706,000**	41	9,409,173
Industrial and flex	**—**	**—**	187	14,156,000
Total	**68**	**11,919,000**	309	**35,547,173**

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

Summary by geographic market

	December 31, 2022		December 31, 2021	
	Number of properties	Leasable area (sq. ft.)	Number of properties	Leasable area (sq. ft.)
Montréal	**49**	**9,864,000**	193	23,493,000
Quebec City	**14**	**1,408,000**	97	9,702,173
Ontario - Ottawa [1]	**5**	**647,000**	19	2,352,000
Total	**68**	**11,919,000**	309	**35,547,173**

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

Investment properties, Investments and Dispositions

Investments in Investment Properties

The following table shows the details of the capital expenditures and leasing costs reported in the 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	2022	2021		2022	2021	
	$	$	% Δ	$	$	% Δ
Capital expenditures — increase of rental income generating capacity	**1,872**	29,162	(93.6)	**14,416**	63,707	(77.4)
Capital expenditures — maintenance of rental income generating capacity	**8,486**	17,251	(50.8)	**14,191**	28,914	(50.9)
Total	**10,358**	46,413	(77.7)	**28,607**	92,621	(69.1)
Leasehold improvements	**5,755**	4,561	26.2	**16,719**	29,108	(42.6)
Leasing costs	**274**	1,850	(85.2)	**3,818**	8,579	(55.5)
Subtotal capital expenditures	**16,387**	52,824	(69.0)	**49,144**	130,308	(62.3)
Properties under development	**2,885**	9,581	(69.9)	**5,187**	11,283	(54.0)
Capitalized interests on properties under development	**—**	708	(100.0)	**580**	3,664	(84.2)
Total capital expenditures (including capitalized interests) [1]	**19,272**	63,113	(69.5)	**54,911**	145,255	(62.2)

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

Investment Properties Held for Sale

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

	Year ended December 31, 2022				Year ended December 31, 2021
	Office and mixed-use properties	Retail properties	Industrial and flex properties	Total	Total
	$	$	$	$	$
Investment properties					
Balance, beginning of year	**840,822**	**434,678**	**2,088,000**	**3,363,500**	20,990
Transfer from income properties	**399,950**	**85,428**	**—**	**485,378**	3,360,350
Transfers from properties under development and land held for future development	**1,900**	**5,967**	**—**	**7,867**	48,047
Capitalized costs	**8,152**	**3,722**	**(165)**	**11,709**	577
Change in fair value	**(20,064)**	**(7,807)**	**165**	**(27,706)**	(577)
Dispositions	**(966,760)**	**(473,123)**	**(2,088,000)**	**(3,527,883)**	(65,887)
Balance, end of year	**264,000**	**48,865**	**—**	**312,865**	3,363,500

	Year ended December 31, 2022				Year ended December 31, 2021
	Office properties	Retail properties	Industrial and flex properties	Total	Total
	$	$	$	$	$
Mortgages payable related to investment properties held for sale					
Balance, beginning of year	**329,601**	**224,787**	**438,397**	**992,785**	—
Transfer of mortgages payable related to (from) investment properties held for sale	**142,333**	**3,303**	**(4,918)**	**140,718**	992,785
Monthly repayments of principal	**(2,814)**	**(1,730)**	**(2,410)**	**(6,954)**	—
Repayments of balances	**(35,507)**	**(3,274)**	**(431,069)**	**(469,850)**	—
Mortgages payable assumed by the purchaser	**(337,174)**	**(223,086)**	**—**	**(560,260)**	—
Balance, end of year	**96,439**	**—**	**—**	**96,439**	992,785

During the year ended December 31, 2022, Cominar sold 239 investment properties held for sale for a total sale price of $3,527.9 million.

Dispositions of Investment Properties

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

Investments in Joint Ventures

December 31			2022	2021
Joint ventures	Address	City/province	Ownership interest	Ownership interest
Société en commandite Complexe Jules-Dallaire	2820 Laurier Boulevard	Québec, Québec	—[1]	75%
Société en commandite Marais	Du Marais Street	Québec, Québec	**75%**	75%
Société en commandite Bouvier-Bertrand	Espace Bouvier	Québec, Québec	—[2]	50%
Société en commandite Terrains Centropolis	Centropolis	Laval, Québec	**50%**	50%

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

Terrains Centropolis SEC is a residential development in partnership with Cogir/Divco, for approximately 535 units. The first phase of approximately 365 units is currently under construction and is expected to be delivered by Q3 2024. The second phase of approximately 170 units is in the construction permit approval process by the City of Laval and, if approved, the construction is expected to start in 2024.

Real Estate Operations

Occupancy Rate

	Committed
	December 31, 2022
Property type	
Office and mixed-use	**86.9 %**
Retail	**91.7 %**
Total	**89.2 %**

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

Lease Maturities

Years ending December 31	2023	2024	2025	2026	2027
Office and mixed-use					
Leasable area (sq. ft.)	867,635	730,710	768,090	296,956	1,020,454
% of total portfolio — Office and mixed-use	14.0 %	11.8 %	12.4 %	4.8 %	16.4 %
Retail					
Leasable area (sq. ft.)	1,113,798	574,514	534,850	296,393	457,359
% of portfolio — Retail	19.5 %	10.1 %	9.4 %	5.2 %	8.0 %
Portfolio total					
Leasable area (sq. ft.)	1,981,433	1,305,224	1,302,940	593,349	1,477,813
% of portfolio — Total	16.6 %	11.0 %	10.9 %	5.0 %	12.4 %

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

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

Issued and Outstanding Units

	Year ended December 31, 2022	Year ended December 31, 2021
	Units	Units
Units issued and outstanding, beginning of year	**182,451,026**	182,451,026
Parent company (IRIS) subscription under the Arrangement	**182,451,027**	—
Repurchase of units under the Arrangement	**(182,451,026)**	—
Units issued and outstanding, end of year	**182,451,027**	182,451,026

As at February 27, 2023, there were a total of 228,063,784 units of the REIT issued and outstanding, comprised of 182,451,027 units designated as "Redeemable Units" and 45,612,757 units designated as "Non-Redeemable Units". See "Subsequent Events" below for further information.

Risks and Uncertainties

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

Risk Factors Related to the Business of Cominar

Access to Capital 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 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/or developments, for the financing or refinancing of properties, for funding operating expenses or for other purposes. In addition, Cominar may be restricted from certain debt financing due to limitations on Cominar’s ability to incur debt set forth in the Contract of Trust or conditions in its debt instruments (including the Credit Facility and the Unsecured Debenture (as defined below)). Cominar’s access to the unsecured debenture market and the cost of any potential debt financing 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 Senior Debentures - Credit Ratings”.

Continued concerns over adverse effects on the economy caused by inflation and the systemic impact of volatile energy costs, geopolitical issues, supply chain issues, health events such as pandemics, and the availability and cost of credit may contribute to increased market volatility and weakened business and consumer confidence. Such economic uncertainties and market challenges may affect international and regional credit markets and other financial systems and global economic conditions. This 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 and unsecured debentures (the "Senior Debentures").. 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 and additional borrowings. 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.

Cominar has provided a secured guarantee of the obligations of IRIS, as borrower, under the Credit Facility. As at December 31, 2022, there was $174.1 million outstanding on the Credit Facility. There are certain covenants under the Credit Facility, which IRIS was in compliance with as at December 31, 2022.

Cominar is exposed to debt financing risks, including the risk that the existing hypothecary borrowings secured by its properties 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 also materially adversely impact Cominar. See "Risks and Uncertainties - Risk Factors Related to the Ownership of Senior Debentures - Credit Ratings."

Ownership of Immovable Property

All Immovable Property investments are subject to risk. 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, 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 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. 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. 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.

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 Réseau express métropolitain (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".

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 herein above 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.

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 September 9, 2022, DBRS removed Cominar's issuer rating and senior secured debentures' rating from Under Review with Developing Implications and confirmed both ratings at BB (high) with Stable trends.

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, 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.

Subsequent Events

Immediately following the taxation year that ended on December 31, 2022, Cominar issued 45,612,757 units designated as “Non-Redeemable Units” to IRIS, its sole unitholder. All units issued and outstanding as at December 31, 2022 were designated “Redeemable Units”. Non-Redeemable Units and Redeemable Units will at all times be equivalent in all respects, other than the right of redemption which only applies in respect of the Redeemable Units. All units, whether a Non-Redeemable Unit or a Redeemable Unit, represent a unitholder’s undivided and proportionate ownership interest in Cominar. Each unit whether a Non-Redeemable Unit or a Redeemable Unit, confers the right to vote at any meeting and to participate equally and rateably in all Cominar distributions.

On January 31, 2023, Cominar completed the sale of a retail property held for sale located in Québec City for a total amount of $3.4 million and used the net proceeds to declare and pay $3.3 million in cash distributions to IRIS.

On February 7, 2023, Cominar completed the sale of a retail property held for sale located in Montréal for a total amount of $7.5 million and used the net proceeds to declare and pay $7.3 million in cash distributions to IRIS.

On February 17, 2023, Cominar completed the sale of a retail property held for sale located in Montréal for a total amount of $9.0 million and used the net proceeds to declare and pay $8.8 million in cash distributions to IRIS.

Cominar