Interim Report

Quarter ended September 30, 2020
Unaudited

Cominar

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Interim Management's Discussion and Analysis

The following Interim Management's Discussion and Analysis ("MD&A") is provided to enable the reader to assess the results of operations of Cominar Real Estate Investment Trust ("Cominar," the "Trust" or the "REIT") for the quarter ended September 30, 2020, in comparison with the corresponding quarter of 2019, as well as its financial position as at that date and its outlook. Dated November 3, 2020, this Interim MD&A reflects all significant information available as of that date and should be read in conjunction with the condensed interim consolidated financial statements and accompanying notes included in this report, as well as the consolidated financial statements, accompanying notes and MD&A appearing in Cominar's most recent Annual 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 condensed interim consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Basis of Presentation

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

Additional information on Cominar, including its 2019 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, has approved the contents of this Interim MD&A.

Message to Unitholders

As the second half of the year started to unfold, COVID-19 had an ongoing negative impact on the economy and our society as a whole. While the absolute priority remains focused on health and safety, the third quarter marked a shift in the collective mindset with the increasing awareness that we must all learn to live with this terrible disease, at least until a vaccine is widely available. After a summer with steady improvements in COVID-19 reported cases and hospitalizations, combined with a relaxation of government-imposed confinement measures, the fall has brought back an important resurgence of cases and along with it, imposed closures of restaurants, gyms and many entertainment outlets such as cinemas, affecting many of our retail clients, once again.

Despite this recent setback, the third quarter saw the reopening of shopping malls following a twelve-week closure and office workers were granted access to their office, up to a maximum of 25% of capacity. However, on the onset of the second wave, work from home is prescribed once again, affecting our office segment. It goes without saying that despite significant improvements compared to the previous quarter, financial results for the third quarter have still been adversely impacted by the pandemic.

We find it important to shed some light on positive trends compared to the previous quarter. First, our rent collection for the third quarter stood at 95.6% of invoiced rent (compared to 89.7% for the second quarter). Second, expected credit losses for the quarter amounted to 4.9% of operating revenues (compared to 11.3% for the second quarter). Third, our FFO per unit reached 25 cents for the quarter (compared to 19 cents for the second quarter).

Although challenges persist in the retail segment, we remain optimistic about essential services, general merchandisers and other segments of the retail industry demonstrating greater resiliency. Despite the numerous announcements of retailers filing for creditor protection, we have remained active on the leasing front, with approximately 300,000 square feet of new leases in place for 2020. The third quarter also witnessed the successful openings of new banners, such as the Mayrand food warehouse and Boulangerie Ange at Mail Champlain, IGA at Rockland Centre, as well as Hart and Urban Planet stores at Centre les Rivières in Trois-Rivières. These openings have generated significant enthusiasm in their communities, from both consumers and the media, with results above expectations. During the third quarter, while foot traffic declined by 19% in our enclosed malls compared to previous year (excluding Alexis-Nihon and Place de la Cité that also have significant office components), sales declined by only 3%. We continue to believe that intensification is a value-creating endeavour worth pursuing in our retail portfolio and the Special Planning Program (PPU) of the Rockland Sector recently presented by the Town of Mount Royal is an important milestone in alignment with this vision.

The last few months have also seen increased discussions around offices, with work from home being highly encouraged as we fight the pandemic, also fostered by the current 25% occupancy limit set by the Québec government. Notwithstanding, the office segment remained resilient with a same property net operating income growth of 3.0%, a 7.6% growth in the average net rent of renewed leases and a 93.0% committed occupancy rate for the nine-month period ended September 30, 2020.

We are believers that the office remains key to the future of work: on the one hand, workers benefit from the social contact, mentorship opportunities and the lifestyle diversity that office life brings. On the other hand, we believe that the office is most conducive to innovation and collective productivity that organisations need to succeed. While there might be some challenges ahead as some organisations rethink their office needs, we expect that this asset class will demonstrate its resilience in the long run. We are actively shaping our discourse and working with our clients to rethink their office for the future.

Lastly, the industrial segment has strong fundamentals, as evidenced by consistent leasing activity observed in the market. Nearly 2 million square feet or 13% of our portfolio has been renewed since the beginning of the year with an average growth of 20% (23% in Montreal and 8% in Quebec City). During the quarter, our portfolio was impacted by COVID-19 in Québec City but we view this impact as temporary, considering ongoing strong demand. With over 15 million square feet in this asset class and one of the most important industrial portfolios in Eastern Canada, Cominar is well positioned to explore value-creating alternatives to maximize opportunities around this segment.

On the financial front, as at September 30, 2020, Cominar had $397 million of liquidity, including $392 million of availability on our $400 million unsecured credit facility. The $100 million of unsecured debentures maturing in November 2020 is to be repaid by drawing on our unsecured credit facility. During the quarter, we extended by one year the maturity of the mortgage on the CN Central Station, originally maturing in February 2021, to preserve our flexibility in respect of strategic alternatives for this landmark and unique property.

Notwithstanding a challenging environment for some of our sub sectors, we remain convinced of the strength of our portfolio and we continue to focus on maximizing unitholder value. This is why we launched a formal strategic alternatives review process, led by a Special Committee appointed by our Board of Trustees. With the assistance of our financial advisors National Bank Financial and BMO Capital Markets, we are actively exploring and analyzing alternatives to close the gap between what we believe to be our intrinsic value and the current trading price of our units. We will communicate with our unitholders in due course.

As an employer, we are continuing to monitor our employees' state of being, including physical and mental health, fatigue and engagement as well as engaging in a continuous dialogue with them to capture their ideas and concerns. Although the second-wave is difficult for individual morale and society as a whole, we believe that COVID-19 will ultimately be an accelerator of change, revealing the agility and adaptability of organisations and their employees. More than ever, we are ***physically distant, but more united than ever.***

René Tremblay
Chairman of the Board of Trustees

Sylvain Cossette
President and Chief Executive Officer

November 3, 2020

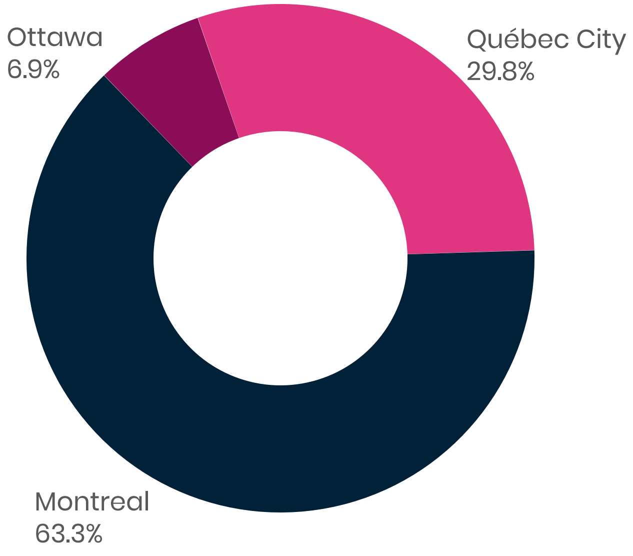
Highlights

Quarter ended September 30, 2020

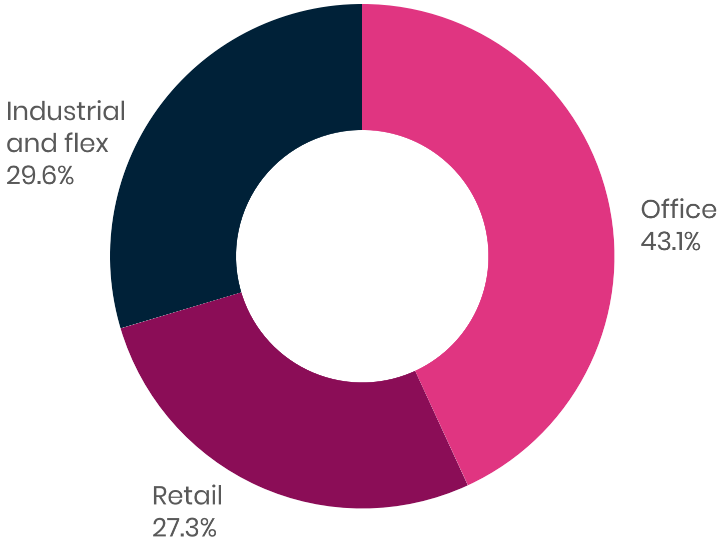
Financial Highlights

Rent collection for the third quarter Rent collection for the second quarter : 89.7%	**95.6%**
FFO[1] per unit FFO[1] per unit for the second quarter: $0.19	**$0.25**
Reduction in same property net operating income[1,2] Nine-month period ended September 30, 2020 : (6.5)%	**(8.1)%**
Growth in the average net rent of renewed leases for the nine-month period ended September 30, 2020	**8.8%**
Decrease in the committed occupancy rate from 94.4% (September 30, 2019) to	**93.8%**
Increase in leverage[1,2,3] from 51.4% (December 31, 2019) to	**54.4%**
AFFO[1] payout ratio[2] Nine-month period ended September 30, 2020 : 102.1%	**70.6%**

NOI by Geographic Market[4]



NOI by Property Type[4]



[1] Refer to section "Non-IFRS Financial Measures".
[2] The quarter ended September 30, 2020 includes estimated financial impact of COVID-19.
[3] 54.5% as at June 30, 2020.
[4] Quarter ended September 30, 2020.

Subsequent Events

On October 15, 2020, Cominar declared a monthly distribution of $0.03 per unit.

On November 2, 2020, Cominar reimbursed at maturity its Series 3 senior unsecured debentures totaling $100.0 million and bearing interest at 4.00% using its unsecured renewable credit facility.

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. 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 immoveable 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, 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 Interim MD&A. We do not assume any obligation to update the aforementioned forward-looking statements, except as required by applicable laws.

Additional information about these factors can be found in the "Risks and Uncertainties" section of this Interim MD&A, as well as in the "Risk Factors" section of Cominar’s 2019 Annual Information Form.

Non-IFRS Financial Measures

Cominar's Condensed interim consolidated financial statements are prepared in accordance with IFRS. However, in this Interim MD&A, we provide guidance and report on certain non-IFRS measures and other performance indicators which management uses to evaluate Cominar's performance. Because non-IFRS measures do not have standardized meanings and may differ from similar measures presented by other entities, securities regulations require that non-IFRS measures be clearly defined and qualified, reconciled with their closest IFRS 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.

Cominar measures the success of its strategy using a number of performance indicators:

Non-IFRS Performance Indicators

- **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 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 Interim MD&A, the balances at Cominar's proportionate share have been reconciled back to relevant IFRS measures;

- **Net operating income ("NOI")**: NOI is a measure presented in the statement of comprehensive income in Cominar's consolidated financial statements, which is calculated as revenues less property operating expenses such as utilities, repairs and maintenance and realty taxes. NOI does not include charges for interest 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;

- **Same property NOI**: Same property NOI is a non-IFRS 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. Same property NOI includes the results of properties owned by Cominar as at December 31 2018, with the exception of results for properties sold, acquired or under development in 2019 and 2020, 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 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 (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 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;

- **Adjusted cash flow from operations ("ACFO")**: ACFO is a non-IFRS measure that is derived from the operating cash flows provided by operating activities (in accordance with IFRS) and is calculated by Cominar as defined by REALpac and provides a helpful real estate benchmark to measure Cominar's ability to generate stable cash flows;

- **Debt ratio**: Debt ratio is a non-IFRS 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;

- **Debt to earnings before interest, income taxes, depreciation and amortization ("EBITDA") ratio**: Debt to EBITDA is a non-IFRS measure 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 measure 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.

Other Performance Indicators

- **Committed occupancy rate**: Committed occupancy is a measure used by Cominar to give an indication of the future economic health of the geographical regions and sectors in which Cominar owns properties by taking the leasable area occupied by clients to which is added the leasable area of the leases signed but which have not already started, divided by the leasable area of our real estate portfolio excluding the areas currently under redevelopment;

- **In-place occupancy rate**: In-place occupancy is a measure used by Cominar to give an indication of the current economic health of the geographical regions and sectors in which Cominar owns properties by taking the leasable area occupied by clients, divided by the leasable area of our real estate portfolio;

- **Retention rate**: Retention rate is a measure used by Cominar to assess client satisfaction and loyalty;

- **Growth in the average net rent on renewed leases**: Growth in the average net rent on renewed leases is a measure used by Cominar to measure organic growth and gives an indication of Cominar's capacity to increase its rental income.

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

Financial and Operational Highlights

Periods ended September 30	Quarter[2] 2020 $	Quarter[2] 2019 $	% Δ	Year-to-date (nine months)[3] 2020 $	Year-to-date (nine months)[3] 2019 $	% Δ	Page
Financial performance							
Operating revenues — Financial statements	**162,505**	171,539	(5.3)	**495,164**	530,110	(6.6)	20
Operating revenues — Cominar's proportionate share [1]	**166,711**	175,884	(5.2)	**508,051**	543,074	(6.4)	20
NOI — Financial statements	**80,916**	91,438	(11.5)	**239,231**	267,106	(10.4)	22
NOI — Cominar's proportionate share [1]	**83,445**	93,914	(11.1)	**246,803**	274,460	(10.1)	22
Same property NOI [1]	**83,136**	90,457	(8.1)	**245,215**	262,368	(6.5)	23
Change in fair value of investment properties — Financial statements	**(45)**	(2,559)	(98.2)	**(319,468)**	5,511	N/M	20
Net income (loss)	**44,145**	47,456	(7.0)	**(229,000)**	143,239	(259.9)	27
Adjusted net income	**44,601**	51,688	(13.7)	**128,850**	148,850	(13.4)	28
Funds from operations (FFO) [1]	**45,437**	51,802	(12.3)	**124,695**	145,962	(14.6)	28
Adjusted funds from operations (AFFO) [1]	**31,758**	38,370	(17.2)	**85,656**	105,338	(18.7)	28
Cash flows provided by operating activities — Financial statements	**30,321**	74,579	(59.3)	**71,840**	112,156	(35.9)	31
Adjusted cash flow from operations (ACFO) [1]	**43,425**	36,599	18.7	**66,516**	114,902	(42.1)	31
Distributions	**21,894**	32,769	(33.2)	**87,560**	98,295	(10.9)	32
Total assets				**6,559,587**	6,521,592	0.6	18
Per unit financial performance							
Net income (net loss) (basic and diluted)	**0.24**	0.26	(7.7)	**(1.25)**	0.79	(258.2)	27
Adjusted net income (diluted) [1]	**0.24**	0.28	(14.3)	**0.71**	0.82	(13.4)	28
Funds from operations (FFO)(FD) [1,4]	**0.25**	0.28	(10.7)	**0.68**	0.80	(15.0)	28
Adjusted funds from operations (AFFO)(FD) [1,4]	**0.17**	0.21	(19.0)	**0.47**	0.58	(19.0)	28
Adjusted cash flow from operations (ACFO)(FD) [1,4]	**0.24**	0.20	20.0	**0.36**	0.63	(42.9)	31
Distributions	**0.12**	0.18	(33.3)	**0.48**	0.54	(11.1)	32
Payout ratio of adjusted cash flow from operations (ACFO) [1,4]	**50.0 %**	90.0 %	(44.4)	**133.3 %**	85.7 %	55.5	31
Payout ratio of adjusted funds from operations (AFFO) [1,4]	**70.6 %**	85.7 %	(17.6)	**102.1 %**	93.1 %	9.7	28
Net asset value per share				**15.57**	15.73	(1.0)	
Financing							
Debt ratio [1,5]				**54.4 %**	53.8 %		35
Debt/EBITDA ratio [1]				**11.4 x**	10.3 x		35
Interest coverage ratio [1,6]				**2.28:1**	2.34:1		36
Weighted average interest rate on total debt				**3.80 %**	4.12 %		32
Residual weighted average term of total debt (years)				**4.1**	3.9		32
Unsecured debt-to-total-debt ratio [7]				**33.0 %**	40.9 %		36
Unencumbered income properties				**2,004,519**	2,152,170		36
Unencumbered assets to unsecured debt ratio [8]				**1.71:1**	1.50:1		36
Operational data							
Number of investment properties				**314**	331		37
Leasable area (in thousands of sq. ft.)				**35,821**	36,525		37
Committed occupancy rate				**93.8 %**	94.4 %		39
In-place occupancy rate				**91.3 %**	90.3 %		39
Retention rate				**65.1 %**	66.0 %		39
Growth in the average net rent of renewed leases				**8.8 %**	2.4 %		39
Development activities							
Properties under development — Cominar's proportionate share [1]				**53,537**	48,923		18

1 *Refer to section "Non-IFRS Financial Measures".*
2 *The quarter ended September 30, 2020 includes the estimated financial impact of COVID-19 and $0.3 million in strategic alternatives consulting fees (includes $1.0 million from the settlement approved by the court between Target Canada and its creditors, $1.1 million of debenture redemption costs and $0.9 million of restructuring costs for the quarter ended September 30, 2019).*
3 *In addition to the quarter events explained above, the nine-month period ended September 30, 2020 includes $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 ($3.9 million of restructuring costs and $1.0 million in severance allowance paid following the departure of an executive officer for the nine-month period ended September 30, 2019).*
4 *Fully diluted.*
5 *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.*
6 *Net operating income less adjusted Trust administrative expenses divided by finance charges.*
7 *Unsecured debt divided by total debt.*
8 *Fair value of unencumbered income properties divided by the unsecured net debt.*

Selected Quarterly Information

Quarters ended	Sept. 2020 [2] $	Jun. 2020 [3] $	Mar. 2020 [4] $	Dec. 2019 [5] $	Sept. 2019 [6] $	Jun. 2019 [7] $	Mar. 2019 [8] $	Dec. 2018 $
Financial performance								
Operating revenues — Financial statements	**162,505**	160,550	172,109	173,931	171,539	176,627	181,944	176,073
Operating revenues — Cominar's proportionate share [1]	**166,711**	164,829	176,511	178,161	175,884	180,946	186,244	180,116
NOI — Financial statements	**80,916**	72,590	85,725	91,216	91,438	88,983	86,685	91,128
NOI — Cominar's proportionate share [1]	**83,445**	75,077	88,281	93,695	93,914	91,468	89,078	93,526
Change in fair value of investment properties — Financial statements	**(45)**	(320,631)	1,208	270,964	(2,559)	8,291	(221)	(276,160)
Impairment of goodwill — Financial Statements	**—**	(15,721)	—	—	—	—	—	(120,389)
Net income (net loss)	**44,145**	(318,119)	44,974	319,265	47,456	51,474	44,309	(353,353)
Adjusted net income	**44,601**	35,714	48,535	53,423	51,688	50,250	46,912	50,684
FFO [1]	**45,437**	34,217	45,041	49,165	51,802	47,273	46,887	50,883
AFFO [1]	**31,758**	21,117	32,781	35,622	38,370	33,441	33,527	39,047
Cash flows provided by operating activities — Financial statements	**30,321**	25,076	16,443	79,712	74,579	14,126	23,451	74,118
ACFO [1]	**43,425**	(6,046)	29,137	29,490	36,599	40,497	37,806	38,372
Distributions	**21,894**	32,840	32,827	32,773	32,769	32,768	32,758	32,749
Per unit								
Net income (net loss) (basic)	**0.24**	(1.74)	0.25	1.75	0.26	0.28	0.24	(1.94)
Net income (net loss) (diluted)	**0.24**	(1.74)	0.25	1.75	0.26	0.28	0.24	(1.94)
Adjusted net income (diluted) [1]	**0.24**	0.20	0.27	0.29	0.28	0.28	0.26	0.28
FFO (FD) [1,9]	**0.25**	0.19	0.25	0.27	0.28	0.26	0.26	0.28
AFFO (FD) [1,9]	**0.17**	0.12	0.18	0.20	0.21	0.18	0.18	0.21
ACFO (FD) [1,9]	**0.24**	(0.03)	0.16	0.16	0.20	0.22	0.21	0.21
Distributions	**0.12**	0.18	0.18	0.18	0.18	0.18	0.18	0.18

1 *Refer to "Non-IFRS Financial Measures."*
2 *Includes the estimated financial impact of COVID-19 and $0.3 million in strategic alternatives consulting fees.*
3 *Includes the estimated financial impact of COVID-19 and $2.5 million in yield maintenance fees paid in connection with the debenture Series 4 redemption.*
4 *Includes $4.6 million of penalties paid on mortgage repayments before maturity.*
5 *Includes $5.2 million of penalties paid on mortgage repayments before maturity.*
6 *Includes $1.0 million from the settlement approved by the court between Target Canada and its creditors, $1.1 million of debenture redemption costs and $0.9 million of restructuring costs.*
7 *Includes $3.9 million of restructuring costs.*
8 *Includes a $1.0 million severance allowance paid following the departure of an executive officer.*
9 *Fully diluted.*

General Business Overview

Cominar Real Estate Investment Trust is one of the largest property owners and managers in the Province of Quebec. As at September 30, 2020, Cominar owned a diversified portfolio of 314 properties, composed of office, retail and industrial and flex buildings, of which 195 were located in the Montreal area, 100 in the Québec City area and 19 in the Ottawa area. Cominar's portfolio consisted of approximately 11.0 million square feet of office space, 9.5 million square feet of retail space and 15.4 million square feet of industrial and flex space, representing a total leasable area of 35.8 million square feet.

Cominar's focus is on growing NOI, net asset value and exploiting, when economically viable, expansion or redevelopment opportunities that provide attractive risk adjusted returns. Growth in cash flows from existing properties in the portfolio is expected to be achieved by: (i) increases in rental rates on existing and new leases; (ii) improved occupancy and retention rates, as well as proactive leasing strategies centered on value; (iii) sound management of operating costs; and (iv) disciplined allocation of capital and rigorous control of capital expenditures.

Real Estate Portfolio Summary as at September 30, 2020

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	79	10,990,000	93.0 %	91.9 %
Retail	44	9,480,000	90.9 %	85.6 %
Industrial and flex	191	15,351,000	96.3 %	94.6 %
Total	**314**	**35,821,000**	**93.8 %**	**91.3 %**

Geographic market	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate	In-place occupancy rate
Montreal	195	23,616,000	94.0 %	91.8 %
Québec City	100	9,763,000	93.9 %	91.4 %
Ottawa	19	2,442,000	91.9 %	86.8 %
Total	**314**	**35,821,000**	**93.8 %**	**91.3 %**

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

In 2019, we completed a detailed strategic review of our operations and began the implementation of a clearly defined plan, presented to investors in October 2019, to solidify Cominar's financial position, create value for unitholders and position the REIT for growth. Cominar was progressing well prior to the COVID-19 pandemic. The COVID-19 pandemic has had an adverse impact on the REIT's results and operations and on March 27th, 2020 we withdrew our guidance. Although our ability to achieve the three-year financial objectives as laid out in our strategic plan and outlined in our 2019 annual report is difficult to forecast in the current environment, the core pillars of our transformation plan remain intact.

Our current strategic plan includes:

- A series of concrete actions to add additional revenue streams, reduce operating costs and streamline G&A. Initiatives include new sources of revenue, workforce optimization, outsourcing arrangements, operating cost reductions, process automation and leveraging technology among others.
- Creation of a dedicated asset management platform to maximize portfolio returns and enhance the investment decision making process. Our asset management team is in place and we have completed a thorough review of the majority of our portfolio.
- A focus on strengthening and de-risking our balance sheet and a commitment to prudent management of our capital structure including strategic refinancing and multi-year planning.
- A responsible approach to CAPEX aimed at creating value and maximizing free cash flow.
- Targeted dispositions as market conditions permit, including the reduction of our exposure to lower-quality, non-core assets, and the disposition of fully valued liquid assets to provide price discovery and unlock trapped equity value. Our asset strategy also includes the exploration of joint venture opportunities.

As the COVID-19 pandemic restrictions are eased, we are reviewing our strategic plan, including a greater emphasis on the industrial and flex asset class and a down weighting in the retail asset class.

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, Paul Campbell, Mitchell Cohen and Karen Laflamme. Zachary George was initially designated to be a member of the committee. Mr. George however recused himself on September 23, 2020 in light of the potential for actual or perceived conflicts of interest. The REIT has not established a definitive timeline to complete the strategic review process and no decisions have been reached at this time. There can be no assurance that this strategic review process will result in any transaction or, if a transaction is undertaken, as to the terms or timing of such a transaction. The REIT does not currently intend to disclose further developments with respect to this process, unless and until it is determined that disclosure is necessary or appropriate.

Overview of the Third Quarter of 2020

Net Income: Net income for the quarter ended September 30, 2020 amounted to $44.1 million compared to $47.5 million in the previous year's comparable period. This reflects a decrease of $10.5 million in net operating income related to the COVID-19 impact, partially offset by an increase of $2.5 million in change in fair value of investment properties, a decrease of $3.9 million in finance charges and a decrease of $0.9 million in restructuring costs. Refer to section "COVID-19 - impact analysis and risks".

Adjusted Net Income[1]: For the quarter ended September 30, 2020, Cominar generated adjusted net income of $44.6 million compared to $51.7 million for the previous year's comparable period. The decrease is mainly due to the decrease in net operating income related to COVID-19 and from properties sold in 2019 and 2020.

FFO[1]: Fully diluted funds from operations ("FFO") for the quarter ended September 30, 2020 was $0.25 per unit compared to $0.28 for the previous year's comparable period due mainly to the decrease in NOI.

AFFO[1]: Fully diluted adjusted funds from operations ("AFFO") for the quarter ended September 30, 2020 was $0.17 per unit compared to $0.21 for the previous year's comparable period. AFFO decreased from the corresponding quarter of 2019 due mainly to the decrease in FFO.

Same Property NOI[1]: Same property NOI ("SPNOI") decreased by $7.3 million or 8.1% for the quarter ended September 30, 2020 compared to the same period in 2019. The decrease is mainly attributable to the financial impact of COVID-19 which impacted Cominar for the months of July, August and September 2020 (refer to section "COVID-19 - Impact analysis and risks") and from the properties sold in 2019 and 2020, partially offset by an increase in the average in-place occupancy rate year over year, from the growth in the average net rent of renewed leases and the positive impact of decreases in operating costs and realty taxes and services.

Occupancy: As at September 30, 2020, Cominar’s in-place occupancy was 91.3% compared to 91.7% at year-end 2019 and 90.3% at September 30, 2019. As at September 30, 2020 the committed occupancy rate was 93.8%, compared to 95.1% at year-end 2019 and 94.4% at September 30, 2019.

Leasing activity: The retention rate for 2020 was 65.1%. Average net rent on 3.1 million sq.ft. of lease renewals for the nine-month period ended September 30, 2020 increased by 8.8% (20.0% for the industrial and flex portfolio, 7.6% for the office portfolio and (2.1)% for the retail portfolio). New leasing totaled 1.7 million sq.ft. New and renewal leasing represented 92.2% of 2020 lease maturities.

Balance Sheet: As at September 30, 2020, Cominar’s debt ratio was 54.4%, up from 51.4% at year-end 2019, which reflects a decrease in the fair value of investment properties of $319.5 million, and up from 53.8% as at September 30, 2019. The debt to EBITDA ratio at the end of the third quarter of 2020 increased to 11.4x, from 10.6x at December 31, 2019 and 10.3x at September 30, 2019. As at September 30, 2020 our unencumbered asset pool totaled $2.0 billion and our unencumbered asset ratio was 1.71x, down from 1.82x at year-end 2019 and up from 1.50x at September 30, 2019.

Our available liquidity of $397.1 million consisted of $391.6 million of availability under our unsecured credit facility and $5.5 million of cash and cash equivalents at September 30, 2020. This healthy liquidity position results from the offering of $150 million principal amount of 5.95% Series 12 debentures that closed on May 4, 2020 and from the new secured credit line totaling $120 million that closed on June 9, 2020.

Expected credit losses: For the quarter ended September 30, 2020, expected credit losses of $8.0 million were recorded, mainly due COVID-19, of which $7.0 million is for retail, $0.9 million is for office and $0.2 million is for industrial.

Properties held for sale: At the end of September 2020, Cominar had 5 income properties having a fair value of $231.2 million presented as investment properties held for sale.

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

COVID-19 - Impacts analysis and risks

In mid-March the Government of Québec declared a provincial public health emergency and put in place numerous stringent measures to protect Quebecers and to slow the spread of the COVID-19 virus including the closing as of March 25, 2020 of all non-essential stores and services. These measures included the closure of all Cominar shopping malls and Cominar non-essential businesses. Grocery stores, pharmacies and SAQ outlets remained open. In the office segment, a significant number of our office tenants migrated to teleworking.

On March 16, 2020 the REIT implemented work from home measures, increased sanitation and health and safety measures at its properties which remained open, closed its enclosed malls and implemented special protocols at its office buildings for tenants operating “essential services”.

As COVID-19 cases diminished in the Province of Quebec, residential construction sites in Québec were reopened as of April 20, 2020 and a gradual reopening of certain businesses began on May 4, 2020. On June 1, 2020 shopping centers outside of Montreal were reopened, followed by a reopening of restaurants outside of Montreal on June 15, 2020. In the Montreal region, shopping centers and restaurants were reopened on June 19, 2020 and June 22, 2020, respectively. All of our shopping centers reopened on the first day legally authorized. Cominar played a leadership role in designing and implementing protocols for the benefit and safety of tenants and customers. The COVID-19 pandemic has had and continues to have an adverse impact on the REIT's financial results and operations.

On July 6, 2020, the REIT implemented a return to work program, on a voluntary basis, within the limits set by the provincial government. Since July 18, 2020, in Quebec, private employers, whose staff worked from home, are allowed to a return of their workforce with an occupancy rate of up to a maximum of 25%. However, teleworking remains strongly encouraged by the relevant Quebec authorities.

During the COVID-19 lockdown, access to Industrial buildings remained under the control of tenants as access is exclusive for each tenant. We however increased security patrols of our industrial properties as usage decreased following government directives limiting business activity to essential services.

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.

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.

Over the coming months, we will continue to work with our 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.

Canada Emergency Commercial Rent Assistance (CECRA)

On April 28, 2020, the Federal government reached an agreement in principle with all provinces and territories to implement the Canada Emergency Commercial Rent Assistance (CECRA) for qualifying commercial landlords and small business tenants. CECRA provides relief for small businesses experiencing financial hardship due to COVID-19. Over the course of the program, it allows landlords to reduce rent by 75 % from April to September 2020 for their small business tenants. CECRA will cover 50 % of the rent, with the tenant paying 25 % and the landlord forgiving 25 %. The Québec government announced a program which covers 50% of the landlord's forgiveness of 25% of the second and third quarter rent. Following a detailed analysis of the CECRA guidelines published by the federal government, Cominar concluded that the tenant acts as the principal and Cominar acts as the agent and consequently, Cominar records the CECRA (and the Québec government program) portion of the rent as a rent to be paid by 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 is considered as an expected credit loss. The tenant portion of the program is 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.

Canada Emergency Rent Subsidy (CERS)

On October 9, 2020, the Federal government announced the launch of a new program, the Canada Emergency Rent Subsidy (CERS) to provide rent support until June 2021 for qualifying organizations affected by COVID-19. This program is the successor to the CECRA program which ended last September. CERS is to be offered directly to qualifying organizations, without having go through landlords.

The government is expected to introduce legislation to implement CERS in the near future. As announced, CERS will fund up to 65% of rent payments for businesses whose revenues have decreased by 70% or more, and those whose revenues have decreased by less than 70% will receive an amount that will vary according to the severity of their losses. In addition, businesses that have been forced to temporarily close their doors due to mandatory prescriptions issued by an eligible public health authority could benefit from a complementary subsidy at the rate of 25%, which would be added to the 65% subsidy for total funding covering up to 90% of eligible expenses. Eligible businesses could apply retroactively for the period from September 27 to October 24, 2020. The rules apply until December 19, 2020, with the program to be adapted in December for 2021.

Rent collection

Rent Collection Summary [1]

	Quarter ended September 30, 2020				Quarter ended June 30, 2020			
	Office	**Retail**	**Industrial**	**Total**	**Office**	**Retail**	**Industrial**	**Total**
Collected and negotiated agreements	**98.6 %**	**95.4 %**	**98.8 %**	**97.6 %**	96.6 %	92.5 %	96.8 %	95.3 %
o/w received [2]	**98.4 %**	**90.1 %**	**98.4 %**	**95.6 %**	96.1 %	77.0 %	95.6 %	89.7 %
o/w to be received								
from tenants (25% CECRA)	**0.1 %**	**0.3 %**	**0.3 %**	**0.2 %**	0.1 %	— %	0.3 %	0.1 %
from tenants (other negotiated agreements)	**0.1 %**	**5.1 %**	**— %**	**1.8 %**	0.4 %	15.4 %	0.9 %	5.5 %
To be received (no agreements) [3]	**1.4 %**	**4.6 %**	**1.2 %**	**2.4 %**	3.4 %	7.5 %	3.2 %	4.7 %
Total	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	100.0 %	100.0 %	100.0 %	100.0 %
Eligible for CECRA	**2.4 %**	**27.8 %**	**5.9 %**	**11.9 %**	2.4 %	29.9 %	6.0 %	12.3 %

1 As at November 3, 2020. As percentage of invoiced rent.
2 Includes payments already received by some of the CECRA eligible tenants and the payments received or to be received from governments under the CECRA program.
3 Includes tenants that are not eligible for CECRA and those with whom no deferral or credit/rent reduction has been granted, as such tenants are considered to have the capacity to pay the full amount of rent.

The following table highlights trade receivables composition as at September 30, 2020 :

Trade receivables	Total
As at September 30, 2020	$
Trade receivables	
CECRA program - receivables from governments	7,536
Short-term rent deferrals	3,612
Other trade receivables	50,216
Trade receivables	61,364
Provision for expected credit losses	(15,310)
Total net trade receivables	46,054

The reconciliation of changes in the provision for expected credit losses on amounts receivable is included in the following table for the nine-month period ended September 30, 2020:

	Nine-month period ended September 30, 2020
	$
Balance, beginning of period	**6,482**
Additional provision recognized as expense	**11,977**
Tenant receivables written off during the period	**(3,149)**
Balance, end of period	**15,310**

The following table presents the expected credit losses (expense) for the periods ended September 30, 2020:

Quarter ended September 30, 2020	Office $	Retail $	Industrial and flex $	Total $
Expected credit losses on short-term rent deferrals	44	(427)	24	(359)
Expected credit losses on trade receivables	159	4,044	(441)	3,762
	203	3,617	(417)	3,403
Expected credit losses - owner portion of CECRA (12.5%)	286	1,286	199	1,771
Expected credit losses - rent reduction	386	2,078	378	2,842
Total expected credit losses	875	6,981	160	8,016
Percentage of operating revenues	1.3 %	11.8 %	0.4 %	4.9 %

Total expected credit losses for the quarter ended September 30, 2020 amounted to $8.0 million (compared to $18.2 million for the quarter ended June 30, 2020) or 4.9% of operating revenues (compared to 11.3%) and break down to $9.9 million of expected credit losses for the quarter ended September 30, 2020, partially offset by a positive adjustment of $1.8 million for the quarter ended June 30, 2020. Taking into account this adjustment, expected credit losses for the quarter ended June 30, 2020 amounted to $16.4 million or 10.2% of operating revenues.

Year-to-date (nine months)	Office $	Retail $	Industrial and flex $	Total $
Expected credit losses on short-term rent deferrals	314	400	217	931
Expected credit losses on trade receivables	1,116	9,056	874	11,046
	1,430	9,456	1,091	11,977
Expected credit losses - owner portion of CECRA (12.5%)	456	3,781	550	4,787
Expected credit losses - rent reductions	950	9,476	817	11,243
Total expected credit losses	2,836	22,713	2,458	28,007
Percentage of operating revenues	1.4 %	12.7 %	2.1 %	5.7 %

Cominar's expected credit loss for the nine-month period ended September 30, 2020 includes estimates of the landlord portion of the CECRA program which represents 12.5% of the eligible tenant's rent, of the uncertainty of the recoverability of rents related to tenants, including tenants part of the CECRA program, of the uncertainty of the recoverability on short-term rent deferrals, of rent reductions provided to tenants related to rents already recognized as a receivable when the tenant made a request for financial assistance and of the uncertainty of the recoverability of all other receivables.

***Operating* results**

COVID-19 has impacted Cominar’s financial results. In particular, COVID-19 has impacted the capacity of our clients to pay their rent in full or in part. The CECRA program requires landlords to absorb 25% of gross rent for the months of April to September 2020 in respect of clients eligible for the federal program. The Québec government announced that it will make up 50% of this loss. Cominar has also granted several relief measures ranging from rent reductions to deferred rent payments up to 12 months to clients ineligible for government programs. All of these initiatives contributed to a significant increase in rent receivable and expected credit losses of $18.2 million for the second quarter and $8.0 million for the third quarter. Management estimates the portion of expected credit losses attributable to COVID-19 at $25.2 million.

In addition, our revenues were also affected by lower revenues from percentage leases and by decreases in temporary rentals and parking revenues. Recoverable operating revenues also declined significantly due to reductions in our operating expenses following the impacts of COVID-19 and other decreases in line with our strategic plan.

Property values

As at June 30, 2020, management revalued the entire real estate portfolio. Using internal and external valuations or by using estimates based on data by property type and geographic market from internal and external valuations and available market data to reflect the impact of COVID-19, management determined that a net decrease of $319.5 million was necessary to adjust the carrying amount of investment properties to fair value. Refer to 'Change in Fair Value of Investment Properties' section.

Capital expenditures and cost management

To minimize the impact on free cash flows of the pressure on revenues resulting from the pandemic, Cominar is working to reduce operating expenses and capital expenditures. Various initiatives aimed at reducing or deferring operating expenses and capital expenditures have been implemented, including reduction of tenant incentives where feasable and capital investments, deferral of property tax and hydro payments, temporary layoffs and reduction of operating costs, including energy and cleaning and maintenance services costs. These initiatives related to operations have already reduced the same property operating expenses (excluding realty taxes and services) for the nine-month period ended September 30, 2020 of an estimated $4.9 million when compared to budgeted expenses. When compared to the nine-month period ended September 30, 2019, those expenses decreased by $3.0 million. Total operating expenses excluding the estimated COVID-19 impact and expected credit losses decreased by $17.2 million when compared to budgeted operating expenses for the nine-month period.

Transaction activity

Amid the spread of COVID-19, Cominar expects liquidity in property markets to be negatively impacted and as a result, transaction activity through the end of the year will be subject to market receptivity. Cominar continues to see value in properties such as its CN Central Station property in Montreal and is re-evaluating its value-maximization alternatives for this unique and strategic property as market and economic conditions evolve.

Refer to Risks and Uncertainties section of this interim MD&A, as well as in the 'Risk Factors' section of Cominar 2019 Annual and Information Form for a complete list of the various risk factors that may have an impact on the REIT.

Properties held for sale

During the nine-month period ended September 30, 2020, Cominar transferred 4 income properties having a fair value of $238.6 million to investment properties held for sale.

Enhanced liquidity position

1. Cominar had a liquidity position of $397.1 million as at September 30, 2020, which was enhanced during the second quarter by an offering of $150 million principal amount of 5.95% Series 12 debentures that closed on May 4, 2020 and by a new secured credit line totaling $120 million that closed on June 9, 2020.

2. During the quarter, the REIT extended the maturity of the $240 million mortgage on the Gare Centrale property for a twelve-month period in order to enhance our flexibility in respect of our review of strategic alternatives for this property.

3. Subsequent to the quarter, Cominar reimbursed at maturity its Series 3 senior unsecured debentures totaling $100.0 million and bearing interest at 4.00% using its unsecured renewable credit facility.

Reconciliations to Cominar's Proportionate Share

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

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

	As at September 30, 2020			As at December 31, 2019		
	Condensed interim consolidated financial statements	Joint ventures	Cominar's proportionate share[1]	Consolidated financial statements	Joint ventures	Cominar's proportionate share[1]
	$	$	$	$	$	$
Assets						
Investment properties						
Income properties	**5,958,522**	**165,200**	**6,123,722**	6,412,739	171,573	6,584,312
Properties under development	**48,496**	**5,041**	**53,537**	41,471	5,900	47,371
Land held for future development	**98,785**	**6,038**	**104,823**	100,507	7,631	108,138
	6,105,803	**176,279**	**6,282,082**	6,554,717	185,104	6,739,821
Investment properties held for sale	**231,227**	**—**	**231,227**	11,730	—	11,730
Investments in joint ventures	**91,665**	**(91,665)**	**—**	97,456	(97,456)	—
Goodwill	**—**	**—**	**—**	15,721	—	15,721
Accounts receivable	**70,974**	**1,689**	**72,663**	37,930	431	38,361
Prepaid expenses and other assets	**54,375**	**1,046**	**55,421**	22,232	94	22,326
Cash and cash equivalents	**5,543**	**(530)**	**5,013**	152,634	639	153,273
Total assets	**6,559,587**	**86,819**	**6,646,406**	6,892,420	88,812	6,981,232
Liabilities						
Mortgages payable	**1,997,877**	**81,140**	**2,079,017**	2,114,021	82,981	2,197,002
Mortgages payable related to the investment properties held for sale	**100,856**	**—**	**100,856**	—	—	—
Debentures	**1,170,054**	**—**	**1,170,054**	1,320,962	—	1,320,962
Bank borrowings	**303,048**	**4,100**	**307,148**	180,000	4,100	184,100
Accounts payable and accrued liabilities	**141,879**	**1,579**	**143,458**	126,543	1,731	128,274
Deferred tax liabilities	**93**	**—**	**93**	93	—	93
Distributions payable to unitholders	**5,473**	**—**	**5,473**	—	—	—
Total liabilities	**3,719,280**	**86,819**	**3,806,099**	3,741,619	88,812	3,830,431
Unitholders' equity						
Unitholders' equity	**2,840,307**	**—**	**2,840,307**	3,150,801	—	3,150,801
Total liabilities and unitholders' equity	**6,559,587**	**86,819**	**6,646,406**	6,892,420	88,812	6,981,232

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

Quarters ended September 30	2020 [1]			2019 [1]		
	Condensed interim consolidated financial statements	Joint ventures	Cominar's proportionate share[2]	Condensed interim consolidated financial statements	Joint ventures	Cominar's proportionate share[2]
	$	$	$	$	$	$
Operating revenues	**162,505**	**4,206**	**166,711**	171,539	4,345	175,884
Operating expenses	**(81,589)**	**(1,677)**	**(83,266)**	(80,101)	(1,869)	(81,970)
NOI	**80,916**	**2,529**	**83,445**	91,438	2,476	93,914
Finance charges	**(33,575)**	**(937)**	**(34,512)**	(37,486)	(987)	(38,473)
Trust administrative expenses	**(4,579)**	**(4)**	**(4,583)**	(3,818)	(2)	(3,820)
Change in fair value of investment properties	**(45)**	**—**	**(45)**	(2,559)	—	(2,559)
Share of joint ventures' net income	**1,588**	**(1,588)**	**—**	1,487	(1,487)	—
Transaction costs	**(161)**	**—**	**(161)**	(748)	—	(748)
Restructuring costs	**—**	**—**	**—**	(858)	—	(858)
Net income before income taxes	**44,144**	**—**	**44,144**	47,456	—	47,456
Current income taxes	**1**	**—**	**1**	—	—	—
Net income and comprehensive income	**44,145**	**—**	**44,145**	47,456	—	47,456

1 The quarter ended September 30, 2020 includes the estimated financial impact of COVID-19 and $0.3 million in strategic alternatives consulting fees (includes $1.0 million from the settlement approved by the court between Target Canada and its creditors, $1.1 million of debenture redemption costs and $0.9 million of restructuring costs for the quarter ended September 30, 2019).

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

For the nine-month periods ended September 30	2020 [1]			2019 [1]		
	Condensed interim consolidated financial statements	Joint ventures	Cominar's proportionate share [2]	Condensed interim consolidated financial statements	Joint ventures	Cominar's proportionate share [2]
	$	$	$	$	$	$
Operating revenues	**495,164**	**12,887**	**508,051**	530,110	12,964	543,074
Operating expenses	**(255,933)**	**(5,315)**	**(261,248)**	(263,004)	(5,610)	(268,614)
NOI	**239,231**	**7,572**	**246,803**	267,106	7,354	274,460
Finance charges	**(109,739)**	**(2,868)**	**(112,607)**	(110,635)	(2,974)	(113,609)
Trust administrative expenses	**(12,761)**	**(11)**	**(12,772)**	(13,109)	(2)	(13,111)
Change in fair value of investment properties	**(319,468)**	**(10,003)**	**(329,471)**	5,511	—	5,511
Share of joint ventures' net income	**(5,310)**	**5,310**	**—**	4,378	(4,378)	—
Transaction costs	**(5,298)**	**—**	**(5,298)**	(5,238)	—	(5,238)
Restructuring costs	**—**	**—**	**—**	(4,774)	—	(4,774)
Impairment of goodwill	**(15,721)**	**—**	**(15,721)**	—	—	—
Net income (loss) before income taxes	**(229,066)**	**—**	**(229,066)**	143,239	—	143,239
Current income taxes	**66**	**—**	**66**	—	—	—
Net income (loss) and comprehensive income (loss)	**(229,000)**	**—**	**(229,000)**	143,239	—	143,239

1 The nine-month period ended September 30, 2020, includes the estimated financial impact of COVID-19, $0.3 million in 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 (includes $3.9 million of restructuring costs and $1.0 million in severance allowance paid following the departure of an executive officer for the nine month period ended September 30, 2019).

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

Performance Analysis

Financial Position

The following table indicates the changes in assets and liabilities as well as in unitholders' equity between September 30, 2020, and December 31, 2019, as shown in our condensed interim consolidated financial statements:

	As at September 30, 2020 $	As at December 31, 2019 $	$ Δ	% Δ
Assets				
Investment properties				
Income properties	**5,958,522**	6,412,739	(454,217)	(7.1)
Properties under development	**48,496**	41,471	7,025	16.9
Land held for future development	**98,785**	100,507	(1,722)	(1.7)
	6,105,803	6,554,717	(448,914)	(6.8)
Investment properties held for sale	**231,227**	11,730	219,497	N/M
Investments in joint ventures	**91,665**	97,456	(5,791)	(5.9)
Goodwill	**—**	15,721	(15,721)	(100.0)
Accounts receivable	**70,974**	37,930	33,044	87.1
Prepaid expenses and other assets	**54,375**	22,232	32,143	144.6
Cash and cash equivalents	**5,543**	152,634	(147,091)	(96.4)
Total assets	**6,559,587**	6,892,420	(332,833)	(4.8)
Liabilities				
Mortgages payable	**1,997,877**	2,114,021	(116,144)	(5.5)
Mortgages payable related to the investment properties held for sale	**100,856**	—	100,856	100.0
Debentures	**1,170,054**	1,320,962	(150,908)	(11.4)
Bank borrowings	**303,048**	180,000	123,048	68.4
Accounts payable and accrued liabilities	**141,879**	126,543	15,336	12.1
Deferred tax liabilities	**93**	93	—	—
Distributions payable to unitholders	**5,473**	—	5,473	100.0
Total liabilities	**3,719,280**	3,741,619	(22,339)	(0.6)
Unitholders' equity				
Unitholders' equity	**2,840,307**	3,150,801	(310,494)	(9.9)
Total liabilities and unitholders' equity	**6,559,587**	6,892,420	(332,833)	(4.8)

Results of Operations

The following table highlights our results of operations for the periods ended September 30, 2020 and 2019, as shown in our condensed interim consolidated financial statements:

	Quarter			Year-to-date (nine months)		
Periods ended September 30	2020 [1]	2019 [1]		2020 [2]	2019 [2]	
	$	$	% Δ	$	$	% Δ
Operating revenues	**162,505**	171,539	(5.3)	**495,164**	530,110	(6.6)
Operating expenses	**(81,589)**	(80,101)	1.9	**(255,933)**	(263,004)	(2.7)
NOI	**80,916**	91,438	(11.5)	**239,231**	267,106	(10.4)
Finance charges	**(33,575)**	(37,486)	(10.4)	**(109,739)**	(110,635)	(0.8)
Trust administrative expenses	**(4,579)**	(3,818)	19.9	**(12,761)**	(13,109)	(2.7)
Change in fair value of investment properties	**(45)**	(2,559)	(98.2)	**(319,468)**	5,511	N/M
Share of joint ventures' net income	**1,588**	1,487	6.8	**(5,310)**	4,378	(221.3)
Transaction costs	**(161)**	(748)	(78.5)	**(5,298)**	(5,238)	1.1
Restructuring costs	**—**	(858)	100.0	**0**	(4,774)	100.0
Impairment of goodwill	**—**	—	—	**(15,721)**	—	(100.0)
Net income (loss) before income taxes	**44,144**	47,456	(7.0)	**(229,066)**	143,239	(259.9)
Current income taxes	**1**	—	100.0	**66**	—	100.0
Net income (loss) and comprehensive income (loss)	**44,145**	47,456	(7.0)	**(229,000)**	143,239	(259.9)

1 The quarter ended September 30, 2020 includes the estimated financial impact of COVID-19 and $0.3 million in strategic alternatives consulting fees (includes $1.0 million from the settlement approved by the court between Target Canada and its creditors, $1.1 million of debenture redemption costs and $0.9 million of restructuring costs for the quarter ended September 30, 2019).

2 In addition to the quarter events explained above, the nine month period ended September 30, 2020 includes $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 ($3.9 million of restructuring costs and $1.0 million in severance allowance paid following the departure of an executive officer for the nine month period ended September 30, 2019).

The following table highlights our results of operations for the quarter ended September 30, 2020 by property type:

Quarter ended September 30, 2020	Office Properties [1] $	Retail Properties [1] $	Industrial and flex properties [1] $	Corporate [1] $	TOTAL $
Operating revenues	65,613	58,918	37,974	—	**162,505**
Operating expenses	(32,060)	(36,257)	(13,272)	—	**(81,589)**
NOI	33,553	22,661	24,702	—	**80,916**
Finance charges	(8,058)	(7,667)	(4,739)	(13,111)	**(33,575)**
Trust administrative expenses	(669)	(1,309)	106	(2,707)	**(4,579)**
Change in fair value of investment properties	(123)	73	6	(1)	**(45)**
Share of joint ventures' net income	1,551	37	—	—	**1,588**
Transaction costs	(161)	—	—	—	**(161)**
Net income (loss) before income taxes	26,093	13,795	20,075	(15,819)	**44,144**
Current income taxes	—	—	1	—	**1**
Net income (loss) and comprehensive income (loss)	**26,093**	**13,795**	**20,076**	**(15,819)**	**44,145**

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 income, transaction costs and current income taxes are all allocated to the related property in each property type.

Nine-month period ended September 30, 2020	Office Properties [1]	Retail Properties [1]	Industrial and flex properties [1]	Corporate [1]	TOTAL
	$	$	$	$	$
Operating revenues	197,477	179,199	118,488	—	**495,164**
Operating expenses	(99,223)	(109,247)	(47,463)	—	**(255,933)**
NOI	98,254	69,952	71,025	—	**239,231**
Finance charges	(24,386)	(23,133)	(13,888)	(48,332)	**(109,739)**
Trust administrative expenses	(1,937)	(2,577)	(1,162)	(7,085)	**(12,761)**
Change in fair value of investment properties	(40,055)	(246,214)	(33,199)	—	**(319,468)**
Share of joint ventures' net income	(139)	(5,171)	—	—	**(5,310)**
Transaction costs	(3,481)	(1,817)	—	—	**(5,298)**
Impairment of goodwill	—	—	(15,721)	—	**(15,721)**
Net income (loss) before income taxes	28,256	(208,960)	7,055	(55,417)	**(229,066)**
Current income taxes	4	—	62	—	**66**
Net income (loss) and comprehensive income (loss)	**28,260**	**(208,960)**	**7,117**	**(55,417)**	**(229,000)**

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 income, transaction costs, impairment of goodwill and current income taxes are all allocated to the related property in each property type.

The decrease in operating revenues according to the condensed interim consolidated financial statements and on a proportionate basis in the third quarter of 2020 compared with the corresponding quarter of 2019 resulted mainly from the financial impact of COVID-19 which impacted Cominar for the months of July, August and September 2020 (refer to section "COVID-19 - impact analysis and risks"), from the properties sold in 2019 and 2020, partially offset by an increase in the average in-place occupancy rate year over year and from the growth in the average net rent of renewed leases.

The increase in operating expenses according to the condensed interim consolidated financial statements and on a proportionate basis in the third quarter of 2020 compared with the corresponding quarter of 2019 resulted mainly from the financial impact of COVID-19 which impacted Cominar for the months of July, August and September 2020 (refer to section "COVID-19 - Impact analysis and risks"), namely an increase in the estimated credit losses, partially offset by decreases in operating costs and realty taxes and services.

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 charges for interest 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-to-date (nine months)		
Periods ended September 30	2020 [1]	2019		2020 [1]	2019	
	$	$	% Δ	$	$	% Δ
NOI — Financial statements	**80,916**	91,438	(11.5)	**239,231**	267,106	(10.4)
NOI — Joint ventures	**2,529**	2,476	2.1	**7,572**	7,354	3.0
NOI — Cominar's proportionate share [2]	**83,445**	93,914	(11.1)	**246,803**	274,460	(10.1)

1 The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - Impact analysis and risks".
2 Refer to section "Non-IFRS Financial Measures".

The decrease in NOI according to the condensed interim consolidated financial statements and on a proportionate basis in the third quarter of 2020 compared with the corresponding quarter of 2019 resulted mainly from the financial impact of COVID-19 which impacted Cominar for the months of July, August and September 2020 (refer to section "COVID-19 - Impact analysis and risks") and from the properties sold in 2019 and 2020, partially offset by an increase in the average in-place occupancy rate year over year, from the growth in the average net rent of renewed leases and the positive impact of decreases in operating costs and realty taxes and services.

NOI by Property Type

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2020 [1]	2019		2020 [1]	2019	
	$	$	% Δ	$	$	% Δ
Property type						
Office	**35,983**	37,281	(3.5)	**105,347**	108,591	(3.0)
Retail	**22,759**	32,805	(30.6)	**70,431**	96,431	(27.0)
Industrial and flex	**24,703**	23,828	3.7	**71,025**	69,438	2.3
NOI — Cominar's proportionate share [2]	**83,445**	93,914	(11.1)	**246,803**	274,460	(10.1)

1 The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - Impact analysis and risks".
2 Refer to section "Non-IFRS 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, 2018, with the exception of results from the properties sold, acquired or under development in 2019 and 2020, as well as the rental income arising from the recognition of leases on a straight-line basis.

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2020 [1]	2019		2020 [1]	2019	
	$	$	% Δ	$	$	% Δ
Same property operating revenues - Cominar's proportionate share [2]	**165,588**	170,199	(2.7)	**503,793**	519,525	(3.0)
Same property operating expenses - Cominar's proportionate share [2]	**(82,452)**	(79,742)	3.4	**(258,578)**	(257,157)	0.6
Same property NOI - Cominar's proportionate share [2]	**83,136**	90,457	(8.1)	**245,215**	262,368	(6.5)

1 The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - Impact analysis and risks".
2 Refer to section "Non-IFRS Financial Measures".

Net Operating Income - Same Property Portfolio

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2020 [1]	2019		2020 [1]	2019	
	$	$	% Δ	$	$	% Δ
NOI — Financial statements	**80,916**	91,438	(11.5)	**239,231**	267,106	(10.4)
NOI — Joint ventures	**2,529**	2,476	2.1	**7,572**	7,354	3.0
NOI — Cominar's proportionate share [2]	**83,445**	93,914	(11.1)	**246,803**	274,460	(10.1)
Acquisitions, developments and dispositions — Cominar's proportionate share	**(309)**	(3,457)	(91.1)	**(1,588)**	(12,092)	(86.9)
Same property NOI — Cominar's proportionate share [2]	**83,136**	90,457	(8.1)	**245,215**	262,368	(6.5)

1 The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - impact analysis and risks".
2 Refer to section "Non-IFRS Financial Measures".

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2020 [1]	2019		2020 [1]	2019	
	$	$	% Δ	$	$	% Δ
Same property NOI — Financial statements	**80,563**	88,036	(8.5)	**237,711**	255,180	(6.8)
Same property NOI — Joint ventures	**2,573**	2,421	6.3	**7,504**	7,188	4.4
Same property NOI — Cominar's proportionate share [2]	**83,136**	90,457	(8.1)	**245,215**	262,368	(6.5)

1 The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - impact analysis and risks".
2 Refer to section "Non-IFRS Financial Measures".

Third quarter decrease of 8.1% in same property NOI according to the condensed interim consolidated financial statements and on a proportionate basis compared with the corresponding quarter of 2019 is mainly attributable to the financial impact of COVID-19 which impacted Cominar for the months of July, August and September 2020 (refer to section "COVID-19 - impact analysis and risks"), partially offset by an increase in the average in-place occupancy rate year over year, from the growth in the average net rent of renewed leases and the positive impact of the decrease in operating costs and realty taxes and services.

NOI by Property Type and Geographic Market - Same Property Portfolio

Same property NOI by property type

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2020 [1]	2019		2020 [1]	2019	
	$	$	% Δ	$	$	% Δ
Property type						
Office	**35,817**	34,790	3.0	**104,553**	101,261	3.3
Retail	**23,095**	32,214	(28.3)	**70,852**	93,107	(23.9)
Industrial and flex	**24,224**	23,453	3.3	**69,810**	68,000	2.7
Same property NOI — Cominar's proportionate share [2]	**83,136**	90,457	(8.1)	**245,215**	262,368	(6.5)

1 The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - impact analysis and risks".
2 Refer to section "Non-IFRS Financial Measures".

Same property NOI weighting by property type

Periods ended September 30	Quarter		Year-to-date (nine months)	
	2020	2019	2020	2019
Property type				
Office	**43.1 %**	38.5 %	**42.6 %**	38.6 %
Retail	**27.8 %**	35.6 %	**28.9 %**	35.5 %
Industrial and flex	**29.1 %**	25.9 %	**28.5 %**	25.9 %
Same property NOI — Cominar's proportionate share [1]	**100.0 %**	100.0 %	**100.0 %**	100.0 %

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

For the quarter ended September 30, 2020, Cominar’s weighting to retail same property NOI decreased 780 basis points to 27.8% due to the negative COVID-19 impact, while industrial increased 320 basis points to 29.1% and office increased 460 basis points to 43.1%.

Same property NOI by geographic market

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2020 [1]	2019		2020 [1]	2019	
	$	$	% Δ	$	$	%Δ
Geographic market						
Montreal	**52,825**	57,284	(7.8)	**155,011**	166,191	(6.7)
Québec City	**24,692**	27,419	(9.9)	**73,157**	80,205	(8.8)
Ottawa [2]	**5,619**	5,754	(2.3)	**17,047**	15,972	6.7
Same property NOI — Cominar's proportionate share [3]	**83,136**	90,457	(8.1)	**245,215**	262,368	(6.5)

1 The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - impact analysis and risks".
2 For presentation purposes, the Gatineau area is included in the Ottawa geographic market.
3 Refer to section "Non-IFRS Financial Measures".

Same property NOI weighting by geographic market

Periods ended September 30	Quarter		Year-to-date (nine months)	
	2020	2019	2020	2019
Geographic market				
Montreal	**63.5 %**	63.3 %	**63.2 %**	63.3 %
Québec City	**29.7 %**	30.3 %	**29.8 %**	30.6 %
Ottawa [1]	**6.8 %**	6.4 %	**7.0 %**	6.1 %
Same property NOI — 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 Financial Measures".

Same property average in-place occupancy by property type

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2020	2019	Δ	2020	2019	Δ
Property type						
Office	**91.3 %**	88.6 %	2.7	**90.2 %**	88.2 %	2.0
Retail	**85.9 %**	85.5 %	0.4	**86.2 %**	85.3 %	0.9
Industrial and flex	**94.3 %**	94.3 %	0.0	**95.0 %**	94.1 %	0.9
Total	**91.2 %**	90.2 %	1.0	**91.2 %**	90.0 %	1.2

Same property average in-place occupancy by geographic market

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2020	2019	Δ	2020	2019	Δ
Geographic market						
Montreal	**91.1 %**	90.2 %	0.9	**90.9 %**	90.1 %	0.8
Québec City	**92.2 %**	92.2 %	0.0	**92.8 %**	92.0 %	0.8
Ottawa [1]	**87.0 %**	81.2 %	5.8	**87.1 %**	79.2 %	7.9
Total	**91.2 %**	90.2 %	1.0	**91.2 %**	90.0 %	1.2

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

Finance Charges

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2020	2019		2020	2019	
	$	$	% Δ	$	$	% Δ
Interest on mortgage payable	**19,169**	19,898	(3.7)	**62,759**	55,194	13.7
Interest on debentures	**13,164**	18,700	(29.6)	**44,442**	56,053	(20.7)
Interest on bank borrowings	**2,708**	(65)	(4,266.2)	**6,326**	2,627	140.8
Amortization of deferred financing costs and other costs	**1,262**	1,008	25.2	**3,516**	2,645	32.9
Amortization of fair value adjustments on assumed indebtedness	**(63)**	(66)	(4.5)	**(189)**	(198)	(4.5)
Less: Capitalized interest [1]	**(2,665)**	(1,989)	34.0	**(7,115)**	(5,686)	25.1
Total finance charges — Financial statements	**33,575**	37,486	(10.4)	**109,739**	110,635	(0.8)
Adjusted finance charges [2]	**33,575**	36,391	(7.7)	**105,116**	109,540	(4.0)
Percentage of operating revenues	**20.7 %**	21.9 %		**22.2 %**	20.9 %	
Weighted average interest rate on total debt				**3.80 %**	4.12 %	

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

2 Excludes penalties on mortgage repayments before maturity and yield maintenance fees and costs paid in relation to the Series 4 senior unsecured debenture redemption.

The decrease in finance charges during the third quarter of 2020, compared with the corresponding quarter of 2019, is mainly due to the decrease in interest on debentures related to the net redemption of $450.0 million of debentures year over year, partially offset by an increase in interest on bank borrowings related to the two secured credit facilities.

Trust Administrative Expenses

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2020	2019		2020	2019	
	$	$	% Δ	$	$	% Δ
Salaries and other benefits	**2,673**	2,397	11.5 %	**7,841**	8,776	(10.7)
Compensation expense related to long-term incentive plan	**831**	661	25.7 %	**2,488**	2,141	16.2
Professional fees	**170**	104	63.5 %	**650**	479	35.7
Costs associated with public companies	**232**	244	(4.9)%	**640**	583	9.8
Strategic alternatives consulting fees	**250**	—	100.0 %	**250**	—	100.0
Other fees	**423**	412	2.7 %	**892**	1,130	(21.1)
Total Trust administrative expenses — Financial statements	**4,579**	3,818	19.9 %	**12,761**	13,109	(2.7)
Adjusted Trust administrative expenses [1]	**4,329**	3,818	13.4 %	**12,511**	12,066	3.7

1 Excludes strategic alternatives consulting fee of $0.3 million in 2020 and severance allowance of $1.0 million in 2019.

During the third quarter of 2020, Trust administrative expenses increased compared with the corresponding quarter of 2019 mainly due to an increase in salaries and benefits and to strategic alternatives consulting fees. On September 15, 2020, Cominar announced the initiation of a strategic review process to identify, review and evaluate a broad range of potential strategic alternatives available to it with a view to continuing to enhance unitholder value. As at September 30, 2020, $0.3 million was incurred regarding this project.

Impairment of Goodwill

At June 30, 2020, Cominar tested its industrial and flex portfolio for impairment of goodwill by determining the recoverable value of the net assets of that CGUs and comparing it to the carrying amount, including goodwill. As at June 30, 2020, the recoverable value of this CGU was determined based on the value in use and calculated by discounting future net operating income expected to be generated from continuing use. For fiscal years 2020 to 2030, net operating income projections were based on management's budget projections supported by past experience and estimated impact of COVID-19 on net operating income. The discount and terminal capitalization rates were estimated based on the segment weighted average overall capitalization rate. As at June 30, 2020, goodwill was impaired by $15.7 million and was not impaired as at December 31, 2019. As at June 30, the goodwill balance was nil.

	Office properties $	Retail properties $	Industrial and flex properties $	Total $
Balance as at December 31, 2019	—	—	15,721	15,721
Impairment of goodwill	—	—	(15,721)	(15,721)
Balance as at September 30, 2020	**—**	**—**	**—**	**—**

Transaction Costs

	Quarter			Year-to-date (nine months)		
Periods ended September 30	2020 $	2019 $	% Δ	2020 $	2019 $	% Δ
Brokerage fees	**—**	110	(100.0)	**48**	1,607	(97.0)
Professional fees	**149**	—	100.0	**185**	263	(29.7)
Assumed head leases	**—**	—	—	**—**	217	(100.0)
Closing adjustments	**12**	601	(98.0)	**5,065**	3,114	62.7
Others	**—**	37	(100.0)	**—**	37	(100.0)
Total	**161**	748	(78.5)	**5,298**	5,238	1.1

The above transaction costs relate to the sales of properties. Refer to the section "Acquisitions, Investments and Dispositions" for more information on property sales.

Restructuring Costs

During 2019, Cominar announced an organizational restructuring to streamline and enhance the effectiveness of operations which the outcome, among others, has been the reduction of its workforce. Cominar recorded a provision of $4.8 million related to this organizational restructuring, primarily related to severance benefits. As of September 30, 2020, the entire $4.8 million had been paid in connection with the restructuring.

Net Income

	Quarter			Year-to-date (nine months)		
Periods ended September 30	2020 $	2019 $	% Δ	2020 $	2019 $	% Δ
Net income (loss)	**44,145**	47,456	(7.0)	**(229,000)**	143,239	(259.9)
Net income (loss) per unit (basic and diluted)	**0.24**	0.26	(7.7)	**(1.25)**	0.79	(258.2)
Weighted average number of units outstanding (basic)	**182,640,075**	182,197,545		**182,590,814**	182,164,182	
Weighted average number of units outstanding (diluted)	**182,844,264**	182,405,977		**182,590,814**	182,321,925	

Net income for the third quarter of 2020 decreased by $3.3 million compared to the corresponding quarter of 2019. This reflects a decrease of $10.5 million in net operating income related to the COVID-19 impact, partially offset by an increase of $2.5 million in change in fair value of investment properties, a decrease of $3.9 million in finance charges and a decrease of $0.9 million in restructuring costs. Refer to section "COVID-19 - impact analysis and risks".

Adjusted Net Income

Adjusted net income is a non-IFRS financial measure. The calculation method used by Cominar may differ from those used by other entities. Cominar calculates adjusted net income to eliminate the change in fair value of investment properties, which is non-monetary as well as for severance allowances, transaction costs and penalties on mortgage repayments before maturity, which are not related to the trend in occupancy levels, rental rates and property operating costs.

	Quarter			Year-to-date (nine months)		
Periods ended September 30	2020	2019		2020	2019	
	$	$	% Δ	$	$	% Δ
Net income (loss)	**44,145**	47,456	(7.0)	**(229,000)**	143,239	(259.9)
Change in fair value of investment properties[2]	**45**	2,559	(98.2)	**329,471**	(5,511)	(6,078.4)
Transaction costs	**161**	748	(78.5)	**5,298**	5,238	1.1
Severance allowance	**—**	—	—	**—**	1,043	(100.0)
Restructuring costs	**—**	858	(100.0)	**—**	4,774	(100.0)
Yield maintenance fees and costs paid	**—**	(1,028)	100.0	**—**	(1,028)	100.0
Penalties on mortgage repayments before maturity	**—**	—	—	**4,623**	—	100.0
Debentures redemption costs	**—**	1,095	(100.0)	**2,487**	1,095	127.1
Strategic alternatives consulting fees	**250**	—	100.0	**250**	—	100.0
Impairment of goodwill	**—**	—	—	**15,721**	—	100.0
Adjusted net income [1]	**44,601**	51,688	(13.7)	**128,850**	148,850	(13.4)
Adjusted net income per unit (diluted) [1]	**0.24**	0.28	(14.3)	**0.71**	0.82	(13.4)
Weighted average number of units outstanding (fully diluted)	**182,844,264**	182,405,977		**182,590,814**	182,321,925	

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

The decrease in adjusted net income of $7.1 million for the third quarter of 2020, compared with the corresponding quarter of 2019, is mainly due to the decrease in net operating income related to COVID-19 and from properties sold in 2019 and 2020.

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 income, as determined in accordance with IFRS, and FFO and AFFO:

Funds from Operations and Adjusted Funds from Operations

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2020 [1]	2019		2020 [1]	2019	
	$	$	% Δ	$	$	% Δ
Net income (loss)	**44,145**	47,456	(7.0)	**(229,000)**	143,239	(259.9)
Initial and re-leasing salary costs	**990**	879	12.6	**2,836**	2,481	14.3
Change in fair value of investment properties[2]	**45**	2,559	(98.2)	**329,471**	(5,511)	(6,078.4)
Capitalizable interest on properties under development — joint ventures	**96**	160	(40.0)	**369**	515	(28.3)
Transaction costs	**161**	748	(78.5)	**5,298**	5,238	1.1
Impairment of goodwill	**—**	—	—	**15,721**	—	100.0
FFO [2,3]	**45,437**	51,802	(12.3)	**124,695**	145,962	(14.6)
Provision for leasing costs	**(8,057)**	(8,075)	(0.2)	**(22,486)**	(24,524)	(8.3)
Recognition of leases on a straight-line basis [2]	**423**	254	66.5	**397**	128	210.2
Capital expenditures — maintenance of rental income generating capacity	**(6,045)**	(5,611)	7.7	**(16,950)**	(16,228)	4.4
AFFO [2,3]	**31,758**	38,370	(17.2)	**85,656**	105,338	(18.7)
Per unit information:						
FFO (FD) [3,4]	**0.25**	0.28	(10.7)	**0.68**	0.80	(15.0)
AFFO (FD) [3,4]	**0.17**	0.21	(19.0)	**0.47**	0.58	(19.0)
Weighted average number of units outstanding (FD) [4]	**182,844,264**	182,405,977		**182,870,811**	182,321,925	
Payout ratio of AFFO [3,4]	**70.6 %**	85.7 %		**102.1 %**	93.1 %	

1 The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - impact analysis and risks".
2 Including Cominar's proportionate share in joint ventures.
3 Refer to section "Non-IFRS Financial Measures".
4 Fully diluted.

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2020	2019		2020	2019	
	$	$	% Δ	$	$	% Δ
FFO - Office properties[1]	**26,902**	27,513	(2.2)	**73,300**	79,823	(8.2)
FFO - Retail properties[1]	**13,989**	25,206	(44.5)	**39,837**	74,211	(46.3)
FFO - Industrial and flex properties[1]	**20,268**	19,375	4.6	**56,604**	57,764	(2.0)
FFO - Corporate[1]	**(15,722)**	(20,292)	(22.5)	**(45,046)**	(65,836)	(31.6)
FFO	**45,437**	51,802	(12.3)	**124,695**	145,962	(14.6)
AFFO - Office properties[1]	**19,681**	29,100	(32.4)	**52,809**	59,303	(11.0)
AFFO - Retail properties[1]	**10,316**	26,269	(60.7)	**29,025**	61,563	(52.9)
AFFO - Industrial and flex properties[1]	**17,450**	19,443	(10.3)	**48,867**	50,309	(2.9)
AFFO - Corporate[1]	**(15,689)**	(36,442)	(56.9)	**(45,045)**	(65,837)	(31.6)
AFFO	**31,758**	38,370	(17.2)	**85,656**	105,338	(18.7)

1 Refer to section "Results of Operations" for net income breakdown by property type. Initial and re-leasing salary costs are allocated to each property type proportionally to the leasing salaries. Provision for leasing costs and capital expenditures — maintenance of rental income generating capacity are allocated based on the budgeted leasing costs and the budgeted capital expenditures.

FFO for the third quarter of 2020 decreased from the corresponding quarter of 2019 due mainly to the decrease in NOI.

AFFO for the third quarter of 2020 decreased from the corresponding quarter of 2019 due mainly to the decrease 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-to-date (nine months)		
Periods ended September 30	2020	2019		2020	2019	
	$	$	% Δ	$	$	% Δ
FFO [1,2] (Realpac definition)	**45,437**	51,802	(12.3)	**124,695**	145,962	(14.6)
Penalties on mortgage repayments before maturity	**—**	—	—	**4,623**	—	100.0
Severance allowance	**—**	—	—	**—**	1,043	(100.0)
Restructuring costs	**—**	858	(100.0)	**—**	4,774	(100.0)
Target settlement	**—**	(1,028)	100.0	**—**	(1,028)	100.0
Debenture redemption costs	**—**	1,095	(100.0)	**2,487**	1,095	127.1
Strategic alternatives consulting fees	**250**	—	100.0	**250**	—	100.0
FFO adjusted [1,2]	**45,687**	52,727	(13.4)	**132,055**	151,846	(13.0)
AFFO [1,2]	**31,758**	38,370	(17.2)	**85,656**	105,338	(18.7)
Penalties on mortgage repayments before maturity	**—**	—	—	**4,623**	—	100.0
Severance allowance	**—**	—	—	—	1,043	(100.0)
Restructuring costs	**—**	858	(100.0)	—	4,774	(100.0)
Target settlement	**—**	(1,028)	100.0	**—**	(1,028)	100.0
Debenture redemption costs	**—**	1,095	(100.0)	**2,487**	1,095	127.1
Strategic alternatives consulting fees	**250**	—	100.0	**250**	—	100.0
AFFO adjusted [1,2]	**32,008**	39,295	(18.5)	**93,016**	111,222	(16.4)

1 *Including Cominar's proportionate share in joint ventures.*
2 *Refer to section "Non-IFRS Financial Measures".*

FFO adjusted and AFFO adjusted include the estimated financial impact of COVID-19 (refer to section "COVID-19 - impact analysis and risks").

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 the third quarter of 2020, the actual costs incurred by Cominar were $7.4 million in leasehold improvements and $2.3 million in leasing costs, while the provision for leasing costs amounted to $8.1 million.

	Quarter		Year-to-date (nine months)	
Periods ended September 30	2020	2019	2020	2019
	$	$	$	$
Leasehold improvements	**7,358**	7,306	**16,886**	24,098
Leasing costs	**2,341**	1,776	**6,089**	6,518
Actual leasing costs — Cominar's proportionate share [1, 2]	**9,699**	9,082	**22,975**	30,616
Provision for leasing costs in the calculation of AFFO [3]	**8,057**	8,075	**22,486**	24,524

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

Capital Expenditures - Maintenance of Rental Income Generating Capacity

The capital expenditures related to maintenance of rental income generating capacity, which Cominar deducts in computing AFFO, corresponds to management's estimate of the non-income generating portion of 2020 projected expenditures that will 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 our 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 calculations of AFFO and ACFO do not take into account these capital expenditures aiming to increase rental income generating capacity.

During the third quarter of 2020, the actual costs incurred by Cominar were $1.7 million, while the deduction in AFFO amounted to $6.0 million.

Adjusted Cash Flow from Operations

Adjusted cash flow from operations ("ACFO") is intended to be used as a measure of a company's ability to generate stable cash flows. ACFO does not replace cash flow provided by operating activities as per the consolidated financial statements prepared in accordance with IFRS. Our method of determining the ACFO complies with REALpac recommendations but may differ from and not be comparable to that used by other entities.

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

The following table presents a reconciliation of the cash flows provided by operating activities as per the condensed interim consolidated financial statements with ACFO:

	Quarter		Year-to-date (nine months)	
Periods ended September 30	2020	2019	2020	2019
	$	$	$	$
Cash flows provided by operating activities as per the condensed interim consolidated financial statements	**30,321**	74,579	**71,840**	112,156
Adjustments — investments in joint ventures	**1,588**	1,491	**(5,797)**	3,272
Provision for leasing costs	**(8,057)**	(8,075)	**(22,486)**	(24,524)
Initial and re-leasing salary costs	**990**	879	**2,836**	2,481
Changes in adjusted non-cash working capital items [1]	**25,570**	(26,630)	**34,733**	34,439
Capital expenditures — maintenance of rental income generating capacity	**(6,045)**	(5,611)	**(16,950)**	(16,228)
Amortization of deferred financing costs and other costs	**(1,262)**	(1,008)	**(3,516)**	(2,645)
Amortization of fair value adjustments on assumed mortgages payable	**63**	66	**189**	198
Transaction costs	**161**	748	**5,298**	5,238
Capitalizable interest on properties under development — joint ventures	**96**	160	**369**	515
ACFO [2,3]	**43,425**	36,599	**66,516**	114,902
Per unit information:				
ACFO (FD) [3,4]	**0.24**	0.20	**0.36**	0.63
Weighted average number of units outstanding (FD) [4]	**182,844,264**	182,405,977	**182,870,811**	182,321,925
Payout ratio [3,4]	**50.0 %**	90.0 %	**133.3 %**	85.7 %

1 *Includes working capital changes that, in management's view and based on the REALpac February 2017 whitepaper, are not indicative of sustainable cash flow available for distribution. Examples include, but are not limited to, working capital changes relating to prepaid realty taxes and insurance, interest payable, sales taxes and other indirect taxes payable to or receivable from applicable governments, income taxes and transaction cost accruals relating to acquisitions and dispositions of investment properties.*
2 *Including Cominar's proportionate share in joint ventures.*
3 *Refer to section "Non-IFRS Financial Measures".*
4 *Fully diluted.*

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

	Quarter			Year-to-date (nine months)		
Periods ended September 30	2020	2019		2020	2019	
	$	$	% Δ	$	$	% Δ
Distributions to unitholders	**21,894**	32,769	(33.2)	**87,560**	98,295	(10.9)
Per unit distribution	**0.12**	0.18		**0.48**	0.54	

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 payable 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:

Periods ended September 30	2020 (three months)	2020 (nine months)	2019 (nine months)	2018 (nine months)
	$	$	$	$
Net income (loss)	**44,145**	**(229,000)**	143,239	141,071
Cash flows provided by operating activities - Financial statements	**30,321**	**71,840**	112,156	108,821
Distributions to unitholders	**21,894**	**87,560**	98,295	110,981
Surplus (deficit) of cash flows provided by operating activities compared with distribution to unitholders	**8,427**	**(15,720)**	13,861	(2,160)

For the quarter ended September 30, 2020 cash flows provided by operating activities presented a 8.4 million surplus over distributions to unitholders and presented a 15.7 million shortfall for the nine-month period. This deficit in cash flows provided by operating activities against the distributions for the nine-month period ended September 30, 2020 was financed with the cash and cash equivalent on hand. Cominar expects that its cash flows provided by operating activities for fiscal 2020 will be higher than the distributions to unitholders.

Liquidity and Capital Resources

During the third quarter of 2020, Cominar generated $30.3 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 its unsecured credit facility.

Debt Management

Cominar spreads 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 September 30, 2020, Cominar's debt ratio stood at 54.4% (51.4% as at December 31, 2019) consisting of mortgages, senior unsecured debentures and bank loans less cash and cash equivalents. The debt ratio increase is the combination of higher indebtedness (net debt increased by $82 million) and investment properties fair value adjustments of (319.5) million and a $15.7 million of impairment of goodwill. Mortgages payables represented approximately 58.9% of total debt, senior unsecured debentures represented approximately 32.8%, while bank borrowings represented approximately 8.5%. As at September 30, 2020, the weighted average annual contractual rate was 3.80% (4.12% as at September 30, 2019) and the residual weighted average remaining term was 4.1 years (3.9 years as at September 30, 2019) .

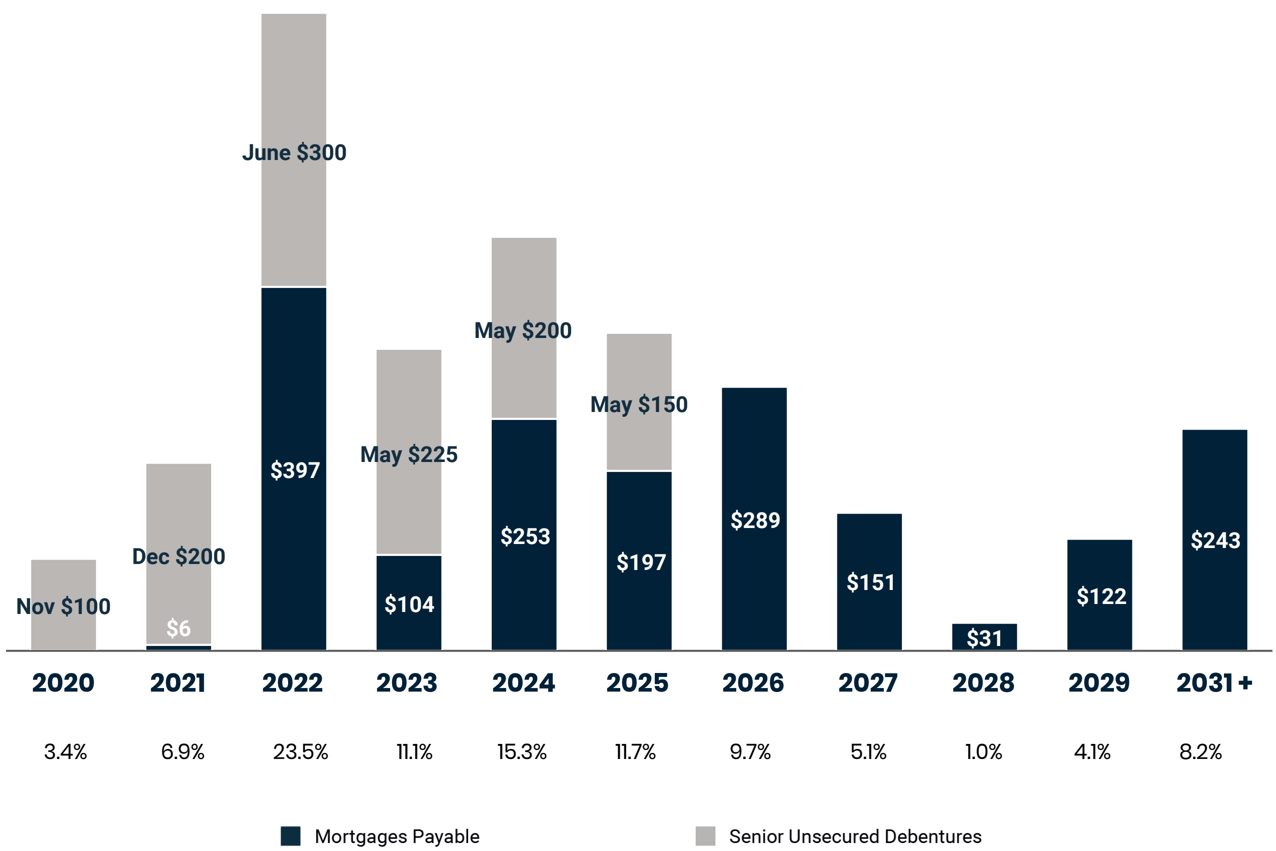
As at September 30, 2020, 90.5% of Cominar's total debt was fixed rate and 9.5% was variable rate.

Debt Summary

	As at September 30, 2020			As at December 31, 2019		
	$	Weighted average contractual rate	Residual weighted average term	$	Weighted average contractual rate	Residual weighted average term
Mortgages payable	**2,098,733**	**3.55 %**	**4.9 years**	2,114,021	3.84 %	4.8 years
Debentures	**1,170,054**	**4.47 %**	**2.4 years**	1,320,962	4.41 %	2.3 years
Bank borrowings secured	**294,600**	**2.91 %**	**2.7 years**	180,000	4.05 %	2.3 years
Bank borrowings unsecured	**8,448**	**3.55 %**	**0.9 years**	—	4.05 %	1.6 years
Total debt	**3,571,835**	**3.80 %**	**4.1 years**	3,614,983	4.06 %	3.7 years
Cash and cash equivalents	**(5,543)**	**0.70 %**		(152,634)	2.20 %	
Net debt	**3,566,292**			3,462,349		

Long Term Debt Maturities

As at September 30, 2020
[$ million]



Mortgages Payable

As at September 30, 2020, the balance of mortgages payable was $2,098.7 million, down $15.3 million from $2,114.0 million as at December 31, 2019. This decrease is explained by new mortgages payable contracted of $205.4 million at a weighted average contractual rate of 2.90%, offset by repayments of balances of $181.0 million at a weighted average contractual rate of 4.84% and by monthly repayments of capital totaling $37.3 million. As at September 30, 2020, the weighted average contractual rate was 3.55%, down 29 basis points from 3.84% as at December 31, 2019 and the effective weighted average interest rate was 3.74%, down 21 basis points since December 31, 2019.

Contractual maturities of mortgages payable

Years ending December 31	Repayment of principal $	Balances at maturity $	Total $	Weighted average contractual rate
2020 (Period from October 1 to December 31)	13,281	—	**13,281**	— %
2021	48,895	6,167	**55,062**	5.56 %
2022	49,191	397,010	**446,201**	3.06 %
2023	47,658	104,292	**151,950**	4.17 %
2024	46,518	252,602	**299,120**	5.02 %
2025	37,220	196,898	**234,118**	3.26 %
2026	22,044	288,527	**310,571**	3.57 %
2027	19,200	151,367	**170,567**	1.87 %
2028	14,448	30,836	**45,284**	5.20 %
2029	11,952	122,034	**133,986**	3.56 %
2031 and thereafter	5,630	243,060	**248,690**	4.00 %
Total	**316,037**	**1,792,793**	**2,108,830**	**3.61 %**

Cominar's mortgages payable contractual maturities are staggered over a number of years to reduce risks related to renewal. As at September 30, 2020, the residual weighted average term of mortgages payable was 4.9 years,.

The Gare Centrale mortgage maturity has been extended for one year from February 2021 to February 2022.

Senior Unsecured Debentures

	Date of issuance	Contractual interest rate	Effective interest rate	Dates of interest payments	Maturity date	Nominal value as at September 30, 2020 $
Series 3	May 2013	4.00 %	4.24 %	May 2 and November 2	November 2020	100,000
Series 8	December 2014	4.25 %	4.34 %	June 8 and December 8	December 2021	200,000
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 %	6.13 %	May 5 and November 5	May 2025	150,000
Weighted average interest rate		**4.47 %**	**4.62 %**			
Total						**1,175,000**

As at September 30, 2020, the residual weighted average term of senior unsecured debentures was 2.4 years.

On May 5, 2020, Cominar issued $150.0 million in Series 12 senior unsecured debentures bearing interest at a rate of 5.95% and maturing in May 2025.

On May 13, 2020, Cominar early redeemed $300.0 million in aggregate principal of 4.941% Series 4 senior unsecured debentures using available cash and its unsecured renewable credit facility. Cominar paid $2.5 million in yield maintenance fees and other costs in connection with the redemption.

Bank Borrowings

As at September 30, 2020, Cominar had an unsecured renewable credit facility of up to $400.0 million maturing in July 2021. This credit facility bears interest at the prime rate plus 110 basis points or at the bankers' acceptance rate plus 210 basis points. This credit facility contains certain restrictive covenants, with which Cominar was in compliance as at September 30, 2020. As at September 30, 2020, bank borrowings totaled $8.4 million and availability was $391.6 million.

As at September 30, 2020, Cominar had a secured credit facility of $174.6 million maturing in September 2023. This credit facility bears interest at the prime rate plus 70 basis points or at the bankers' acceptance rate plus 170 basis points and have quarterly principal repayments of $1.8 million. As at September 30, 2020, this credit facility was secured by immovable hypothecs on investment properties with a book value of $277.9 million. This credit facility contains certain restrictive covenants, with which Cominar was in compliance as at September 30, 2020. As at September 30, 2020, the secured credit facility was fully used.

On June 9, 2020, Cominar entered into a 27-month agreement for a new secured credit facility of $120.0 million maturing in September 2022. This new credit facility bears interest at the prime rate plus 250 basis points or at the bankers' acceptance rate plus 350 basis points. As at September 30, 2020, this credit facility was secured by immovable hypothecs on investment properties with a book value of $207.1 million. This credit facility contains certain restrictive covenants, with which Cominar was in compliance as at September 30, 2020. As at September 30, 2020, the secured credit facility was fully used.

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.

	As at September 30, 2020	As at December 31, 2019
	$	$
Cash and cash equivalents	**(5,543)**	(152,634)
Mortgages payable	**2,098,733**	2,114,021
Debentures	**1,170,054**	1,320,962
Bank borrowings	**303,048**	180,000
Total net debt	**3,566,292**	3,462,349
Total assets less cash and cash equivalents	**6,554,044**	6,739,786
Debt ratio [1, 2]	**54.4 %**	51.4 %

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 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.

	As at September 30, 2020	As at December 31, 2019
	$	$
Mortgages payable	**2,098,733**	2,114,021
Debentures	**1,170,054**	1,320,962
Bank borrowings	**303,048**	180,000
Total debt	**3,571,835**	3,614,983
NOI (last 12 months)	**330,447**	358,322
Adjusted Trust administrative expenses (last 12 months) [1]	**(16,656)**	(16,211)
Recognition of leases on a straight-line basis (last 12 months)	**(73)**	(288)
EBITDA (last 12 months) [2]	**313,718**	341,823
Debt/EBITDA ratio [2]	11.4 x	10.6 x

1 Excludes, in 2020, strategic alternatives consulting fees and in 2019, a severance allowance paid to an executive officer.
2 Refer to section "Non-IFRS 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.

	As at September 30, 2020	As at December 31, 2019
	$	$
NOI (last 12 months)	**330,447**	358,322
Adjusted Trust administrative expenses (last 12 months) [1]	**(16,656)**	(16,211)
	313,791	342,111
Adjusted finance charges (last 12 months) [2]	**137,809**	144,720
Interest coverage ratio [3]	**2.28:1**	2.36:1

1 Excludes, in 2020, strategic alternatives consulting fees and in 2019, a severance allowance paid to an executive officer.
2 Excludes finance charges related to mortgage repayments before maturity and yield maintenance fees and costs paid in relation to the Series 2 and Series 4 senior unsecured debentures redemptions.
3 Refer to section "Non-IFRS Financial Measures".

Unencumbered Assets and Unsecured Debt

	As at September 30, 2020		As at December 31, 2019	
	Number of properties	Fair value of properties ($)	Number of properties	Fair value of properties ($)
Unencumbered income office properties [1]	**35**	**732,724**	45	938,229
Unencumbered income retail properties [1]	**27**	**682,312**	30	689,656
Unencumbered income industrial and flex properties [1]	**78**	**589,483**	65	497,951
Total unencumbered income properties [1]	**140**	**2,004,519**	140	2,125,836
Unencumbered assets to unsecured net debt ratio [2, 3]		**1.71:1**		1.82:1
Unsecured debt-to-total-debt ratio [3, 4]		**33.0 %**		36.5 %

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 Financial Measures".
4 Unsecured debt divided by total debt.

As at September 30, 2020, the unencumbered assets to unsecured net debt ratio stood at 1.71:1, well above the required ratios of 1.30:1 and 1.40:1 contained in the restrictive covenant of the outstanding debentures and the unsecured credit facility, respectively.

Off-Balance Sheet Arrangements and Contractual Commitments

Cominar has no 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

	As at September 30, 2020	As at December 31, 2019
	$	$
Income properties — Cominar's proportionate share [1]	**6,123,722**	6,584,312
Properties under development and land held for future development — Cominar's proportionate share [1]	**158,360**	155,509
Investment properties held for sale	**231,227**	11,730
Number of income properties [2]	**314**	317
Leasable area (sq. ft.) [2]	**35,821,000**	35,895,000

1 Refer to section "Non-IFRS Financial Measures".
2 Includes investment properties held for sale.

Summary by property type

	As at September 30, 2020		As at December 31, 2019	
	Number of properties	Leasable area (sq. ft.)	Number of properties	Leasable area (sq. ft.)
Office	**79**	**10,990,000**	80	11,056,000
Retail	**44**	**9,480,000**	46	9,488,000
Industrial and flex	**191**	**15,351,000**	191	15,351,000
Total	**314**	**35,821,000**	317	35,895,000

Summary by geographic market

	As at September 30, 2020		As at December 31, 2019	
	Number of properties	Leasable area (sq. ft.)	Number of properties	Leasable area (sq. ft.)
Montreal	**195**	**23,616,000**	198	23,690,000
Québec City	**100**	**9,763,000**	100	9,763,000
Ontario - Ottawa [1]	**19**	**2,442,000**	19	2,442,000
Total	**314**	**35,821,000**	317	35,895,000

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

Acquisitions, Investments and Dispositions

Investments in Income Properties and Investment Properties Held for Sale

Cominar continues 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 the third quarter of 2020, Cominar incurred $22.6 million [$17.2 million in the corresponding quarter of 2019] in capital expenditures specifically to increase the rental income generating capacity of its properties. These capital expenditures include, among others, investments of $11.0 million in revitalization and redevelopment and $9.7 million in structural work. Cominar also incurred $1.7 million [$5.3 million in the corresponding quarter of 2019] 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 the third quarter of 2020, Cominar made investments of $7.4 million in leasehold improvements and $2.3 million in leasing costs [$7.3 million in leasehold improvements and $1.8 million in leasing costs in the corresponding quarter of 2019].

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

	Quarter			Year-to-date (nine months)		
Periods ended September 30	2020	2019		2020	2019	
	$	$	% Δ	$	$	% Δ
Capital expenditures — increase of rental income generating capacity						
Revitalization and redevelopment	**10,992**	4,526	142.9	**33,919**	16,465	106.0
Property expansion	**1,143**	181	531.5	**1,251**	955	31.0
Structural work for common areas, parking, preparation of base building etc.	**9,690**	12,297	(21.2)	**23,351**	30,326	(23.0)
Facade renovation	**781**	170	359.4	**843**	899	(6.2)
Capital expenditures — increase of rental income generating capacity	**22,606**	17,174	31.6	**59,364**	48,645	22.0
Capital expenditures — maintenance of rental income generating capacity	**1,671**	5,303	(68.5)	**4,805**	15,920	(69.8)
Total [1]	**24,277**	22,477	8.0	**64,169**	64,565	(0.6)
Leasehold improvements	**7,358**	7,306	0.7	**16,886**	24,098	(29.9)
Leasing costs	**2,341**	1,776	31.8	**6,089**	6,518	(6.6)
Total — Financial statement [1]	**33,976**	31,559	7.7	**87,144**	95,181	(8.4)
Capital costs — Properties under development — Financial statements	**1,863**	12,154	(84.7)	**15,673**	21,181	(26.0)
Total capital expenditures [1]	**35,839**	43,713	(18.0)	**102,817**	116,362	(11.6)

1 Includes income properties, 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 income properties and expects to close these transactions within the next few months.

During the nine-month period ended September 30, 2020, Cominar transferred 4 income properties having a value of $238.6 million to investment properties held for sale.

During the nine-month period ended September 30, 2020, Cominar sold 3 investment properties held for sale and 1 land for a total selling price of $17.0 million.

At the end of September 2020, Cominar had 5 income properties having a fair value of $231.2 million presented as investment properties held for sale.

	Nine-month period ended September 30, 2020				Year ended December 31, 2019
	Office properties	Retail properties	Industrial and flex properties	Total	Total
	$	$	$	$	$
Investment properties					
Balance, beginning of period	**—**	**11,730**	**—**	**11,730**	188,727
Transfers from income properties	**230,250**	**1,100**	**7,250**	**238,600**	75,934
Transfers from properties under development and land held for future development	**—**	**—**	**—**	**—**	1,855
Capitalized costs[1]	**128**	**68**	**—**	**196**	4,074
Change in fair value	**(128)**	**(2,216)**	**—**	**(2,344)**	(804)
Dispositions	**(14,250)**	**(2,705)**	**—**	**(16,955)**	(258,056)
Balance, end of period	**216,000**	**7,977**	**7,250**	**231,227**	11,730

1 Includes $(73) ($(27) in 2019) of recognition of leases on a straight-line basis.

	Nine-month period ended September 30, 2020				Year ended December 31, 2019
	Office properties	Retail properties	Industrial and flex properties	Total	Total
	$	$	$	$	$
Mortgages payable related to investment properties held for sale					
Balance, beginning of period	—	—	—	—	123
Monthly repayments of principal	**(579)**	—	—	**(579)**	(123)
Transfer of mortgages payable related to investment properties held for sale	**101,435**	—	—	**101,435**	—
Balance, end of period	**100,856**	—	—	**100,856**	—

Dispositions of Investment Properties Held for Sale for the nine-month period ended September 30, 2020

Address	Area	Property type	Leasable area sq. ft.	Transaction date	Selling price $
670, rue Principale, Sainte-Agathe-des-Monts, Québec (Qc)	Montreal	Retail	4,000	January 21, 2020	387
736, rue King Est, Sherbrooke, Québec (Qc)	Montreal	Retail	4,000	January 21, 2020	463
Land boulevard St-Elzéar, Laval	Montreal	Land	—	January 23, 2020	1,855
1-243, Place Frontenac, Pointe-Claire (Qc)	Montreal	Office	66,000	September 17, 2020	14,250
			74,000		**16,955**

Real Estate Operations

Occupancy Rate

Occupancy rate track record

	Committed			In-place		
	Sept. 30, 2020	Dec. 31, 2019	Sept. 30, 2019	Sept. 30, 2020	Dec. 31, 2019	Sept. 30, 2019
Property type						
Office	**93.0 %**	92.9 %	92.1 %	**91.9 %**	89.2 %	88.7 %
Retail	**90.9 %**	94.1 %	94.0 %	**85.6 %**	87.3 %	85.4 %
Industrial and flex	**96.3 %**	97.1 %	96.4 %	**94.6 %**	96.2 %	94.5 %
Total	**93.8 %**	95.1 %	94.4 %	**91.3 %**	91.7 %	90.3 %

As at September 30, 2020	Numerator sq.ft A	Denominator sq.ft B	Occupancy A/B
In-place occupancy	**32,320,000**	**35,387,000**	**91.3 %**
Space under redevelopment	**—**	**(362,000)**	
Signed leases that will begin in the next few quarters	**542,000**	**—**	
Committed occupancy	**32,862,000**	**35,025,000**	**93.8 %**

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 maturing in 2020	
Number of clients	960
Leasable area (sq. ft.)	6,153,000
Renewed leases	
Number of clients	505
Leasable area (sq. ft.)	4,004,000
Retention rate	**65.1 %**
New leases	
Number of clients	125
Leasable area (sq. ft.)	1,672,000
Unexpected departures	
Number of clients	62
Leasable area (sq. ft.)	365,000

During the nine-month period ended September 30, 2020, 65.1% [66.0% in 2019] of the leasable area maturing in 2020 was renewed. During the period, new leases were also signed, representing 1.7 million square feet of leasable area, while tenants whose leases were not expiring that left before the end of their lease, totaled leasable area of 0.4 million square feet.

Growth in the average net rent of renewed leases

	For the nine-month period ended September 30, 2020
Geographic Market	
Montreal	**12.6 %**
Québec City	**1.5 %**
Ottawa [1]	**6.0 %**
Portfolio total	**8.8 %**

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.

Lease Maturities

Years ending December 31	2021	2022	2023	2024	2025
Leasable area (sq. ft.)	4,641,877	4,314,154	4,208,246	3,830,565	3,116,588
% of total portfolio	13.0 %	12.0 %	11.7 %	10.7 %	8.7 %

The following table summarizes information on leases as at September 30, 2020:

	Residual weighted average term (years)	Weighted average term of leases (years)	Average leased area per client (sq. ft.)	Average minimum rent ($/sq. ft.)
Total Portfolio	6.1	8.1	9,519	13.53

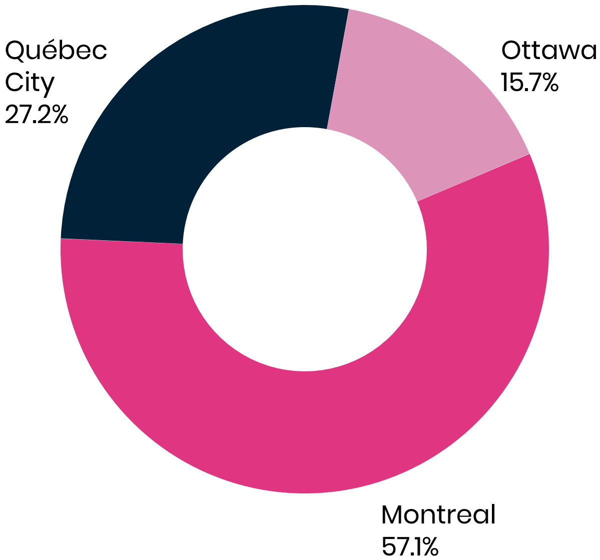
Cominar has a broad, highly diversified retail client base consisting of approximately 3,450 tenants occupying an average of 9,500 square feet each. The stability and quality of cash flows provided by operating activities are enhanced by the fact that approximately 12.6% of operating revenues come from government agencies, representing over 100 leases.

Office Highlights

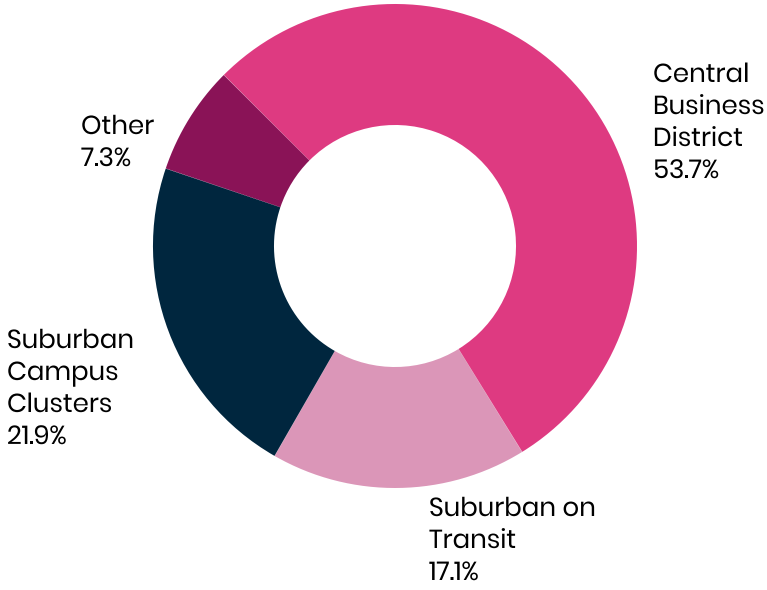
Quarter ended September 30, 2020

Rent collection for the third quarter Rent collection for the second quarter: 96.1%	**98.4%**
Growth in same property net operating income[1,2] Nine-month period ended September 30, 2020 : 3.3%	**3.0%**
Growth in the average net rent of renewed leases for the nine-month period ended September 30, 2020	**7.6%**
Increase in the committed occupancy rate from 92.1% (September 30, 2019) to	**93.0%**

NOI by Geographic Market [3]



NOI by Segment [3]



[1] Refer to section "Non-IFRS Financial Measures".
[2] The quarter ended September 30, 2020 includes estimated financial impact of COVID-19.
[3] Quarter ended September 30, 2020.

Office Financial and Operational Highlights

Periods ended September 30	Quarter[2] 2020	Quarter[2] 2019		Year-to-date (nine months)[2] 2020	Year-to-date (nine months)[2] 2019	
	$	$	% Δ	$	$	% Δ
Financial performance						
Operating revenues — Cominar's proportionate share [1]	**69,602**	74,540	(6.6)	**209,379**	225,778	(7.3)
NOI — Cominar's proportionate share [1]	**35,983**	37,281	(3.5)	**105,347**	108,591	(3.0)
Same property NOI [1]	**35,817**	34,790	3.0	**104,553**	101,261	3.3
Change in fair value of investment properties	**(123)**	(101)	21.8	**(40,055)**	(1,040)	N/M
Net income (loss)	**26,093**	26,378	(1.1)	**28,261**	75,028	(62.3)
Funds from operations (FFO) [1]	**26,902**	27,513	(2.2)	**73,300**	79,823	(8.2)
Adjusted funds from operations (AFFO) [1]	**19,681**	29,100	(32.4)	**52,809**	59,303	(11.0)
Income properties fair value — Cominar's proportionate share [1]				**2,305,797**	2,327,826	(0.9)
Financing						
Mortgages payable — Cominar's proportionate share [1]				**894,743**	829,777	
Unencumbered income properties				**732,724**	927,516	
Mortgages payable to income properties ratio [3]				**38.8 %**	35.6 %	
Operational data						
Number of investment properties				**79**	83	
Leasable area (in thousands of sq. ft.)				**10,990**	11,215	
Committed occupancy rate				**93.0 %**	92.1 %	
In-place occupancy rate				**91.9 %**	88.7 %	
Retention rate				**64.2 %**	57.6 %	
Growth in the average net rent of renewed leases				**7.6 %**	2.1 %	
Development activities						
Properties under development — Cominar's proportionate share [1]				**25,185**	**7,668**	

1 Refer to section "Non-IFRS Financial Measures".
2 The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - Impact analysis and risks".
3 Total of mortgages payable divided by the total income properties fair value.

COVID-19 - Impacts analysis and risks - Office

Rent Collection Summary [1]

	Office	
	Quarter ended September 30, 2020	**Quarter ended June 30, 2020**
Collected and negotiated agreements	**98.6 %**	96.6 %
o/w received [2]	**98.4 %**	96.1 %
o/w to be received		
from tenants (25% CECRA)	**0.1 %**	0.1 %
from tenants (other negotiated agreements)	**0.1 %**	0.4 %
To be received (no agreements) [3]	**1.4 %**	3.4 %
Total	**100.0 %**	100.0 %
Eligible for CECRA	**2.4 %**	2.4 %

1 As at November 3,, 2020. As percentage of invoiced rent.
2 Includes payments already received by some of the CECRA eligible tenants and the payments received or to be received from governments under the CECRA program.
3 Includes tenants that are not eligible for CECRA and those with whom no deferral or credit/rent reduction has been granted, as such tenants are considered to have the capacity to pay the full amount of rent.

The following table highlights trade receivables composition as at September 30, 2020:

Office trade receivables	As at September 30, 2020
	$
Trade receivables	
Governments - CECRA program	983
Short-term rent deferrals	366
Other trade receivables	27,389
Trade receivables	28,738
Provision for expected credit losses	(2,593)
Total net trade receivables	26,145

The following table highlights expected credit losses (expense) for the periods ended September 30, 2020:

Office	Quarter ended September 30, 2020	Nine-month period ended September 30, 2020
	$	$
Expected credit losses on short-term rent deferrals	44	314
Expected credit losses on trade receivables	159	1,116
	203	1,430
Expected credit losses - owner portion of CECRA (12.5%)	286	456
Expected credit losses - rent reductions	386	950
Total expected credit losses	875	2,836
Percentage of operating revenues	1.3 %	1.4 %

Cominar's expected credit losses for the nine-month period ended September 30, 2020 includes estimates of the landlord portion of the CECRA program which represents 12.5% of the eligible tenant's rent, of the uncertainty of the recoverability of rents related to tenants, including tenants part of the CECRA program, of the uncertainty of the recoverability on short-term rent deferrals, of rent reductions provided to tenants related to rents already recognized as a receivable when the tenant made a request for financial assistance, and of the uncertainty of the recoverability of all other receivables.

Results of Operations - Office

The following table highlights our office results of operations for the periods ended September 30, 2020 and 2019:

	Quarter			Year-to-date (nine months)		
Periods ended September 30	2020 [1]	2019		2020 [1]	2019	
	$	$	% Δ	$	$	% Δ
Operating revenues	**65,613**	68,959	(4.9)	**197,477**	208,986	(5.5)
Operating expenses	**(32,060)**	(34,832)	(8.0)	**(99,223)**	(109,244)	(9.2)
NOI	**33,553**	34,127	(1.7)	**98,254**	99,742	(1.5)
Finance charges	**(8,058)**	(7,848)	2.7	**(24,386)**	(23,402)	4.2
Trust administrative expenses	**(669)**	(535)	25.0	**(1,937)**	(1,710)	13.3
Change in fair value of investment properties	**(123)**	(101)	21.8	**(40,055)**	(1,040)	N/M
Share of joint ventures' net income	**1,551**	1,303	19.0	**(139)**	3,878	(103.6)
Transaction costs	**(161)**	(568)	(71.7)	**(3,481)**	(2,440)	42.7
Net income before income taxes	**26,093**	26,378	(1.1)	**28,256**	75,028	(62.3)
Current income taxes	**—**	—	—	**4**	—	100.0
Net income and comprehensive income	**26,093**	26,378	(1.1)	**28,260**	75,028	(62.3)

1 The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - Impact analysis and risks".

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 portfolio includes the results of properties owned by Cominar as at December 31, 2018, with the exception of results from the properties sold, acquired or under development in 2019 and 2020, as well as the rental income arising from the recognition of leases on a straight-line basis.

Same property office portfolio NOI

	Quarter			Year-to-date (nine months)		
Periods ended September 30	2020 [1]	2019		2020 [1]	2019	
	$	$	% Δ	$	$	% Δ
Same property operating revenues - Cominar's proportionate share [2]	**68,851**	69,969	(1.6)	**206,852**	210,098	(1.5)
Same property operating expenses - Cominar's proportionate share [2]	**(33,034)**	(35,179)	(6.1)	**(102,299)**	(108,837)	(6.0)
Same property NOI - Cominar's proportionate share [2]	**35,817**	34,790	3.0	**104,553**	101,261	3.3

1 The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - Impact analysis and risks".
2 Refer to section "Non-IFRS Financial Measures".

Third quarter growth of 3.0% in same property NOI on a proportionate basis compared with the corresponding quarter of 2019 is mainly attributable to an increase in the average in-place occupancy rate year over year, from the growth in the average net rent of renewed leases and the positive impact of decreases in operating costs and realty taxes and services, partially offset by the financial impact of COVID-19 namely an estimated expected credit loss of $0.8 million which impacted Cominar for the months of July, August and September 2020 (refer to section "COVID-19 - impact analysis and risks").

Behind these results lies a solid operational performance in the circumstances. Since the beginning of the pandemic, our teams have made sustained and proactive efforts to reduce operating expenses by $6.9 million, being partly offset by a decrease of $4.1 million in revenues related to recoverable operating expenses. The resulting favorable variance of $2.7 million (related to gross leases) covers the expected credit losses related to COVID, which totaled $2.1 million.

As expected credit losses have been offset by sustained spending reduction efforts, the remainder of the revenue decline is directly related to a COVID-19 related drop in parking revenues, mostly at Gare Centrale and Alexis-Nihon in Montreal.

In addition, growth in same property office NOI in the third quarter is explained by a substantial increase in the physical occupancy rate of 3.2% year over year, or 335,000 square feet more than at the same date last year, and by sustained growth in rents for leases renewed during the last 12 months. In all, 887,000 square feet have been renewed since October 1, 2019 with solid net rental growth of 7.2% (+ $0.80 / square feet). As well as a $1.0 million construction project management fee, part of our additional revenues strategy.

Had it not been for the impact of COVID-19 on results, which resulted in a negative impact of $2.1 million on NOI (6.0%) for the quarter, our same property office NOI growth would have been in the order of 9.0%, well in excess of expectations.

	Quarter			Year-to-date (nine months)		
Periods ended September 30	2020 [1]	2019		2020 [1]	2019	
	$	$	% Δ	$	$	% Δ
Geographic Market						
Montreal	**20,449**	20,860	(2.0)	**59,779**	60,887	(1.8)
Québec City	**9,745**	8,899	9.5	**28,365**	26,323	7.8
Ottawa [2]	**5,623**	5,031	11.8	**16,409**	14,051	16.8
Same property NOI — Cominar's proportionate share [3]	**35,817**	34,790	3.0	**104,553**	101,261	3.3

1 The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - impact analysis and risks"
2 For presentation purposes, the Gatineau area is included in the Ottawa geographic market.
3 Refer to section "Non-IFRS Financial Measures".

The Montreal office portfolio performed in line with our expectations, with an improvement in the in-place occupancy rate mostly related to the coming into force of a 181,000 square foot lease with a para governmental entity in the east of Montreal. However, same property office NOI was impacted negatively by a significant (5.2%) COVID-19 related drop in parking revenues at Gare Centrale and Alexis-Nihon.

Québec City continues to provide sustained growth for the office portfolio, showing a solid same property NOI growth of 9.5%. Most of the growth is attributable to increased revenues from spaces that were vacant last year, including 36,000 square feet leased to a government entity, as well as reduced spending and leasing incentives.

The Ottawa region also saw a significant increase of 11.8% in same property office NOI in the third quarter on a comparative basis of 16.8% for the whole of 2020 due to the increase in the physical occupancy rate of 2.8% since the coming into force of a lease of 60,000 square feet leased to a government entity in the last quarter of 2019.

For the three regions, the reduction in expenses allowed us to compensate for the expected credit loss related to COVID-19. With over 48% of their rents derived from governmental agencies leases (gross rent), the Québec City and Ottawa markets are both reacting particularly well to expense reductions.

	Quarter			Year-to-date (nine months)		
Periods ended September 30	2020 [1]	2019		2020 [1]	2019	
	$	$	% Δ	$	$	% Δ
Segment						
Central Business District	**19,228**	18,627	3.2	**56,892**	55,917	1.7
Suburban on Transit	**6,118**	5,582	9.6	**16,858**	15,080	11.8
Suburban Campus Clusters	**7,854**	7,122	10.3	**23,452**	20,784	12.8
Other	**2,617**	3,459	(24.3)	**7,351**	9,480	(22.5)
Same property NOI — Cominar's proportionate share [2]	**35,817**	**34,790**	3.0	**104,553**	**101,261**	3.3

1 The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - impact analysis and risks"
2 Refer to section "Non-IFRS Financial Measures".

Our growth in the office sector is expected to come mainly from the suburbs in 2020, more precisely from Montreal East and Laval. We do not anticipate any major departures in the suburbs for 2020. The growth in our suburban office portfolio is expected to continue until the end of the year with the start of major leases totaling 230,000 square feet at 5100 Sherbrooke and 255 Crémazie.

Suburban office segment showed rental growth year-over-year in the Montreal market area. Pre-COVID-19, the suburban office market was starting to benefit from the spillover from a tight downtown market. Post-COVID-19, we anticipate that many organizations will consider a transition from work-from-home to work-near-home, thus adopting a hub and spoke occupancy strategy while maintaining a less dense head office in the central business district. However, we anticipate that the shift will be very gradual as tenants who desire to change their occupancy strategy will have to sublet their current space or wait for the expiry of their lease before making a move.

This context is favorable for Cominar to capture leasing opportunities as 70% of our office vacancy resides in the suburbs, while our Center business district Montreal portfolio has a high 97+% occupancy along with a resilient 5.5 years WALT.

Same property office portfolio NOI weighting

	Quarter		Year-to-date (nine months)	
Periods ended September 30	2020	2019	2020	2019
Geographic market				
Montreal	**57.1 %**	59.9 %	**57.2 %**	60.1 %
Québec City	**27.2 %**	25.6 %	**27.1 %**	26.0 %
Ottawa [1]	**15.7 %**	14.5 %	**15.7 %**	13.9 %
Same property NOI — 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 Financial Measures".

The strong same property office NOI growth in Québec City and Ottawa (9.5% and 11.8%), partially offset by the parking revenues losses during the third quarter in Montreal has impacted the geographical weighing of our same property office NOI, at least temporarily, until workers return to offices and parking revenues come back to normal.

We anticipate that demand for parking will make a comeback when office workers return to offices as many workers may prefer to use their car over public transit, at least in the short term. The hybrid work-from-home and office model may also offer an opportunity to generate higher parking revenue per parking spot. Monthly parking may become daily parking, which offers a higher daily rate and a larger number of parking users.

Our Québec City and Ottawa office portfolios have also benefited from their strong government tenancy, which offers a more resilient NOI base. Governmental leases, which are mostly gross leases with operating expense increases capped, can sometimes be unfavorable in economic growth times. However, in a pandemic context where operating expenses are reduced, these gross leases become an advantage as operating expense revenues are not subject to adjustments other than CPI or other macro-economic indexes.

	Quarter		Year-to-date (nine months)	
Periods ended September 30	2020	2019	2020	2019
Segment				
Central Business District	**53.7 %**	53.6 %	**54.5 %**	55.2 %
Suburban on Transit	**17.1 %**	16.0 %	**16.1 %**	14.9 %
Suburban Campus Clusters	**21.9 %**	20.5 %	**22.4 %**	20.5 %
Other	**7.3 %**	9.9 %	**7.0 %**	9.4 %
Same property NOI — Cominar's proportionate share [1]	**100.0 %**	100.0 %	**100.0 %**	100.0 %

1 Refer to section "Non-IFRS Financial Measures"

Our central business district remains our NOI driver in the office portfolio and its contribution reduced slightly in the second and third quarters, mostly because of the drop in parking revenues. In the past year the contribution of the suburbs and the outskirts of the central business increased, assisted by a major lease with a para-governmental entity in Montreal-East. This may also be a continuing trend as demand for suburbs is increasing in the COVID-19 environment and this is where most of our vacancy (70%) sits. Therefore, we anticipate that the suburban office contribution may continue to increase over the coming quarters.

Office Property Under Construction and Development Project

Palladium (Ford)
During the third quarter of 2019, Cominar commenced the development of 800 Palladium Drive which is part of the Palladium Campus in Kanata. This 100,000 square foot class A suburban office building project is now 100% leased, of which 96% will be occupied by Ford Canada to house an expansion of its research and development center for autonomous driving technology. Ford took possession and started its leasehold improvements in early August. The completion of the building is scheduled for the fourth quarter of 2020 and Ford is expected to move in gradually from late fourth quarter 2020 to the end of the first quarter of 2021.

Investments in Office Income Properties

Periods ended September 30	Quarter 2020	Quarter 2019		Year-to-date (nine months) 2020	Year-to-date (nine months) 2019	
	$	$	% Δ	$	$	% Δ
Capital expenditures — increase of rental income generating capacity	**8,453**	6,861	23.2	**17,551**	17,898	(1.9)
Capital expenditures — maintenance of rental income generating capacity	**(13)**	3,694	(100.4)	**2,397**	2,396	—
Leasehold improvements	**3,227**	4,470	(27.8)	**5,984**	15,737	(62.0)
Leasing costs	**1,523**	1,140	33.6	**3,484**	3,950	(11.8)
Capital costs — Properties under development — Financial statements	848	5,901	(85.6)	**11,866**	6,856	73.1
Total capital expenditures	**14,038**	22,066	(36.4)	**41,282**	46,837	(11.9)

Real Estate Operations - Office

Occupancy Rate

Occupancy rate track record

Office	Committed Sept. 30, 2020	Committed Dec. 31, 2019	Committed Sept. 30, 2019	In-place Sept. 30, 2020	In-place Dec. 31, 2019	In-place Sept. 30, 2019
Geographic Market						
Montreal	**91.4 %**	90.5 %	89.2 %	**90.1 %**	85.4 %	85.9 %
Québec City	**97.6 %**	98.5 %	97.7 %	**96.8 %**	97.4 %	95.5 %
Ottawa [1]	**92.6 %**	94.2 %	94.3 %	**91.8 %**	91.9 %	89.0 %
Office portfolio total	**93.0 %**	92.9 %	92.1 %	**91.9 %**	89.2 %	88.7 %

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

Office	As at September 30, 2020 Number of properties	As at September 30, 2020 Leasable area sq. ft	As at December 31, 2019 Number of properties	As at December 31, 2019 Leasable area sq. ft
Geographic Market				
Montreal	**49**	**6,488,000**	50	6,554,000
Québec City	**13**	**2,409,000**	13	2,409,000
Ottawa [1]	**17**	**2,093,000**	17	2,093,000
Office portfolio total	**79**	**10,990,000**	80	11,056,000

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

The in-place office occupancy rate has substantially improved (+3.2%) in the past year, providing us with revenue growth in all three markets. In parallel, major leases with governmental and para-governmental entities were delivered, thus reducing the spread between committed and in-place leases from 3.4% to a healthy 1.1% at the third quarter. These new leases, totalizing over 300,000 square feet, are expected to offer stable cashflows over the years.

Same Property Occupancy rate

Office	Committed Sept. 30, 2020	Committed Dec. 31, 2019	Committed Sept. 30, 2019	In-place Sept. 30, 2020	In-place Dec. 31, 2019	In-place Sept. 30, 2019
Segment						
Central Business District	**96.1 %**	96.6 %	95.5 %	**94.6 %**	93.6 %	91.2 %
Suburban on Transit	**92.8 %**	93.6 %	92.7 %	**91.5 %**	85.3 %	87.1 %
Suburban Campus Clusters	**88.4 %**	88.1 %	86.8 %	**87.8 %**	86.2 %	85.3 %
Other	**92.0 %**	92.6 %	91.9 %	**91.5 %**	90.8 %	91.9 %
Office portfolio total	**93.0 %**	93.3 %	92.3 %	**91.9 %**	89.7 %	88.9 %

Office	As at September 30, 2020 Number of properties	As at September 30, 2020 Leasable area sq. ft	As at December 31, 2019 Number of properties	As at December 31, 2019 Leasable area sq. ft
Segment				
Central Business District	**15**	**4,763,000**	15	4,763,000
Suburban on Transit	**21**	**2,288,000**	22	2,354,000
Suburban Campus Clusters	**28**	**2,582,000**	28	2,582,000
Other	**15**	**1,357,000**	15	1,357,000
Office portfolio total	**79**	**10,990,000**	80	11,056,000

70% of our office vacancy is located in the suburbs. What we considered a challenge in the previous years is now an opportunity as we expect an increase in suburban office demand in the post-COVID-19 dynamic. We anticipate that many organizations will consider a transition from work-from-home to work-near-home, thus adopting a hub and spoke occupancy strategy while maintaining a less dense head office in the central business district. Our vacancies in the suburb, combined with our solid and stable occupancy in the central business district should play in favour of Cominar in the coming years as we deploy our suburban office strategy.

Office Leasing Activity

Leases maturing in 2020	
Number of clients	206
Leasable area (sq. ft.)	1,406,000
Renewed leases	
Number of clients	120
Leasable area (sq. ft.)	902,000
Retention rate	**64.2 %**
New leases	
Number of clients	37
Leasable area (sq. ft.)	610,000
Unexpected departures	
Number of clients	10
Leasable area (sq. ft.)	57,000

During the nine-month period ended September 30, 2020, 64.2% of the office leasable area maturing in 2020 was renewed. During the period, new leases were also signed representing 0.6 million square feet of leasable area, while tenants whose leases were not expiring that left before the end of their lease totaled leasable area of 0.1 million square feet. 107.5 % of the leasable area maturing in 2020 was covered by renewals and new leases at the end of the third quarter of 2020.

Growth in the average net rent of renewed leases

Office	For the nine-month period ended September 30, 2020
Geographic Market	
Montreal	**10.3 %**
Québec City	**3.5 %**
Ottawa [1]	**3.4 %**
Office portfolio total	**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. The increase in the Montreal office market is mainly due to a renewal of 23,000 square feet up by $8.22 or 142.1% of a technology company.

Office Lease Maturities

Years ending December 31	2021	2022	2023	2024	2025
Leasable area (sq. ft.)	1,596,795	1,023,282	1,141,395	1,254,894	1,021,205
% of portfolio — Office	14.5 %	9.3 %	10.4 %	11.4 %	9.3 %

Our lease maturities are spread evenly over the next 5 years, except for 2021 where we have approximately 14.5% more square feet coming to maturity. The higher volume of rent coming to maturity in 2021 is normal and caused by an unusual amount of leases that have been renewed on an annual or biannual basis. 53% of the leases coming to maturity in 2021 have already been renewed.

The following table summarizes information on office leases as at September 30, 2020:

	Residual weighted average term (years)	Weighted average term of leases (years)	Average leased area per client (sq. ft.)	Average minimum rent ($/sq. ft.)
Office	5.5	8.6	11,888	17.96

Cominar has a broad, highly diversified office client base consisting of approximately 850 tenants occupying an average of 11,800 square feet each. The top three clients, Société Québécoise des Infrastructures, Public Works Canada and Canadian National Railway Company, account respectively for approximately 13.3%, 9.9% and 8.1% of operating revenues from several leases with staggered maturities. The stability and quality of cash flows provided by operating activities are enhanced by the fact that approximately 25.9% of operating revenues come from government agencies.

In a post-COVID-19 environment, we expect WALTs may diminish, at least for a certain time until the long term impacts of work-from-home are better known. As tenants redefine their new occupancy strategies, we may then see longer WALTs resurface after the optimal configurations are determined. As for flexible leasing options, we believe it will play a larger role in a balanced and diversified office portfolio.

Top 10 office clients

The following table presents our top ten office clients:

Client	% of office leasable area	% of office operating revenues
Société québécoise des infrastructures	15.3 %	13.3 %
Public Works Canada	12.0 %	9.9 %
Canadian National Railway Company	5.8 %	8.1 %
Institut Royal pour l'avancement des sciences (McGill)	1.2 %	1.6 %
Ville de Montréal	1.3 %	1.2 %
HSBC Bank of Canada	0.8 %	1.2 %
Centre de services scolaire de Montréal (School Board)	1.8 %	1.2 %
Ford Motor Company of Canada	1.1 %	1.1 %
Desjardins Property Management	1.2 %	1.1 %
Entrust Datacard Limited	1.0 %	1.1 %
Total	**41.5 %**	**39.8 %**

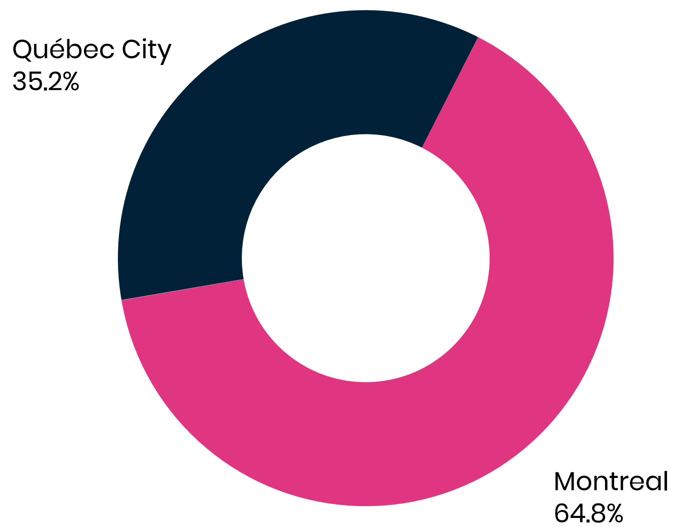
Field of activity	% of annual rent	% of area (%)
Government and paragovernmental institutions	29.6 %	35.2 %
Professional and financial services (national firm)	20.3 %	18.3 %
Technologies	15.7 %	15.3 %
Transportation, distribution and logistics	10.2 %	7.8 %
Professional and financial services (local firm)	6.0 %	5.9 %
Other	4.3 %	4.4 %
Medical	4.0 %	3.8 %
Education	3.6 %	2.9 %
Real estate	2.7 %	2.6 %
Entertainment and retail	2.7 %	3.1 %
Coworking	0.9 %	0.7 %
Other	4.3 %	4.4 %
Total	**100.0 %**	**100.0 %**

Retail Highlights

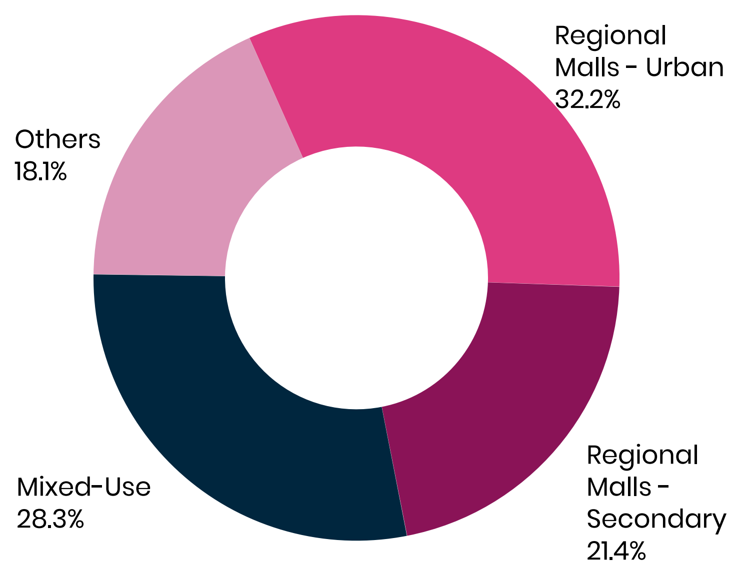
Quarter ended September 30, 2020

Rent collection for the third quarter Rent collection for the second quarter: 77.0%	**90.1%**
Reduction in same property net operating income[1,2] Nine-month period ended September 30, 2020 : (23.9)%	**(28.3)%**
Decrease in the average net rent of renewed leases for the nine-month period ended September 30, 2020	**(2.1)%**
Decrease in committed occupancy rate from 94.0% (September 30, 2019) to	**90.9%**

NOI by Geographic Markets [3]



NOI by Asset Type [3]



[1] Refer to section "Non-IFRS Financial Measures".
[2] The quarter ended September 30, 2020 includes estimated financial impact of COVID-19.
[3] Quarter ended September 30, 2020.

Retail Financial and Operational Highlights

Periods ended September 30	Quarter[2] 2020	2019		Year-to-date (nine months)[2] 2020	2019	
	$	$	% Δ	$	$	% Δ
Financial performance						
Operating revenues — Cominar's proportionate share [1]	**59,137**	63,084	(6.3)	**180,184**	196,063	(8.1)
NOI — Cominar's proportionate share [1]	**22,759**	32,805	(30.6)	**70,431**	96,431	(27.0)
Same property NOI [1]	**23,095**	32,214	(28.3)	**70,852**	93,107	(23.9)
Change in fair value of investment properties	**73**	(2,351)	(103.1)	**(246,214)**	(217)	N/M
Net income (loss)	**13,794**	22,467	(38.6)	**(208,960)**	70,526	(396.3)
Funds from operations (FFO) [1]	**13,989**	25,206	(44.5)	**39,837**	74,211	(46.3)
Adjusted funds from operations (AFFO) [1]	**10,316**	26,269	(60.7)	**29,025**	61,563	(52.9)
Income properties fair value — Cominar's proportionate share [1]				**2,034,299**	2,327,826	(12.6)
Financing						
Mortgages payable — Cominar's proportionate share [1]				**792,126**	796,492	
Unencumbered income properties				**682,312**	789,029	
Mortgages payable to income properties ratio [3]				**38.9 %**	34.2 %	
Operational data						
Number of investment properties				**44**	56	
Leasable area (in thousands of sq. ft.)				**9,480**	9,918	
Committed occupancy rate				**90.9 %**	94.0 %	
In-place occupancy rate				**85.6 %**	85.4 %	
Retention rate				**65.2 %**	66.3 %	
Growth in the average net rent of renewed leases				**(2.1)%**	(2.7)%	
Development activities						
Properties under development — Cominar's proportionate share [1]				**28,352**	41,255	

1 Refer to section "Non-IFRS Financial Measures".
2 The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - Impact analysis and risks".
3 Total of mortgages payable divided by the total income properties fair value.

COVID-19 - Impacts analysis and risks - Retail

Rent Collection Summary [1]

	Retail	
	Quarter ended September 30, 2020	**Quarter ended June 30, 2020**
Collected and negotiated agreements	**95.4 %**	92.5 %
o/w received [2]	**90.1 %**	77.0 %
o/w to be received		
from tenants (25% CECRA)	**0.3 %**	— %
from tenants (other negotiated agreements)	**5.1 %**	15.4 %
To be received (no agreements) [3]	**4.6 %**	7.5 %
Total	**100.0 %**	100.0 %
Eligible for CECRA	**27.8 %**	29.9 %

1 As at November 3, 2020. As percentage of invoiced rent.
2 Includes payments already received by some of the CECRA eligible tenants and the payments received or to be received from governments under the CECRA program.
3 Includes tenants that are not eligible for CECRA and those with whom no deferral or credit/rent reduction has been granted, as such tenants are considered to have the capacity to pay the full amount of rent.

The following table highlights trade receivables composition as at September 30, 2020:

Retail trade receivables	As at September 30, 2020
	$
Trade receivables	
Governments - CECRA program	5,639
Short-term rent deferrals	2,812
Other trade receivables	17,702
Trade receivables	26,153
Provision for expected credit losses	(11,090)
Total net trade receivables	15,063

The following table highlights expected credit losses (expense) for the periods ended September 30, 2020:

Retail	Quarter ended September 30, 2020	Nine-month period ended September 30, 2020
	$	$
Expected credit losses on short-term rent deferrals	(427)	400
Expected credit losses on trade receivables	4,044	9,056
	3,617	9,456
Expected credit losses - owner portion of CECRA (12.5%)	1,286	3,781
Expected credit losses - rent reductions	2,078	9,476
Total expected credit losses	6,981	22,713
Percentage of operating revenues	11.8 %	12.7 %

Cominar's expected credit losses for the nine-month period ended September 30, 2020 includes estimates of the landlord portion of the CECRA program which represents 12.5% of the eligible tenant's rent, of the uncertainty of the recoverability of rents related to tenants, including tenants part of the CECRA program, of the uncertainty of the recoverability on short-term rent deferrals, of rent reductions provided to tenants related to rents already recognized as a receivable when the tenant made a request for financial assistance, and of the uncertainty of the recoverability of all other receivables.

Results of Operations - Retail

The following table highlights our results of operations for the periods ended September 30, 2020 and 2019:

	Quarter			Year-to-date (nine months)		
Periods ended September 30	2020 [1]	2019		2020 [1]	2019	
	$	$	% Δ	$	$	% Δ
Operating revenues	**58,918**	64,320	(8.4)	**179,199**	199,891	(10.4)
Operating expenses	**(36,257)**	(30,837)	17.6	**(109,247)**	(101,966)	7.1
NOI	**22,661**	33,483	(32.3)	**69,952**	97,925	(28.6)
Finance charges	**(7,667)**	(7,986)	(4.0)	**(23,133)**	(22,608)	2.3
Trust administrative expenses	**(1,309)**	(712)	83.8	**(2,577)**	(2,276)	13.2
Change in fair value of investment properties	**73**	(2,351)	(103.1)	**(246,214)**	(217)	N/M
Share of joint ventures' net income	**37**	183	(79.8)	**(5,171)**	499	(1,136.3)
Transaction costs	**—**	(151)	100.0	**(1,817)**	(2,798)	(35.1)
Net income (loss) before income taxes	**13,795**	22,466	(38.6)	**(208,960)**	70,525	(396.3)
Current income taxes	**—**	—	—	**—**	—	—
Net income (loss) and comprehensive income (loss)	**13,795**	22,466	(38.6)	**(208,960)**	70,525	(396.3)

1 *The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - Impact analysis and risks".*

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. Same property retail portfolio includes the results of properties owned by Cominar as at December 31, 2018, with the exception of results from the properties sold, acquired or under development in 2019 and 2020, as well as the rental income arising from the recognition of leases on a straight-line basis.

Same property retail portfolio NOI

	Quarter			Year-to-date (nine months)		
Periods ended September 30	2020 [1]	2019		2020 [1]	2019	
	$	$	% Δ	$	$	% Δ
Same property operating revenues - Cominar's proportionate share [2]	**59,362**	62,540	(5.1)	**180,066**	191,189	(5.8)
Same property operating expenses - Cominar's proportionate share [2]	**(36,267)**	(30,326)	19.6	**(109,214)**	(98,082)	11.3
Same property NOI - Cominar's proportionate share [2]	**23,095**	32,214	(28.3)	**70,852**	93,107	(23.9)

1 *The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - Impact analysis and risks".*
2 *Refer to section "Non-IFRS Financial Measures".*

Third quarter decline of 28.3% in retail same property NOI on a proportionate basis compared with the corresponding quarter of 2019 is mainly attributable to the negative impact of COVID-19 namely $2.4 million of rent reductions and estimated expected credit losses of $7.0 million which impacted Cominar for the months of July, August and September 2020 (refer to section "COVID-19 - impact analysis and risks"), partially offset by an increase in the average in-place occupancy rate year over year. Fashion, restaurants, gyms and entertainment are the tenant categories that have been the most negatively affected since the reopening in June 2020.

Since the beginning of the COVID-19 pandemic, our teams have made sustained and proactive efforts to reduce operating expenses by $7.3 million, being partially offset by a decrease of $2.7 million in revenues related to recoverable operating expenses.

Periods ended September 30	Quarter 2020 [1]	2019		Year-to-date (nine months) 2020 [1]	2019	
	$	$	% Δ	$	$	% Δ
Geographic Market						
Montreal	**14,976**	19,813	(24.4)	**44,687**	56,911	(21.5)
Québec City	**8,122**	11,678	(30.5)	**25,526**	34,274	(25.5)
Ottawa [2]	**(3)**	723	(100.4)	**639**	1,922	(66.8)
Same property NOI — Cominar's proportionate share [3]	**23,095**	32,214	(28.3)	**70,852**	93,107	(23.9)

1 The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - impact analysis and risks"
2 For presentation purposes, the Gatineau area is included in the Ottawa geographic market. Mainly, Galerie de Hull.
3 Refer to section "Non-IFRS Financial Measures".

Periods ended September 30	Quarter 2020 [1]	2019		Year-to-date (nine months) 2020 [1]	2019	
	$	$	% Δ	$	$	% Δ
Asset Type						
Regional Malls - Urban	**7,426**	11,371	(34.7)	**23,908**	34,617	(30.9)
Regional Malls - Secondary	**4,931**	6,544	(24.6)	**12,322**	19,380	(36.4)
Mixed-Use	**6,536**	8,488	(23.0)	**20,164**	23,029	(12.4)
Others	**4,202**	5,811	(27.7)	**14,458**	16,081	(10.1)
Same property NOI — Cominar's proportionate share [2]	**23,095**	32,214	(28.3)	**70,852**	93,107	(23.9)

1 The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - impact analysis and risks"
2 Refer to section "Non-IFRS Financial Measures".

Same property retail portfolio NOI weighting

Periods ended September 30	Quarter 2020	2019	Year-to-date (nine months) 2020	2019
Geographic market				
Montreal	**64.8 %**	61.5 %	**63.1 %**	61.1 %
Québec City	**35.2 %**	36.3 %	**36.0 %**	36.8 %
Ottawa [1]	**— %**	2.2 %	**0.9 %**	2.1 %
Same property NOI — 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 Financial Measures".

Periods ended September 30	Quarter 2020	2019	Year-to-date (nine months) 2020	2019
Asset types				
Regional Malls - Urban	**32.2 %**	35.4 %	**33.7 %**	37.2 %
Regional Malls - Secondary	**21.4 %**	20.3 %	**17.4 %**	20.8 %
Mixed-Use	**28.3 %**	26.3 %	**28.5 %**	24.7 %
Others	**18.1 %**	18.0 %	**20.4 %**	17.3 %
Same property NOI — Cominar's proportionate share [1]	**100.0 %**	100.0 %	**100.0 %**	100.0 %

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

Retail Properties Under Construction and Development Projects

Société en commandite Chaudière-Duplessis - Ilot Mendel
Cominar continues to review its alternatives for the development of Ilot Mendel, a 2.0 million square foot retail development site located at the intersection of Highways 40 and 540, two of the main arteries of Québec City. Ilot Mendel is located next to Québec city's IKEA store, which occupies just over 1 million square feet, including the parking areas. In September 2019, a 57,000 square foot Decathlon sporting goods store also opened to the public on the site.

As announced by the competent authorities, it is anticipated that the site will eventually be served by the new public transit network (Tramway) with a station directly on site. A densification study has been completed and now shows a residential portion with a minimum of 1,000 units near the future tramway station. Consequently, the size of the retail portion of the project has been reduced from our initial plans to an additional GLA of 125,000 square feet. The City of Québec is continuing to refine its vision for the sector which is in line with our objectives to have a mixed-use project with residential, retail and industrial uses. Discussions are on-going with the City of Quebec in that regard. Further development of this site will depend on market conditions, tenant demand and the final zoning approved by the City of Québec.

In addition, Cominar owns land located south of the retail project that is intended, among other things, for industrial purposes, with a potential developable area of 250,000 square feet, for which a zoning change is necessary and is part of the vision discussed above.

Société en commandite Bouvier-Bertrand (Québec City) and Société en commandite Marais (Québec City)
Cominar and Groupe Dallaire are limited partners in Société en commandite Bouvier-Bertrand and Société en commandite Marais. The limited partnerships were created to carry out the development of land in Québec City. The Bouvier-Bertrand site is in large part complete except for a small residual parcel, and alternatives for the Marais site are under review.

Intensification Opportunities
Nine transit-oriented retail properties have been identified as offering intensification opportunities with potentially more than 12,000 residential units, subject to upzoning:

Property	Location	Zoning status	Estimated potential of doors
Gare Centrale	Montreal	Full rights	2,000
Mail Champlain	Greater Montreal	Anticipated upzoning Q1 2022	2,000
Place du Commerce	Greater Montreal	Anticipated upzoning Q1 2022	2,300
Centropolis [1]	Greater Montreal	Full rights	500
Rockland	Montreal	Anticipated upzoning Q1 2021	800
Place Longueuil	Greater Montreal	Anticipated upzoning Q3 2021	500
Quartier Laval	Greater Montreal	Full rights	2,500
Galeries de Hull	Gatineau	Full rights	600
Îlot Mendel	Québec City	Anticipated upzoning Q1 2022	1,000
TOTAL			12,200

1 Phase 1 anticipated at approximately 364 doors

There can be no assurance that these developments will be completed, including that upzoning will be acquired.

Investments in Retail Income Properties

Periods ended September 30	Quarter			Year-to-date (nine months)		
	2020	2019		2020	2019	
	$	$	% Δ	$	$	% Δ
Capital expenditures — increase of rental income generating capacity	**14,109**	8,830	59.8	**39,175**	25,683	52.5
Capital expenditures — maintenance of rental income generating capacity	**1,344**	562	139.1	**1,786**	2,264	(21.1)
Leasehold improvements	**3,827**	733	422.1	**7,310**	3,009	142.9
Leasing costs	**172**	111	55.0	**869**	516	68.4
Capital costs — Properties under development — Financial statements	**707**	6,190	(88.6)	**2,908**	14,224	(79.6)
Total capital expenditures	**20,159**	16,426	22.7	**52,048**	45,696	13.9

Capital expenditures - increase of rental income generating capacity totaled $39.2 million for the nine-month period ended September 30, 2020, of which $25.0 million was related to former Sears areas.

Real Estate Operations - Retail

Occupancy Rate

Occupancy rate track record

Retail	Committed			In-place		
	Sept. 30, 2020	Dec. 31, 2019	Sept. 30, 2019	Sept. 30, 2020	Dec. 31, 2019	Sept. 30, 2019
Geographic market						
Montreal	**92.1 %**	95.3 %	95.0 %	**88.0 %**	88.5 %	86.9 %
Québec City	**89.5 %**	92.6 %	92.9 %	**84.7 %**	87.7 %	86.3 %
Ottawa [1]	**87.5 %**	90.9 %	89.7 %	**59.4 %**	63.3 %	55.5 %
Retail portfolio total	**90.9 %**	94.1 %	94.0 %	**85.6 %**	87.3 %	85.4 %

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

Retail	As at September 30, 2020		As at December 31, 2019	
	Number of properties	Leasable area sq. ft	Number of properties	Leasable area sq. ft
Geographic Market				
Montreal	**19**	**5,218,000**	21	5,226,000
Québec City	**23**	**3,913,000**	23	3,913,000
Ottawa [1]	**2**	**349,000**	2	349,000
Retail portfolio total	**44**	**9,480,000**	46	9,488,000

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

Retail	As at September 30, 2020		As at December 31, 2019	
	Number of properties	Leasable area sq. ft	Number of properties	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	**29**	**2,282,000**	31	2,290,000
Retail portfolio total	**44**	**9,480,000**	46	9,488,000

Same property occupancy rate

Retail	Committed			In-place		
	Sept. 30, 2020	Dec. 31, 2019	Sept. 30, 2019	Sept. 30, 2020	Dec. 31, 2019	Sept. 30, 2019
Asset type						
Regional Malls - Urban	**90.9 %**	94.3 %	94.1 %	**83.8 %**	85.0 %	81.1 %
Regional Malls - Secondary	**93.5 %**	95.6 %	96.5 %	**87.2 %**	88.7 %	86.4 %
Mixed-Use	**95.8 %**	97.3 %	97.0 %	**93.8 %**	95.1 %	94.9 %
Others	**85.1 %**	89.4 %	89.8 %	**83.5 %**	87.4 %	86.4 %
Retail portfolio total	**90.9 %**	93.8 %	94.0 %	**85.9 %**	87.8 %	85.4 %

Retail Leasing Activity

Leases maturing in 2020	
Number of clients	523
Leasable area (sq. ft.)	1,560,000
Renewed leases	
Number of clients	255
Leasable area (sq. ft.)	1,017,000
Retention rate	**65.2 %**
New leases	
Number of clients	29
Leasable area (sq. ft.)	296,000
Unexpected departures	
Number of clients	38
Leasable area (sq. ft.)	197,000

During the nine-month period ended September 30, 2020, 65.2% of the retail leasable area maturing in 2020 was renewed. We have remained active on the leasing front with 296,000 square feet of new leases in place for 2020. Tenants that left before the end of their lease totaled 0.2 million square feet.

In the three-month period ended September 30, 2020, a 48,000 square foot Mayrand grocery store opened in Mail Champlain in the old Sears space with great fanfare, immediately followed by the opening of Boulangerie Ange, a French patisserie, which also proved to be a traffic generator. Also in Mail Champlain, a 14,000 square feet Clip and Climb is expected to open in early 2021.

A new 36,000 square feet IGA store opened in Rockland, as well as a relocated and renovated 6,000 square feet SAQ. It is anticipated that the old SAQ store will be occupied by a 17,000 square foot service oriented use to be announced.

Centre Les Rivières opened a 21,000 square foot Urban Planet store, which increased its original concept by more than 30% translating into incremental rent for Cominar.

Galleries Rive Nord continues to gain ground with a brand new 38,000 square feet Sports Experts store twice the size of the previous one. The store opened in July 2020 and enjoys a level of sales in excess of expectations.

Our 67,000 square foot Sportium store, located in Centre Laval closed subsequent to quarter end and was rapidly replaced by a Decathlon store scheduled to open mid-december 2020.

This new activity is in line with our strategy to increase our ratio of tenants that are performers in their category and represent a lower risk factor. In each case, their sales are being statistically projected to ensure their presence will maximize value for Cominar and also enhance customer experience and increase the number of visits to our malls.

Growth in the average net rent of renewed leases

Retail	For the nine-month period ended September 30, 2020
Geographic Market	
Montreal	**(2.6)%**
Québec City	**(2.4)%**
Ottawa [1]	**13.6 %**
Retail portfolio total	**(2.1)%**

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.

Since the beginning of the COVID-19 pandemic, 122,000 square feet of new lease transactions was secured including a new Decathlon of 67,000 square feet in Centre Laval with a planned opening in December 2020 and a of 30,000 square foot l'Aubainerie at Galerie de Hull with a planned opening in March 2021.

Retail Lease Maturities

Years ending December 31	2021	2022	2023	2024	2025
Leasable area (sq. ft.)	1,152,066	861,699	862,894	919,977	692,584
% of portfolio — Retail	12.2 %	9.1 %	9.1 %	9.7 %	7.3 %

The following table summarizes information on retail leases as at September 30, 2020:

	Residual weighted average term (years)	Weighted average term of leases (years)	Average leased area per client (sq. ft.)	Average minimum rent ($/sq. ft.)
Retail	5.1	8.1	4,763	20.02

Cominar has a broad, highly diversified retail client base consisting of approximately 1,700 tenants occupying an average of 4,812 square feet each. The top three clients, (i) Canadian Tire, Mark's and Sports Experts, (ii) Loblaws (Maxi, Pharmaprix) and (iii) Metro (Super C and Jean Coutu), account respectively for approximately 4.2%, 2.7% and 2.4% of retail operating revenues from several leases with staggered maturities.

Top 10 retail clients

The following table presents our top ten retail clients by percentage of operating revenues:

Client	% of retail operating revenues
Canadian Tire, Mark's and Sports Experts	4.2 %
Loblaws (Maxi, Pharmaprix)	2.7 %
Metro (Super C and Jean Coutu)	2.4 %
Winners, Home Sense and Marshalls	2.2 %
Dollarama	1.9 %
Sobey's (IGA)	1.5 %
Leon's/The Brick	1.3 %
Famous Players	1.3 %
Bell/La Source	1.2 %
Société des alcools du Québec	1.1 %
Total	**19.8 %**

Marie-Claire and MTY would have been part of this table had they not benefited from rent reductions granted in the context of COVID-19.

Uses by category

Categories	Total Retail % of leasable area	Regional Malls % of leasable area
Fashion	22.0 %	33.0 %
Value Fashion	5.0 %	5.0 %
Food Market/Speciality	12.0 %	8.0 %
General Merchandise & Variety Store	10.0 %	13.0 %
Furniture, Home Furnishings & Decor	9.0 %	10.0 %
Sporting Goods	8.0 %	8.0 %
Restaurants	8.0 %	3.0 %
Office & Medical Spaces	6.0 %	4.0 %
Health & Beauty / Personal Care	6.0 %	6.0 %
Entertainment	4.0 %	3.0 %
Electronics	4.0 %	3.0 %
Government and para-government institutions	2.0 %	1.0 %
Other	4.0 %	3.0 %
Total	**100.0 %**	**100.0 %**

Our objective is to decrease categories such as mid-fashion, obsolete restaurant operators or obsolete entertainment uses, and to increase tenant categories that are more resilient to economic downturns such as medical clinics, value or strong fashion brands, groceries and specialty food, general merchandise and electronics.

Sales performances and footfall

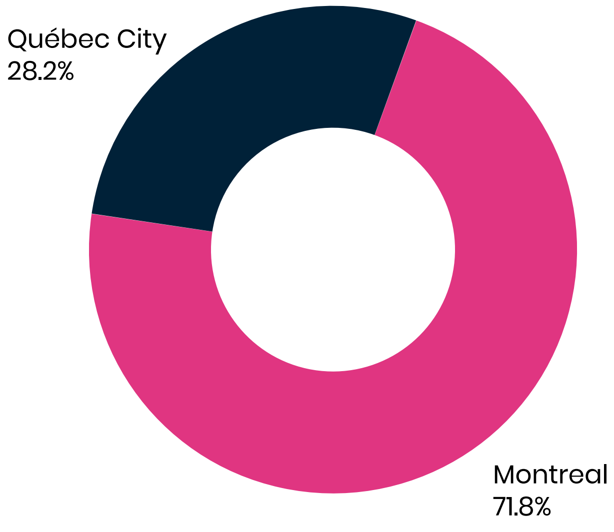
During the quarter ended September 30, 2020, all properties (excluding CN Central Station, Alexis-Nihon and Place de la Cité) experienced a COVID-19 related decrease in footfall of 19% in comparison with 2019, but experienced a decline in sales of only 3%, explained by a very good conversion rate. Including mixed-use (office and retail) properties Alexis-Nihon and Place de la Cité that are located in urban area, decline in sales reached 8%. Rent reductions granted to a number of tenants have been determined, on a case by case basis, taking into account the decline in sales encountered by such tenants.

Industrial and Flex Highlights

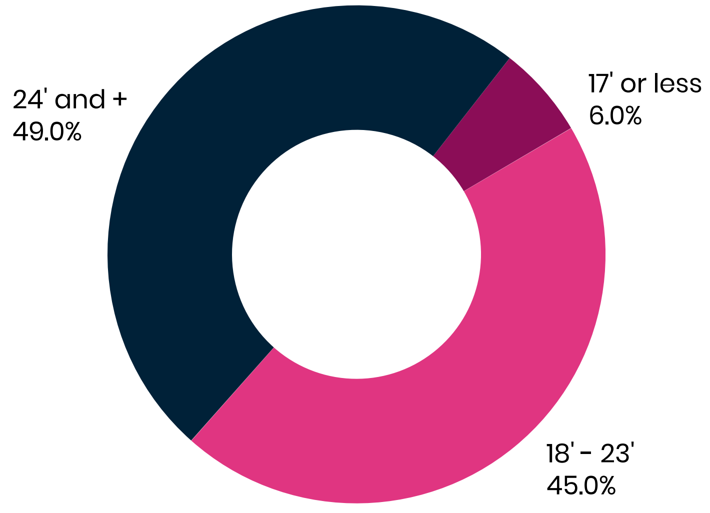
Quarter ended September 30, 2020

Rent collection for the third quarter Rent collection for the second quarter: 95.6%	98.4%
Growth in same property net operating income[1,2] Nine-month period ended September 30, 2020 : 2.7%	3.3%
Growth in the average net rent of renewed leases for the nine-month period ended September 30, 2020	20.0%
Stable committed occupancy rate from 96.4% (September 30, 2019) to	96.3%

NOI by Geographic Market [3]



Clear Heights
% of Portfolio Leasable Area



1 Refer to section "Non-IFRS Financial Measures".
2 The quarter ended September 30, 2020 includes estimated financial impact of COVID-19.
3 Quarter ended September 30, 2020.

Industrial and Flex Financial and Operational Highlights

	Quarter[2]			Year-to-date (nine months)[2]		
Periods ended September 30	2020	2019		2020	2019	
	$	$	% Δ	$	$	% Δ
Financial performance						
Operating revenues — Cominar's proportionate share [1]	**37,972**	38,260	(0.8)	**118,488**	121,233	(2.3)
NOI — Cominar's proportionate share [1]	**24,703**	23,828	3.7	**71,025**	69,438	2.3
Same property NOI [1]	**24,224**	23,453	3.3	**69,810**	68,000	2.7
Change in fair value of investment properties	**6**	(107)	(105.6)	**(33,199)**	6,767	(590.6)
Net income	**20,076**	19,063	5.3	**7,117**	64,036	(88.9)
Funds from operations (FFO) [1]	**20,268**	19,375	4.6	**56,604**	57,764	(2.0)
Adjusted funds from operations (AFFO) [1]	**17,450**	19,443	(10.3)	**48,867**	50,309	(2.9)
Income properties fair value — Cominar's proportionate share [1]				**1,783,626**	1,428,275	24.9
Financing						
Mortgages payable — Cominar's proportionate share [1]				**503,120**	538,246	
Unencumbered income properties				**589,483**	435,626	
Mortgages payable to income properties ratio [3]				**28.2 %**	37.7 %	
Operational data						
Number of investment properties				**191**	192	
Leasable area (in thousands of sq. ft.)				**15,351**	15,392	
Committed occupancy rate				**96.3 %**	96.4 %	
In-place occupancy rate				**94.6 %**	94.5 %	
Retention rate				**65.4 %**	72.6 %	
Growth in the average net rent of renewed leases				**20.0 %**	10.6 %	
Development activities						
Properties under development — Cominar's proportionate share [1]				**—**	—	

1 Refer to section "Non-IFRS Financial Measures".
2 The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - impact analysis and risks"
3 Total of mortgages payable divided by the total income properties fair value.

Industrial real estate continues to perform well in the COVID-19 environment in line with resilient industrial market fundamentals. An acceleration of e-commerce was already underway prior to COVID- 19 . We expect that continued COVID-19 related advances in e-commerce will drive demand for industrial spaces over the next quarters.

Fast and low cost delivery remains the #1 criteria for e-commerce clients when buying online. As a result, warehouses located much closer to urban centers, commonly referred to as last-mile logistics are in very high demand and we expect a very competitive environment for these types of assets as same-day deliveries will soon be a standard. Cominar's industrial portfolio is extremely well located to capture these opportunities which provide the highest rents as well-located last-mile facilities allow for lower operational costs and access to proximity labor.

COVID-19 - Impacts analysis and risks - Industrial and Flex

Rent Collection Summary [1]

	Industrial and Flex	
	Quarter ended September 30, 2020	**Quarter ended June 30, 2020**
Collected and negotiated agreements	**98.8 %**	96.8 %
o/w received [2]	**98.4 %**	95.6 %
o/w to be received		
from tenants (25% CECRA)	**0.3 %**	0.3 %
from tenants (other negotiated agreements)	**— %**	0.9 %
To be received (no agreements) [3]	**1.2 %**	3.2 %
Total	**100.0 %**	100.0 %
Eligible for CECRA	**5.9 %**	6.0 %

1 As at November 3,, 2020. As percentage of invoiced rent.
2 Includes payments already received by some of the CECRA eligible tenants and the payments received or to be received from governments under the CECRA program.
3 Includes tenants that are not eligible for CECRA and those with whom no deferral or credit/rent reduction has been granted, as such tenants are considered to have the capacity to pay the full amount of rent.

The following table highlights trade receivables composition as at September 30, 2020:

Industrial and flex trade receivables	As at September 30, 2020
	$
Trade receivables	
Governments - CECRA program	914
Short-term rent deferrals	434
Other trade receivables	5,125
Trade receivables	6,473
Provision for expected credit losses	(1,627)
Total net trade receivables	4,846

The following table highlights expected credit losses (expense) for the periods ended September 30, 2020:

Industrial and flex	Quarter ended September 30, 2020	Nine-month period ended September 30, 2020
	$	$
Expected credit losses on short-term rent deferrals	24	217
Expected credit losses on trade receivables	(441)	874
	(417)	1,091
Expected credit losses - owner portion of CECRA (12.5%)	199	550
Expected credit losses - rent reductions	378	817
Total expected credit losses	160	2,458
Percentage of operating revenues	0.4 %	2.1 %

Cominar's expected credit losses for the nine-month period ended September 30, 2020 includes estimates of the landlord portion of the CECRA program which represents 12.5% of the eligible tenant's rent, of the uncertainty of the recoverability of rents related to tenants, including tenants part of the CECRA program, of the uncertainty of the recoverability on short-term rent deferrals, of rent reductions provided to tenants related to rents already recognized as a receivable when the tenant made a request for financial assistance, and of the uncertainty of the recoverability of all other receivables.

Results of Operations - Industrial and Flex

The following table highlights our results of operations for the periods ended September 30, 2020 and 2019:

	Quarter			Year-to-date (nine months)		
Periods ended September 30	2020 [1]	2019		2020 [1]	2019	
	$	$	% Δ	$	$	% Δ
Operating revenues	**37,974**	38,260	(0.7)	**118,488**	121,233	(2.3)
Operating expenses	**(13,272)**	(14,431)	(8.0)	**(47,463)**	(51,794)	(8.4)
NOI	**24,702**	23,829	3.7	**71,025**	69,439	2.3
Finance charges	**(4,739)**	(4,309)	10.0	**(13,888)**	(11,144)	24.6
Trust administrative expenses	**106**	(321)	(133.0)	**(1,162)**	(1,026)	13.3
Change in fair value of investment properties	**6**	(107)	(105.6)	**(33,199)**	6,767	N/M
Transaction costs	**—**	(29)	100.0	**—**	—	—
Impairment of goodwill	**—**	—	—	**(15,721)**	—	(100.0)
Net income before income taxes	**20,075**	19,063	5.3	**7,055**	64,036	(89.0)
Current income taxes	**1**	—	100.0	**62**	—	100.0
Net income and comprehensive income	**20,076**	19,063	5.3	**7,117**	64,036	(88.9)

1 The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - impact analysis and risks"

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. Same property industrial and flex portfolio includes the results of properties owned by Cominar as at December 31, 2018, with the exception of results from the properties sold, acquired or under development in 2019 and 2020, as well as the rental income arising from the recognition of leases on a straight-line basis.

Same property industrial and flex portfolio NOI

	Quarter			Year-to-date (nine months)		
Periods ended September 30	2020 [1]	2019		2020 [1]	2019	
	$	$	% Δ	$	$	% Δ
Same property operating revenues - Cominar's proportionate share [2]	**37,375**	37,691	(0.8)	**116,875**	118,238	(1.2)
Same property operating expenses - Cominar's proportionate share [2]	**(13,151)**	(14,238)	(7.6)	**(47,065)**	(50,238)	(6.3)
Same property NOI - Cominar's proportionate share [2]	**24,224**	23,453	3.3	**69,810**	68,000	2.7

1 The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - Impact analysis and risks".
2 Refer to section "Non-IFRS Financial Measures".

Third quarter growth of 3.3% in same property industrial and flex NOI on a proportionate basis compared with the corresponding quarter of 2019 is mainly attributable to the increase in the average in-place occupancy rate year over year, from growth in the average net rent of renewed leases and the positive impact of decreases in operating costs and realty taxes and services, partially offset by the negative financial impact of COVID-19 which impacted Cominar for the months of July, August and September 2020 (refer to section "COVID-19 - impact analysis and risks").

Our industrial and flex portfolio has shown resilience over the past few quarters, reflecting the current strength of the market. The outlook remains very favorable due to the imbalance between supply and demand, despite the context of the COVID-19 pandemic and this allows us to remain focused on carrying out our strategic plan, focused on value creation and raising rents and whose pillars remain unchanged due, in particular, to the excellent location of our assets in a strong market.

Behind the occupancy rate, which has remained relatively stable, lies a high volume of activity. We have been able to achieve sustained growth in rental renewals over the past 12 months. In all, nearly 2.0 million square feet, or 13% of the industrial and flex portfolio, have been renewed since October 1, 2019 with an average growth of 19.5% (22.5% in Montreal and 9.1% in Québec City). The growth in rents from these leases, over the past 12 months, helped drive the NOI + 2.4% in the third quarter.

We are in an excellent position to continue the growth of industrial and flex NOI through rent increases over the next quarters, considering that 30% of the portfolio expires in 2021 and 2022 with an average rent currently 25% below the market. These rent increases have a cumulative effect each year and represent a potential for substantial increases in NOI and industrial and flex portfolio value.

	Quarter			Year-to-date (nine months)		
Periods ended September 30	2020 [1]	2019		2020 [1]	2019	
	$	$	% Δ	$	$	% Δ
Geographic Market						
Montreal	**17,400**	16,612	4.7	**50,541**	48,393	4.4
Québec City	**6,825**	6,841	(0.2)	**19,269**	19,607	(1.7)
Same property NOI — Cominar's proportionate share [2]	**24,225**	23,453	3.3	**69,810**	68,000	2.7

1 The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - Impact analysis and risks".
2 Refer to section "Non-IFRS Financial Measures".

The industrial and flex portfolio continued its strong growth in the third quarter despite the impacts of COVID-19, led mainly by the Greater Montreal portfolio. The growth performance is mainly attributable due to the strong rent conversions on 2020 renewals, with rent step-ups averaging 23.0% in Montreal and 7.5% in Québec City.

Growth in Montreal would have been over 5%, had not been for the expected credit losses that had to be taken in connection with COVID-19.

The Québec City industrial and flex portfolio NOI experienced a decrease of (0.2)% in the third quarter. This decrease is mainly due to two factors: (i) three bankruptcies during the third quarter for spaces totaling 43,000 square feet of which 33,000 square feet have already found tenants and (ii) the non-renewal of tenants unable to bear the rent increases requested. Capturing the upside rent potential, even at the expense of short term NOI, remains the most important pillar in our industrial and flex strategic plan. The Québec City portfolio has been operating at almost full occupancy for more than a year and it is therefore normal, as part of our strategy, to see short term fluctuations in the NOI when there is tenancy turnovers in order to capture the best opportunities in the market.

Same property industrial and flex portfolio NOI weighting

	Quarter		Year-to-date (nine months)	
Periods ended September 30	2020	2019	2020	2019
Geographic market				
Montreal	**71.8 %**	70.8 %	**72.4 %**	71.2 %
Québec City	**28.2 %**	29.2 %	**27.6 %**	28.8 %
Same property NOI — Cominar's proportionate share [1]	**100.0 %**	100.0 %	**100.0 %**	100.0 %

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

Single tenant vs multi-tenant properties by square foot

Industrial and flex	Single Tenant	Multi-Tenant	Total
Geographic Market			
Montreal	**40.0 %**	60.0 %	100.0 %
Québec City	**18.0 %**	82.0 %	100.0 %
Global	**34.0 %**	66.0 %	100.0 %

Industrial and flex development opportunities

We are making progress on two important industrial development sites:

1. The Curé-Labelle Development Project, a 1.7 million square foot parcel of land strategically located at the heart of Laval. It boasts an ideal location in the greater Montreal region offering quick access to the region's main highways. Phase 1, as planned, includes two state-of-the-art buildings measuring 200,000 square feet each. Architectural and engineering plans as well as project costs assessments are completed, project marketing and pre-leasing have been initiated in the third quarter.

2. Ilot Mendel: As previously announced by competent authorities, it is expected that the site will eventually be central to the new Québec City regional public transit network (Tramway) with a station directly on this site which we plan to develop with a high mix of uses, including industrial and flex properties aimed at high technology facilities, subject to zoning. For industrial space users, this site will offer a unique setting in a walkable TOD environment. Zoning discussions are ongoing with the City of Québec for additional uses.

We are also conducting a thorough analysis in order to identify strategic redevelopment and densification opportunities within our industrial and flex portfolio, to capture the best last-mile high-rent opportunities. As at quarter end, 17 sites comprising 35 properties have been identified as offering redevelopment and densification opportunities, offering a potential 300,000 square feet of additional gross leasing area. Our leasing strategy has evolved to allow us to create windows of opportunity at different times over the next few years to redevelop these sites, resulting in a pipeline of opportunities that will be carefully planned and marketed.

Investments in Industrial and Flex Income Properties

	Quarter			Year-to-date (nine months)		
Periods ended September 30	2020	2019		2020	2019	
	$	$	% Δ	$	$	% Δ
Capital expenditures — increase of rental income generating capacity	**44**	1,484	(97.0)	**2,638**	5,064	(47.9)
Capital expenditures — maintenance of rental income generating capacity	**340**	1,047	(67.5)	**622**	3,053	(79.6)
Leasehold improvements	**304**	2,103	(85.5)	**3,592**	5,352	(32.9)
Leasing costs	**647**	525	23.2	**1,736**	2,052	(15.4)
Capital costs — Properties under development — Financial statements	**307**	63	387.3	**899**	101	790.1
Total capital expenditures	**1,642**	5,222	(68.6)	**9,487**	15,622	(39.3)

Real Estate Operations - Industrial and Flex

Occupancy Rate

Occupancy rate track record - Global and same property portfolio

	Committed			In-place		
Industrial and flex	Sept. 30, 2020	Dec. 31, 2019	Sept. 30, 2019	Sept. 30, 2020	Dec. 31, 2019	Sept. 30, 2019
Geographic Market						
Montreal	**96.3 %**	96.9 %	96.1 %	**94.5 %**	96.0 %	94.2 %
Québec City	**96.0 %**	97.9 %	97.2 %	**95.1 %**	96.5 %	95.4 %
Industrial and flex global and same property portfolio	**96.3 %**	97.1 %	96.4 %	**94.6 %**	96.2 %	94.5 %

	As at September 30, 2020		As at December 31, 2019	
Industrial and flex	Number of properties	Leasable area sq. ft	Number of properties	Leasable area sq. ft
Geographic Market				
Montreal	**127**	**11,910,000**	127	11,910,000
Québec City	**64**	**3,441,000**	64	3,441,000
Industrial and flex portfolio total	**191**	**15,351,000**	191	15,351,000

In-place and committed occupancy rates grew by 1.1% and 0.6% respectively between the second and third quarters but remained fairly stable year over year. This is a sign of intense leasing activities within the portfolio as we keep increasing rents and generate some tenancy turnover, as foreseen in our strategic plan. This movement is expected to continue for upcoming quarters as we capture the best opportunities in rent conversion in a highly favorable rental environment. We expect occupancy to rise by the end of the year because a few major leases (206,000 square feet) will begin in the fourth quarter in the Greater Montreal region, thus explaining the 2% spread between the in-place and committed occupancy. At this moment, we consider the occupancy rate and tenancy turnovers being their optimal level, in order to allow us to capture market opportunities while generating growing cash flow streams.

Industrial and Flex Leasing Activity

Leases maturing in 2020	
Number of clients	231
Leasable area (sq. ft.)	3,187,000
Renewed leases	
Number of clients	130
Leasable area (sq. ft.)	2,085,000
Retention rate	**65.4 %**
New leases	
Number of clients	59
Leasable area (sq. ft.)	778,000
Unexpected departures	
Number of clients	14
Leasable area (sq. ft.)	111,000

During the nine-month period ended September 30, 2020, 65.4% of the industrial and flex leasable area maturing in 2020 was renewed. During the period, new leases were also signed, representing 0.8 million square feet of leasable area, while tenants whose leases were not expiring that left before the end of their lease totaled 0.1 million square feet of leasable area.

Growth in the average net rent of renewed leases

Industrial and flex	For the nine-month period ended September 30, 2020
Geographic Market	
Montreal	**23.0 %**
Québec City	**7.8 %**
Industrial and flex portfolio total	**20.0 %**

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. The increase in the Montréal market is mainly due to a renewal of 527,000 square feet up by $2.00 or 47.1% of a distribution company.

247,000 square feet of new lease transactions were secured at an average net rent of $7.43/square foot during the third quarter and 778,000 square feet of new lease transactions averaging a net rent of $7.54/square foot, were concluded since the beginning of 2020.

At end of the third quarter, we had covered over 90% of 2020 lease expires, replenishing the portfolio with new lease transactions and renewals. Our primary focus for the industrial portfolio remains rental growth and value creation.

Industrial and Flex Lease Maturities

Years ending December 31	2021	2022	2023	2024	2025
Leasable area (sq. ft.)	1,893,016	2,429,173	2,203,957	1,655,694	1,402,799
% of portfolio — Industrial and flex	12.3 %	15.8 %	14.4 %	10.8 %	9.1 %

A total of 6.5 million square feet are coming to maturity within the next three years. Approximately 80% of these expiries are located in the Greater Montreal region and show an in-place rent of $6.15 per square foot, which we believe is 25% under market as of today. As market rents are increasing at a sustained rhythm of 15-20% per year, the increase in rents, particularly in the Montreal area, represents a valuable value creation opportunity. Capturing the upside rent potential, even at the expense of short term industrial and flex NOI, remains an important pillar in our industrial strategic plan.

The following table summarizes information on industrial and flex leases as at September 30, 2020:

	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	7.1	7.8	16,459	7.17

Cominar has a broad, highly diversified industrial and flex client base consisting of approximately 900 tenants occupying an average of 16,424 square feet each. The top three clients, Infra MTL Inc. 1, LDC Logistics Development corp. and Société québécoise des infrastructures, account respectively for approximately 10.3%, 2.3% and 2.1% of operating revenues from several leases with staggered maturities. The stability and quality of cash flows provided by operating activities are enhanced by the fact that approximately 14.0% of operating revenues come from government agencies.

Top 10 industrial and flex clients

The following table presents our top ten industrial and flex clients by percentage of operating revenues:

Client	% of industrial and flex leasable area	% of industrial and flex operating revenues
Infra MTL Inc. [1]	6.9 %	10.3 %
LDC Logistics Development corp	3.7 %	2.3 %
Société québécoise des infrastructures	1.3 %	2.1 %
Desjardins Property Management	0.9 %	1.7 %
Groupe Colabor	1.5 %	1.3 %
Wolseley Canada	1.4 %	1.3 %
Nortek Air Solutions Quebec	1.4 %	1.2 %
Englobe Corp	0.5 %	1.0 %
115161 Canada inc	1.0 %	1.0 %
Solution Extreme Inc.	1.1 %	1.0 %
Total	**19.7 %**	**23.2 %**

1 *Infra MTL inc. is a wholly owned subsidiary of the Caisse de dépôt et placement du Québec and is related to the REM project.*

Field of activity	% of annual rent	% of leasable area
Transportation, distribution and logistics	52.7 %	60.2 %
Government and paragovernmental institutions	13.9 %	10.2 %
Manufacturing	8.3 %	10.2 %
Technologies	5.5 %	4.4 %
Professional and financial services (national firm)	5.3 %	3.1 %
Entertainment and retail	4.4 %	3.5 %
Professional and financial services (local firm)	4.2 %	3.4 %
Other	5.7 %	5.0 %
Total	**100.0 %**	**100.0 %**

Corporate Financial and Operational Highlights

	Quarter[2]			Year-to-date (nine months)[2]		
Periods ended September 30	2020	2019		2020	2019	
	$	$	% Δ	$	$	% Δ
Financial performance						
Trust administrative expenses	**(2,707)**	(2,251)	20.3	**(7,085)**	(7,054)	0.4
Net income (loss)	**(15,819)**	(20,452)	(22.7)	**(55,417)**	(66,351)	(16.5)
Funds from operations (FFO) [1]	**(15,722)**	(20,292)	(22.5)	**(45,046)**	(65,836)	(31.6)
Adjusted funds from operations (AFFO) [1]	**(15,689)**	(36,442)	(56.9)	**(45,045)**	(65,837)	(31.6)
Financing						
Unsecured credit facility				**8,448**	117,856	
Secured credit facility				**294,600**	0	
Debentures				**1,170,054**	1,320,712	

1 Refer to section "Non-IFRS Financial Measures".
2 The quarter and the nine-month period ended September 30, 2020 include the estimated financial impact of COVID-19. Refer to section "COVID-19 - Impact analysis and risks".

Trust administrative expenses

During the third quarter of 2020, Trust administrative expenses increased compared with the corresponding quarter of 2019 mainly due to an increase in salaries and benefits and to strategic alternatives consulting fees. On September 15, 2020, Cominar announced the initiation of a strategic review process to identify, review and evaluate a broad range of potential strategic alternatives available to it with a view to continuing to enhance unitholder value. As at September 30, 2020, $0.3 million was incurred regarding this project.

Bank Borrowings

As at September 30, 2020, Cominar had an unsecured renewable credit facility of up to $400.0 million maturing in July 2021. This credit facility bears interest at the prime rate plus 110 basis points or at the bankers' acceptance rate plus 210 basis points. This credit facility contains certain restrictive covenants, with which Cominar was in compliance as at September 30, 2020. As at September 30, 2020, bank borrowings totaled $8.4 million and availability was $391.6 million.

As at September 30, 2020, Cominar had a secured credit facility of $174.6 million maturing in September 2023. This credit facility bears interest at the prime rate plus 70 basis points or at the bankers' acceptance rate plus 170 basis points and have quarterly principal repayments of $1,800. As at September 30, 2020, this credit facility was secured by immovable hypothecs on investment properties with a book value of $277.9 million. This credit facility contains certain restrictive covenants, with which Cominar was in compliance as at September 30, 2020. As at September 30, 2020, the secured credit facility was fully used.

On June 9, 2020, Cominar entered into a new secured credit facility of $120,0 maturing in September 2022. This new credit facility bears interest at the prime rate plus 250 basis points or at the bankers' acceptance rate plus 350 basis points. As at September 30, 2020, this credit facility was secured by immovable hypothecs on investment properties with a book value of $207.1 million. This credit facility contains certain restrictive covenants, with which Cominar was in compliance as at September 30, 2020. As at September 30, 2020, the secured credit facility was fully used.

Debentures

As at September 30, 2020, Cominar had $1,175.0 million of debentures. Subsequent to the quarter, on November 2, 2020, Cominar reimbursed at maturity its Series 3 senior unsecured debentures totaling $100.0 million and bearing interest at 4.00% using its unsecured renewable credit facility.

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.

	Nine-month period ended September 30, 2020	Year ended December 31, 2019
	Units	Units
Units issued and outstanding, beginning of period	**182,111,365**	181,956,349
Exercise of options, conversion of restricted units and deferred units	**339,661**	155,016
Units issued and outstanding, end of period	**182,451,026**	182,111,365

Additional information	November 3, 2020
Issued and outstanding units	182,451,026
Outstanding unit options	3,780,650
Deferred units, restricted units and performance units	833,305

Long Term Incentive Plan

				Unit options	
Nine-month period ended September 30, 2020	Performance units	Deferred units	Restricted units	Quantity	Weighted average exercise price $
Outstanding, beginning of period	349,766	334,115	2,311	5,235,900	14.15
Granted	141,403	97,434	—	—	—
Converted or exercised	—	(78,473)	(1,038)	(260,150)	13.93
Forfeited or cancelled	(42,773)	(18,066)	—	(1,171,000)	14.17
Accrued distributions	24,517	16,931	67	—	—
Outstanding, end of period	**472,913**	**351,941**	**1,340**	**3,804,750**	**14.15**
Vested units/options, end of period	**—**	**190,519**	**—**	**3,804,750**	**14.15**

As at September 30, 2020, the maximum number of units that may be issued under the long-term incentive plan is 16,055,878 units.

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.

No changes were made to the Trust's internal controls over financial reporting during the third quarter of 2020 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

Significant Accounting Policies and Estimates

a) Basis of presentation

Our Interim MD&A is based upon Cominar's condensed interim consolidated financial statements, which have been prepared in accordance with IFRS applicable to the preparation of interim financial statements. The accounting policies and application methods thereof have been consistently applied throughout each of the periods presented in these condensed interim consolidated financial statements and are the same as those used in the preparation of the audited annual financial statements as at December 31, 2019, except as noted below. The preparation and presentation of the condensed interim consolidated financial statements and any other financial information contained in this Interim MD&A includes the proper selection and application of appropriate accounting principles and policies, which require management to make estimates and informed judgments. Our estimates are based upon assumptions which we believe to be reasonable, such as those often based upon past experience. They represent the basis of our judgments to establish the carrying amounts of assets and liabilities which, in reality, could not have come from anywhere else. Use of other accounting policies or methods of estimation might have yielded different amounts than those presented. Actual results could differ.

b) Basis of preparation

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

Use of estimates, assumptions and judgments
The preparation of the condensed interim consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements. Those estimates, assumptions and judgments also affect the disclosure of contingencies as at the date of the financial statements and the reported amounts of revenues and expenses during the period. The critical accounting estimates and judgments have been set out in note 2 to Cominar's consolidated financial statements for the year ended December 31, 2019. There have been no changes to the critical accounting estimates and judgments during the nine-month period ended September 30, 2020, except as noted below.

Critical accounting estimates and judgments and COVID-19
The continued global spread of COVID-19 has materially and adversely impacted Cominar and 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. Areas where critical accounting estimates and judgments have changed from Cominar's consolidated financial statements for the year ended December 31, 2019 are described below:

- ***Canada Emergency Commercial Rent Assistance (CECRA)***
  CECRA provides relief for small businesses experiencing financial hardship due to COVID-19. Over the course of the program, it allows landlords to reduce rent by 75 % from April to September 2020 for their small business tenants. CECRA will cover 50 % of the rent, with the tenant paying 25 % and the landlord forgiving 25 %. The Québec government announced a program which covers 50% of the landlord's forgiveness of 25% of the second and third quarter rent. Following a detailed analysis of the CECRA guidelines published by the federal government, Cominar concluded that the tenant acts as the principal and Cominar acts as the agent and consequently, Cominar records the CECRA (and the Québec government program) portion of the rent as a rent to be paid by 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 is considered as an expected credit loss. The tenant portion of the program is 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. There have been no changes to the techniques used which include the direct capitalized net operating income method that involves stabilized net operating income and overall capitalization rates, and the discounted cash flow method that involves estimating expected future cash flows, as well as discount and terminal 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 condensed interim consolidated financial statements. To reflect the estimated current impacts of COVID-19 on it's entire portfolio, Cominar used data by property type and geographic market from internal and external valuations and available market data and recorded the related fair value adjustments in the interim consolidated statements of comprehensive income.

- ***Provision for expected credit losses***
  Cominar's provision for expected credit losses as of September 30, 2020 includes estimates of the uncertainty of the recoverability of rents related to tenants, including tenants part of the CECRA program, for the uncertainty of the recoverability on short-term rent deferrals and for the uncertainty of the recoverability of all other trade receivables. Actual results may differ.

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:

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

To obtain a complete description of the risks and uncertainties identified by Cominar, the reader is referred to our Annual Report for the year ended December 31, 2019, as well as our Annual Information Form for the year ended December 31, 2019.

Condensed Interim Consolidated Financial Statements

Cominar Real Estate Investment Trust

Quarter ended September 30, 2020
Unaudited

Consolidated Balance Sheets

[unaudited, in thousands of Canadian dollars]

	Note	September 30, 2020 $	December 31, 2019 $
Assets			
Investment properties			
Income properties	3	**5,958,522**	6,412,739
Properties under development	4	**48,496**	41,471
Land held for future development	4	**98,785**	100,507
		6,105,803	6,554,717
Investment properties held for sale	5	**231,227**	11,730
Investments in joint ventures	6	**91,665**	97,456
Goodwill	7	**—**	15,721
Accounts receivable	8	**70,974**	37,930
Prepaid expenses and other assets		**54,375**	22,232
Cash and cash equivalents		**5,543**	152,634
Total assets		**6,559,587**	6,892,420
Liabilities			
Mortgages payable	9	**1,997,877**	2,114,021
Mortgages payable related to investment properties held for sale	5, 9	**100,856**	—
Debentures	10	**1,170,054**	1,320,962
Bank borrowings	11	**303,048**	180,000
Accounts payable and accrued liabilities		**141,879**	126,543
Deferred tax liabilities		**93**	93
Distributions payable to unitholders		**5,473**	—
Total liabilities		**3,719,280**	3,741,619
Unitholders' equity			
Unitholders' equity		**2,840,307**	3,150,801
Total liabilities and unitholders' equity		**6,559,587**	6,892,420

See accompanying notes to the condensed interim consolidated financial statements.

Interim Consolidated Statements of Unitholders' Equity

For the periods ended September 30
[unaudited, in thousands of Canadian dollars]

	Note	Unitholders' contributions $	Cumulative net income $	Cumulative distributions $	Contributed surplus $	Total $
Balance as at January 1, 2020		3,228,903	2,112,583	(2,197,010)	6,325	3,150,801
Net loss and comprehensive loss		—	(229,000)	—	—	(229,000)
Distributions to unitholders	12	—	—	(87,560)	—	(87,560)
Unit issuances	12	4,556	—	—	(978)	3,578
Long-term incentive plan		—	208	—	2,280	2,488
Balance as at September 30, 2020		**3,233,459**	**1,883,791**	**(2,284,570)**	**7,627**	**2,840,307**

	Note	Unitholders' contributions $	Cumulative net income $	Cumulative distributions $	Contributed surplus $	Total $
Balance as at January 1, 2019		3,226,929	1,649,516	(2,065,942)	5,193	2,815,696
Net income and comprehensive income		—	143,239	—	—	143,239
Distributions to unitholders	12	—	—	(98,295)	—	(98,295)
Unit issuances		1,119	—	—	(1,135)	(16)
Long-term incentive plan		—	264	—	1,877	2,141
Balance as at September 30, 2019		3,228,048	1,793,019	(2,164,237)	5,935	2,862,765

See accompanying notes to the condensed interim consolidated financial statements.

Interim Consolidated Statements of Comprehensive Income (loss)

For the periods ended September 30
[unaudited, in thousands of Canadian dollars, except per unit amounts]

		Quarter		Year-to-date (nine months)	
		2020	2019	2020	2019
	Note	$	$	$	$
Operating revenues					
Rental revenue from investment properties	13	**162,505**	171,539	**495,164**	530,110
Operating expenses					
Operating costs		**(38,665)**	(35,849)	**(124,639)**	(120,982)
Realty taxes and services		**(38,543)**	(40,571)	**(118,635)**	(130,338)
Property management expenses		**(4,381)**	(3,681)	**(12,659)**	(11,684)
		(81,589)	(80,101)	**(255,933)**	(263,004)
Net operating income		**80,916**	91,438	**239,231**	267,106
Finance charges	15	**(33,575)**	(37,486)	**(109,739)**	(110,635)
Trust administrative expenses	16	**(4,579)**	(3,818)	**(12,761)**	(13,109)
Change in fair value of investment properties	3, 4, 5	**(45)**	(2,559)	**(319,468)**	5,511
Share in joint ventures' net income (loss)	6	**1,588**	1,487	**(5,310)**	4,378
Transaction costs	17	**(161)**	(748)	**(5,298)**	(5,238)
Restructuring costs	18	**—**	(858)	**—**	(4,774)
Impairment of goodwill	7	**—**	—	**(15,721)**	—
Net income (loss) before income taxes		**44,144**	47,456	**(229,066)**	143,239
Current income taxes		**1**	—	**66**	—
Net income (loss) and comprehensive income (loss)		**44,145**	47,456	**(229,000)**	143,239
Net income (loss) per unit (basic and diluted)	19	**0.24**	0.26	**(1.25)**	0.79

See accompanying notes to the condensed interim consolidated financial statements.

Interim Consolidated Statements of Cash Flows

For the periods ended September 30
[unaudited, in thousands of Canadian dollars]

		Quarter		Year-to-date (nine months)	
		2020	2019	2020	2019
	Note	$	$	$	$
Operating activities					
Net income (loss)		**44,145**	47,456	**(229,000)**	143,239
Adjustments for:					
Deficit (excess) of share of net income (loss) over distributions received from the joint ventures	6	**(1,588)**	(1,487)	**5,797**	(3,253)
Change in fair value of investment properties	3, 4, 5	**45**	2,559	**319,468**	(5,511)
Depreciation and amortization		**1,569**	1,265	**4,438**	3,509
Compensation expense related to long-term incentive plan		**831**	661	**2,488**	2,141
Impairment of goodwill	7	**—**	—	**15,721**	—
Recognition of leases on a straight-line basis	3, 5	**318**	249	**323**	108
Changes in non-cash working capital items	20	**(14,999)**	23,876	**(47,395)**	(28,077)
Cash flows provided by operating activities		**30,321**	74,579	**71,840**	112,156
Investing activities					
Investments in income properties	3, 20	**(30,928)**	(31,421)	**(90,708)**	(100,678)
Investments in properties under development and land held for future development	4, 20	**(6,524)**	(10,455)	**(20,659)**	(18,410)
Net proceeds from the sale of investment properties	3, 5	**14,250**	20,325	**16,955**	210,485
Contributions to the capital of a joint venture	6	**(6)**	—	**(6)**	(150)
Change in other assets		**(542)**	175	**(605)**	(879)
Cash flows provided by (used in) investing activities		**(23,750)**	(21,376)	**(95,023)**	90,368
Financing activities					
Cash distributions to unitholders	12	**(27,367)**	(32,769)	**(82,088)**	(87,372)
Bank borrowings		**6,648**	41,803	**123,048**	(35,094)
Mortgages payable	9	**79,415**	259,147	**201,734**	377,059
Net proceeds from issuance of debentures	10	**—**	(17)	**148,148**	197,158
Unit issuance net proceeds		**(22)**	(3)	**3,578**	(16)
Repayment of debentures	10	**—**	(300,000)	**(300,000)**	(600,000)
Repayments of mortgages payable	9	**(80,973)**	—	**(180,991)**	—
Monthly repayments of mortgages payable	9	**(12,748)**	(15,390)	**(37,337)**	(39,639)
Cash flows used in financing activities		**(35,047)**	(47,229)	**(123,908)**	(187,904)
Net change in cash and cash equivalents		**(28,476)**	5,974	**(147,091)**	14,620
Cash and cash equivalents, beginning of period		**34,019**	10,144	**152,634**	1,498
Cash and cash equivalents, end of period		**5,543**	16,118	**5,543**	16,118
Other information					
Interest paid		**21,749**	30,525	**97,287**	104,646
Cash distributed by a joint venture	6	**—**	—	**487**	1,125

See accompanying notes to the condensed interim consolidated financial statements.

Notes to Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2020 and 2019
[unaudited, in thousands of Canadian dollars, except per unit amounts]

1) Description of the Trust

Cominar Real Estate Investment Trust ("Cominar" or the "Trust") is an unincorporated closed-end real estate investment Trust created by a Contract of Trust on March 31, 1998, under the laws of the Province of Quebec. As at September 30, 2020, Cominar owned and managed a real estate portfolio of 314 high-quality properties that covered a total area of 35.8 million square feet in the Province of Quebec and in Ottawa.

Cominar is listed on the Toronto Stock Exchange, and its units trade under the symbol "CUF.UN." The head office is located at Complexe Jules-Dallaire – T3, 2820 Laurier Boulevard, Suite 850, Québec City, Quebec, Canada, G1V 0C1. Additional information about the Trust is available on Cominar's website at www.cominar.com.

The Board of Trustees approved Cominar's condensed interim consolidated financial statements on November 3, 2020.

2) Significant Accounting Policies

a) Basis of presentation

Cominar’s unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, and comply notably with the requirements of IAS 34, "Interim Financial Reporting." They do not include all the disclosures that will normally be found in the Trust’s annual consolidated financial statements. The accounting policies and application methods thereof have been consistently applied throughout each of the periods presented in these condensed interim consolidated financial statements, except as noted below. These condensed interim consolidated financial statements should be read in conjunction with Cominar’s annual consolidated financial statements prepared in accordance with IFRS for the fiscal year ended December 31, 2019.

b) Basis of preparation

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

Use of estimates, assumptions and judgments
The preparation of the condensed interim consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements. Those estimates, assumptions and judgments also affect the disclosure of contingencies as at the date of the financial statements and the reported amounts of revenues and expenses during the period. The critical accounting estimates and judgments have been set out in note 2 to Cominar’s consolidated financial statements for the year ended December 31, 2019. There have been no changes to the critical accounting estimates and judgments during the nine-month period ended September 30, 2020, except as noted below.

Critical accounting estimates and judgments and COVID-19
The continued spread of the of respiratory illness caused by the novel coronavirus (“COVID 19”) globally have materially and adversely impacted Cominar and certain of its tenants' businesses and operations and could continue to impact Cominar and its tenants' business and operations in the short term and in the long term. Certain aspects of Cominar’s business and operations that have been impacted or could be potentially impacted in the future include, without limitation, employee health, rental income, occupancy, tenant improvements, demand for space and market rents, which all ultimately affect the current and future valuation of our portfolio of properties and other factors that depend on future developments beyond Cominar’s control. Expected credit losses related to tenant's financial strength during this pandemic are also subject to significant uncertainty.

Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where critical accounting estimates and judgments have changed from Cominar's consolidated financial statements for the year ended December 31, 2019 are described below:

- ***Canada Emergency Commercial Rent Assistance (CECRA)***
  CECRA provides relief for small businesses experiencing financial hardship due to COVID-19. Over the course of the program, it allows landlords to reduce rent by 75 % from April to September 2020 for their small business tenants. CECRA will cover 50 % of the rent, with the tenant paying 25 % and the landlord forgiving 25 %. The Québec government announced a program which covers 50% of the landlord's forgiveness of 25% of the second and third quarter rent. Following a detailed analysis of the CECRA guidelines published by the federal government, Cominar concluded that the tenant acts as the principal and Cominar acts as the agent and consequently, Cominar records the CECRA (and the Québec government program) portion of the rent as a rent to be paid by 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 is considered as an expected credit loss. The tenant portion of the program is 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. There have been no changes to the techniques used which include the direct capitalized net operating income method that involves stabilized net operating income and overall capitalization rates, and the discounted cash flow method that involves estimating expected future cash flows, as well as discount and terminal 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 condensed interim consolidated financial statements. To reflect the estimated current impacts of COVID-19 on it's entire portfolio, Cominar used data by property type and geographic market from internal and external valuations and available market data and recorded the related fair value adjustments in the interim consolidated statements of comprehensive income.

- ***Provision for expected credit losses***
  Cominar's provision for expected credit losses as of September 30, 2020 includes estimates of the uncertainty of the recoverability of rents related to tenants, including tenants part of the CECRA program, for the uncertainty of the recoverability on short-term rent deferrals and for the uncertainty of the recoverability of all other trade receivables. Actual results may differ.

3) Income Properties

	Note	Nine-month period ended September 30, 2020 $	Year ended December 31, 2019 $
Balance, beginning of period		**6,412,739**	6,058,191
Acquisitions and related costs		**—**	538
Change in fair value		**(301,262)**	278,580
Right-of-use assets		**—**	9,409
Capital costs		**80,085**	120,284
Dispositions		**—**	(2,550)
Transfers to investment properties held for sale	5	**(238,600)**	(75,934)
Transfers from properties under development and land held for future development	4	**—**	14,932
Change in initial direct costs		**5,810**	8,974
Recognition of leases on a straight-line basis		**(250)**	315
Balance, end of period		**5,958,522**	6,412,739

During the nine-month period ended September 30, 2020, Cominar transferred 4 income properties having a fair value of $238,600 to investment properties held for sale.

4) Properties Under Development and Land Held for Future Development

	Note	Nine-month period ended September 30, 2020 $	Year ended December 31, 2019 $
Balance, beginning of period		**141,978**	128,043
Change in fair value		**(15,862)**	(1,301)
Capital costs		**15,673**	24,776
Recognition of leases on a straight-line basis		**15**	—
Net transfers to Income Properties	3	**—**	(14,932)
Transfer to investment properties held for sale	5	**—**	(1,855)
Capitalized interests		**5,349**	6,634
Change in initial direct costs		**128**	613
Balance, end of period		**147,281**	141,978
Breakdown:			
Properties under development		**48,496**	41,471
Land held for future development		**98,785**	100,507

5) Investment Properties Held for Sale

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

During the nine-month period ended September 30, 2020, Cominar transferred 4 income properties having a fair value of $238,600 to investment properties held for sale.

During the nine-month period ended September 30, 2020, Cominar sold 3 investment properties held for sale and 1 land for a total selling price of $16,955.

		Nine-month period ended September 30, 2020				Year ended December 31, 2019
	Note	Office properties $	Retail properties $	Industrial and flex properties $	Total $	Total $
Investment properties held for sale						
Balance, beginning of period		**—**	**11,730**	**—**	**11,730**	188,727
Transfers from income properties	3	**230,250**	**1,100**	**7,250**	**238,600**	75,934
Transfers from properties under development and land held for future development	4	**—**	**—**	**—**	**—**	1,855
Capitalized costs [1]		**128**	**68**	**—**	**196**	4,074
Change in fair value		**(128)**	**(2,216)**	**—**	**(2,344)**	(804)
Dispositions		**(14,250)**	**(2,705)**	**—**	**(16,955)**	(258,056)
Balance, end of period		**216,000**	**7,977**	**7,250**	**231,227**	11,730

1 *Includes $(73) ($(27) in 2019) of recognition of leases on a straight-line basis.*

	Note	Nine-month period ended September 30, 2020 Office properties $	Retail properties $	Industrial and flex properties $	Total $	Year ended December 31, 2019 Total $
Mortgages payable related to investment properties held for sale						
Balance, beginning of period		**—**	**—**	**—**	**—**	123
Monthly repayments of principal		**(579)**	**—**	**—**	**(579)**	(123)
Transfer of mortgages payable related to investment properties held for sale	9	**101,435**	**—**	**—**	**101,435**	—
Balance, end of period		**100,856**	**—**	**—**	**100,856**	—

6) Joint Ventures

As at September 30			2020	2019
Joint ventures	Address	City/province	Ownership interest	Ownership interest
Société en commandite Complexe Jules-Dallaire	2820 Laurier Boulevard	Québec, Quebec	**75%**	75%
Société en commandite Bouvier-Bertrand	Espace Bouvier	Québec, Quebec	**50%**	50%
Société en commandite Marais	Du Marais Street	Québec, Quebec	**75%**	75%

The business objective of these joint ventures is the ownership, management and development of real estate projects.The following table summarizes the financial information on the investments in these joint ventures accounted for under the equity method:

	Nine-month period ended September 30, 2020 $	Year ended December 31, 2019 $
Investments in joint ventures, beginning of period	**97,456**	92,468
Contributions to the capital of the joint ventures	**6**	150
Share of joint ventures' net income (loss) and comprehensive income (loss)	**(5,310)**	7,200
Cash distributions by a joint venture	**(487)**	(2,362)
Investments in joint ventures, end of period	**91,665**	97,456

The following tables summarize the joint ventures' net assets and net income as well as Cominar's proportionate share:

	Joint ventures		Cominar's proportionate share	
	As at September 30, 2020 $	As at December 31, 2019 $	As at September 30, 2020 $	As at December 31, 2019 $
Income properties	**233,270**	243,680	**165,200**	171,573
Properties under development	**10,083**	11,800	**5,041**	5,900
Land held for future development	**8,051**	10,181	**6,038**	7,631
Other assets	**3,179**	1,716	**2,205**	1,164
Mortgages payable	**(117,497)**	(120,071)	**(81,140)**	(82,981)
Bank borrowings[1]	**(8,200)**	(8,200)	**(4,100)**	(4,100)
Other liabilities	**(2,484)**	(2,782)	**(1,579)**	(1,731)
Net assets of joint ventures	**126,402**	136,324	**91,665**	97,456

1 Société en commandite Bouvier-Bertrand has a $12,500 credit facility, which is guaranteed by the joint venturers.

Periods ended September 30	Quarter				Year-to-date (nine months)			
	Joint Ventures		Cominar's proportionate share		Joint Ventures		Cominar's proportionate share	
	2020	2019	2020	2019	2020	2019	2020	2019
	$	$	$	$	$	$	$	$
Operating revenues	**5,953**	6,316	**4,206**	4,345	**18,441**	18,707	**12,887**	12,964
Operating expenses	**(2,424)**	(2,725)	**(1,677)**	(1,869)	**(7,696)**	(8,053)	**(5,315)**	(5,610)
Net operating income	**3,529**	3,591	**2,529**	2,476	**10,745**	10,654	**7,572**	7,354
Finance charges	**(1,335)**	(1,418)	**(937)**	(987)	**(4,104)**	(4,264)	**(2,868)**	(2,974)
Administrative expenses	**(7)**	(4)	**(4)**	(2)	**(22)**	(4)	**(11)**	(2)
Change in fair value	**—**	—	**—**	—	**(15,900)**	—	**(10,003)**	—
Net income (net loss)	**2,187**	2,169	**1,588**	1,487	**(9,281)**	6,386	**(5,310)**	4,378

7) Goodwill

At June 30, 2020, Cominar tested its industrial and flex portfolio for impairment of goodwill by determining the recoverable value of the net assets of that CGUs and comparing it to the carrying amount, including goodwill. As at June 30, 2020, the recoverable value of this CGU was determined based on the value in use and calculated by discounting future net operating income expected to be generated from continuing use. For fiscal years 2020 to 2030, net operating income projections were based on management's budget projections supported by past experience and estimated impact of COVID-19 on net operating income. The discount and terminal capitalization rates were estimated based on the segment weighted average overall capitalization rate. As at June 30, 2020, goodwill was impaired by $15,721 and was not impaired as at December 31, 2019. As at June 30, the goodwill balance was nil.

	Office properties	Retail properties	Industrial and flex properties	Total
	$	$	$	$
Balance as at December 31, 2019	—	—	15,721	15,721
Impairment of goodwill	—	—	(15,721)	(15,721)
Balance as at September 30, 2020	**—**	**—**	**—**	**—**

The discount and terminal capitalization rates used to value the recoverable amount as at June 30, 2020 and December 31, 2019 of the industrial and flex CGU were as follows:

	As at June 30, 2020	As at December 31, 2019
Terminal capitalization rate	**6.4 %**	6.0 %
Discount rate	**7.0 %**	6.6 %

8) Accounts Receivable

	Note	Nine-month period ended September 30, 2020 $	Year ended December 31, 2019 $
Trade receivables			
Governments - CECRA program		**7,536**	—
Short-term rent deferrals		**3,612**	—
Other trade receivables		**50,216**	26,518
Trade receivables		**61,364**	26,518
Provision for expected credit losses	**14**	**(15,310)**	(6,482)
		46,054	20,036
Interest-bearing accounts receivable		**570**	543
Security deposits		**504**	482
Other receivables and accrued income		**23,846**	16,869
Total		**70,974**	37,930

9) Mortgages Payable

	Nine-month period ended September 30, 2020		Year ended December 31, 2019	
	$	Weighted average contractual rate	$	Weighted average contractual rate
Balance, beginning of period	**2,121,777**	**3.84 %**	1,747,991	4.03 %
Mortgages payable contracted	**205,360**	**2.90 %**	666,200	3.72 %
Monthly repayments of principal	**(37,337)**	**— %**	(54,231)	— %
Repayments of balances	**(180,991)**	**4.84 %**	(238,183)	4.82 %
	2,108,809	**3.55 %**	2,121,777	3.84 %
Plus: Fair value adjustments on assumed mortgages payable	**249**		463	
Less: Deferred financing costs	**(10,325)**		(8,219)	
Balance, end of period [1]	**2,098,733**		2,114,021	

1 Including the $100,856 mortgages payable related to the properties held for sale as at September 30, 2020

Mortgages payable are secured by immovable hypothecs on investment properties with a book value of $3,703,782 [$4,009,348 as at December 31, 2019]. As at September 30, 2020, they bear annual contractual interest rates ranging from 2.55% to 5.95% [3.00% to 6.61% as at December 31, 2019], representing a weighted average contractual rate of 3.55% [3.84% as at December 31, 2019], and mature at various dates from February 2021 to April 2034. As at September 30, 2020, the weighted average effective interest rate was 3.74% [3.95% as at December 31, 2019].

As at September 30, 2020, nearly all mortgages payable were bearing interest at fixed rates. Some of the mortgages payable include restrictive covenants, with which Cominar was in compliance as at both September 30, 2020 and December 31, 2019.

10) Debentures

	Nine-month period ended September 30, 2020		Year ended December 31, 2019	
	$	Weighted average contractual rate	$	Weighted average contractual rate
Balance, beginning of period	**1,325,000**	**4.41 %**	1,725,000	4.23 %
Issuance	**150,000**	**5.95 %**	200,000	4.50 %
Repayment	**(300,000)**	**4.94 %**	(600,000)	3.93 %
	1,175,000	**4.47 %**	1,325,000	4.41 %
Less: Deferred financing costs	**(4,946)**		(4,423)	
Plus: Net premium and discount on issuance	**—**		385	
Balance, end of period	**1,170,054**		1,320,962	

The following table presents characteristics of outstanding debentures as at September 30, 2020:

	Date of issuance	Contractual interest rate	Effective interest rate	Maturity date	Par value as at September 30, 2020 ($)
Series 3	May 2013	4.00 %	4.24 %	November 2020	**100,000**
Series 8	December 2014	4.25 %	4.34 %	December 2021	**200,000**
Series 9	June 2015	4.16 %	4.25 %	June 2022	**300,000**
Series 10	May 2016	4.25 %	4.34 %	May 2023	**225,000**
Series 11	May 2019	4.50 %	4.82 %	May 2024	**200,000**
Series 12	May 2020	5.95 %	6.13 %	May 2025	**150,000**
		4.47 %	**4.62 %**		**1,175,000**

On May 5, 2020, Cominar issued $150 000 in Series 12 senior unsecured debentures bearing interest at a rate of 5.95% and maturing in May 2025.

On May 13, 2020, Cominar early redeemed $300 000 in aggregate principal of 4.941% Series 4 senior unsecured debentures using available cash and its unsecured renewable credit facility. Cominar paid $2 487 in yield maintenance fees and other costs in connection with the redemption.

11) Bank Borrowings

As at September 30, 2020, Cominar had an unsecured renewable credit facility of up to $400,000 maturing in July 2021. This credit facility bears interest at the prime rate plus 110 basis points or at the bankers' acceptance rate plus 210 basis points. This credit facility contains certain restrictive covenants, with which Cominar was in compliance as at September 30, 2020. As at September 30, 2020, bank borrowings totaled $8,448 and availability was $391,552.

As at September 30, 2020, Cominar had a secured credit facility of $174,600 maturing in September 2023. This credit facility bears interest at the prime rate plus 70 basis points or at the bankers' acceptance rate plus 170 basis points and have quarterly principal repayments of $1,800. As at September 30, 2020, this credit facility was secured by immovable hypothecs on investment properties with a book value of $277,884. This credit facility contains certain restrictive covenants, with which Cominar was in compliance as at September 30, 2020. As at September 30, 2020, the secured credit facility was fully used.

On June 9, 2020, Cominar entered into a new secured credit facility of $120,000 maturing in September 2022. This new credit facility bears interest at the prime rate plus 250 basis points or at the bankers' acceptance rate plus 350 basis points. As at September 30, 2020, this credit facility was secured by immovable hypothecs on investment properties with a book value of $207,066. This credit facility contains certain restrictive covenants, with which Cominar was in compliance as at September 30, 2020. As at September 30, 2020, the secured credit facility was fully used.

12) Issued and Outstanding Units

	Nine-month period ended September 30, 2020		Year ended December 31, 2019	
	Units	$	Units	$
Units issued and outstanding, beginning of period	**182,111,365**	**3,228,903**	181,956,349	3,226,929
Exercise of options, conversion of restricted units and deferred units	**339,661**	**4,556**	155,016	1,974
Units issued and outstanding, end of period	**182,451,026**	**3,233,459**	182,111,365	3,228,903

Long Term Incentive Plan

				Unit options	
Nine-month period ended September 30, 2020	Performance units	Deferred units	Restricted units	Quantity	Weighted average exercise price $
Outstanding, beginning of period	349,766	334,115	2,311	5,235,900	14.15
Granted	141,403	97,434	—	—	—
Converted or exercised	—	(78,473)	(1,038)	(260,150)	13.93
Forfeited or cancelled	(42,773)	(18,066)	—	(1,171,000)	14.17
Accrued distributions	24,517	16,931	67	—	—
Outstanding, end of period	**472,913**	**351,941**	**1,340**	**3,804,750**	**14.15**
Vested units/options, end of period	**—**	**190,519**	**—**	**3,804,750**	**14.15**

As at September 30, 2020, the maximum number of units that may be issued under the long-term incentive plan is 16,055,878 units.

Distributions to Unitholders

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

	Quarter		Year-to-date (nine months)	
Periods ended September 30	2020	2019	2020	2019
	$	$	$	$
Distributions to unitholders	**21,894**	32,769	**87,560**	98,295
Distributions per unit	**0.12**	0.18	**0.48**	0.54

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 payable in September 2020.

13) Operating Revenues

Revenues from other services are estimated based on operating costs billable to tenants.

Periods ended September 30, 2020	Quarter				Year-to-date (nine months)			
	Office properties	Retail properties	Industrial and flex properties	Total of operating revenues	Office properties	Retail properties	Industrial and flex properties	Total of operating revenues
	$	$	$	$	$	$	$	$
Lease revenues	58,286	55,044	36,940	150,270	173,166	166,659	113,695	453,520
Parking revenues	2,639	103	13	2,755	10,353	319	37	10,709
Revenues from other services	4,735	3,722	1,023	9,480	14,004	12,173	4,758	30,935
Total	**65,660**	**58,869**	**37,976**	**162,505**	**197,523**	**179,151**	**118,490**	**495,164**

Periods ended September 30, 2019	Quarter				Year-to-date (nine months)			
	Office properties	Retail properties	Industrial and flex properties	Total of operating revenues	Office properties	Retail properties	Industrial and flex properties	Total of operating revenues
	$	$	$	$	$	$	$	$
Lease revenues	60,481	57,622	36,912	155,015	181,939	178,189	115,980	476,108
Parking revenues	5,218	122	7	5,347	15,952	351	24	16,327
Revenues from other services	4,984	4,853	1,340	11,177	16,169	16,277	5,229	37,675
Total	70,683	62,597	38,259	171,539	214,060	194,817	121,233	530,110

14) Expected credit loss

Cominar records the expected credit loss to comply with IFRS 9's simplified approach for amounts receivable where its expected credit loss provision is measured at initial recognition and throughout the life of the receivables at an amount equal to lifetime expected credit loss.

To measure the expected credit loss, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Cominar has identified the COVID-19 situation and the government's management and actions in regards to the pandemic to be relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Cominar's expected credit loss as of September 30, 2020 includes estimates of the landlord portion of the CECRA program which represents 12.5% of the eligible tenant's rent, of the uncertainty of the recoverability of rents related to tenants, including tenants part of the CECRA program, of the uncertainty of the recoverability on short-term rent deferrals, of rent reductions provided to tenants related to rents already recognized as a receivable when the tenant made a request for financial assistance and of the uncertainty of the recoverability of all other receivables.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented in operating costs within operating expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

On that basis, the provision for expected credit losses as at September 30, 2020 and December 31, 2019 was determined as follows:

September 30, 2020	Current	More than 30 days past due	More than 120 days pas due	Total
Expected loss rate	6.04 %	15.30 %	47.85 %	
Gross carrying amount - trade receivables	12,360	27,296	21,708	61,364
Provision for expected credit loss	747	4,176	10,387	15,310

December 31, 2019	Current	More than 30 days past due	More than 120 days pas due	Total
Expected loss rate	4.40 %	8.58 %	42.71 %	
Gross carrying amount - trade receivables	6,111	7,332	13,075	26,518
Provision for expected credit loss	269	629	5,584	6,482

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

	Nine-month period ended September 30, 2020	Year ended December 31, 2019
	$	$
Balance, beginning of period	**6,482**	6,326
Additional provision recognized as expense	**11,977**	2,753
Tenant receivables written off during the period	**(3,149)**	(2,597)
Balance, end of period	**15,310**	6,482

The following tables present the expected credit losses :

	Nine-month period ended September 30, 2020	Year ended December 31, 2019
	$	$
Expected credit losses on short-term rent deferrals	**931**	—
Expected credit losses on trade receivables	**11,046**	2,753
Expected credit losses provisioned	**11,977**	2,753
Expected credit losses - owner portion of CECRA (12.5%)	**4,787**	—
Expected credit losses - rent reductions	**11,243**	—
Expected credit losses expensed	**28,007**	2,753

	Quarter		Year-to-date (nine months)	
Periods ended September 30	2020	2019	2020	2019
	$	$	$	$
Office	**875**	67	**2,836**	233
Retail	**6,981**	116	**22,713**	1,003
Industrial and flex	**160**	229	**2,458**	442
Expected credit losses	**8,016**	412	**28,007**	1,678
Percentage of operating revenues	**4.9 %**	0.2 %	**5.7 %**	0.2 %

15) Finance Charges

Periods ended September 30	Quarter		Year-to-date (nine months)	
	2020	2019	2020	2019
	$	$	$	$
Interest on mortgages payable[1]	**19,169**	19,898	**62,759**	55,194
Interest on debentures[2]	**13,164**	18,700	**44,442**	56,053
Interest on bank borrowings	**2,708**	(65)	**6,326**	2,627
Net amortization of premium and discount on debenture issues	**(55)**	(130)	**(385)**	(390)
Amortization of deferred financing costs and other costs	**1,317**	1,138	**3,901**	3,035
Amortization of fair value adjustments on assumed borrowings	**(63)**	(66)	**(189)**	(198)
Less: Capitalized interest[3]	**(2,665)**	(1,989)	**(7,115)**	(5,686)
Total	**33,575**	37,486	**109,739**	110,635

1 *Interest on mortgages payable for the nine-month period ended September 30, 2020 includes $4,623 associated with penalties on mortgage repayments before maturity.*
2 *Interest on debenture for the nine-month period ended September 20, 2020 includes $2,487 associated to the yield maintenance fee paid for the Series 4 senion unsecured debentures redemption.*
3 *Includes capitalized interest on properties under development and on major revitalization projects for income properties that take place over a substantial period of time. The weighted average interest rate used in 2020 was 4.16% [4.30% in 2019].*

Interest on mortgages payable for the nine-month period ended September 30, 2020 includes $4,623 associated with penalties on mortgage repayments before maturity.

Interest on debenture for the nine-month period ended September 30, 2020 includes $2,487 associated to the yield maintenance fee paid for the Series 4 senior unsecured debentures redemption.

16) Trust Administrative Expenses

Periods ended September 30	Quarter		Year-to-date (nine months)	
	2020	2019	2020	2019
	$	$	$	$
Salaries and other benefits[1]	**2,673**	2,397	**7,841**	8,776
Compensation related to the long-term incentive plan	**831**	661	**2,488**	2,141
Professional fees	**170**	104	**650**	479
Public company costs	**232**	244	**640**	583
Strategic alternatives consulting fees	**250**	—	**250**	—
Other expenses	**423**	412	**892**	1,130
Total	**4,579**	3,818	**12,761**	13,109

1 *Salaries and other benefits for the nine-month period ended September 30, 2019 include $1,043, associated with the departure of an executive.*

17) Transaction Costs

Periods ended September 30	Quarter		Year-to-date (nine months)	
	2020	2019	2020	2019
	$	$	$	$
Brokerage fees	**—**	110	**48**	1,607
Professional fees	**149**	—	**185**	263
Assumed head leases	**—**	—	**—**	217
Closing adjustments	**12**	601	**5,065**	3,114
Other	**—**	37	**—**	37
Total	**161**	748	**5,298**	5,238

18) Restructuring Costs

During 2019, Cominar announced an organizational restructuring to streamline and enhance the effectiveness of operations which the outcome, among others, has been the reduction of its workforce. Cominar recorded a provision of $4,774 related to this organizational restructuring, primarily related to severance benefits. As of September 30, 2020, the entire $4,774 had been paid in connection with the restructuring.

19) Per Unit Calculation Basis

Periods ended September 30	Quarter		Year-to-date (nine months)	
	2020	2019	2020	2019
	Units	Units	Units	Units
Weighted average number of units outstanding – basic	**182,640,075**	182,197,545	**182,590,814**	182,164,182
Dilutive effect related to the long-term incentive plan	**204,189**	208,432	**—**	157,743
Weighted average number of units outstanding – diluted	**182,844,264**	182,405,977	**182,590,814**	182,321,925

The calculation of the diluted weighted average number of units outstanding does not take into account the effect of the conversion into units of 4,630,944 options and unvested performance units, deferred units and restricted units outstanding at the end of the quarter ended September 30, 2020 [7,418,700 in 2019], due to the fact they are antidilutive.

20) Supplemental Cash Flow Information

Periods ended September 30	Quarter		Year-to-date (nine months)	
	2020	2019	2020	2019
	$	$	$	$
Accounts receivable	**16,843**	4,589	**(33,044)**	3,501
Prepaid expenses	**(37,471)**	10,101	**(33,702)**	(37,279)
Accounts payable and accrued liabilities	**5,629**	9,186	**19,351**	12,464
Current tax liabilities	**—**	—	**—**	(6,763)
Changes in non-cash working capital items	**(14,999)**	23,876	**(47,395)**	(28,077)
Other information				
Accounts payable and accrued liabilities relating to investing activities	**10,905**	15,864	**10,905**	15,864
Accounts receivable relating to investing activities	**4,014**	4,014	**4,014**	4,014

21) Fair Value

Cominar uses a three-level hierarchy to classify its financial instruments measured at fair value. The hierarchy reflects the relative weight of inputs used in the valuation. The levels in the hierarchy are:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 – Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs)

Cominar's policy is to recognize transfers between hierarchy levels on the date of changes in circumstances that caused the transfer. There were no transfers made between hierarchy levels during the nine-month period ended September 30, 2020 and fiscal year 2019.

The fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, distributions payable to unitholders and bank borrowings approximates the carrying amount since they are short-term in nature or bear interest at current market rates.

The fair value of mortgages payable and debentures has been estimated based on current market rates for financial instruments with similar terms and maturities.

Classification

Non-financial assets and their carrying amount and fair value as well as financial liabilities and their carrying amount and fair value, when that fair value does not approximate the carrying amount, are classified as follows:

		As at September 30, 2020		As at December 31, 2019	
		Carrying amount	Fair value	Carrying amount	Fair value
	Level	$	$	$	$
Recurring valuations of non-financial assets					
Income properties	3	**5,958,522**	**5,958,522**	6,412,739	6,412,739
Investment properties held for sale	3	**231,227**	**231,227**	11,730	11,730
Land held for future development	3	**98,785**	**98,785**	100,507	100,507
Financial liabilities					
Mortgages payable	2	**2,098,733**	**2,122,713**	2,114,021	2,164,680
Debentures	2	**1,170,054**	**1,193,271**	1,320,962	1,368,398

22) Segmented Information

Cominar's activities include a diversified portfolio of three property types located in the Province of Quebec and in Ottawa, Ontario. The accounting policies followed for each property type are the same as those disclosed in the significant accounting policies in the audited annual financial statements of the Trust. Cominar uses net operating income as its main criterion to measure operating performance, that is, the operating revenues less the operating expenses of its investment properties.

The segments include Cominar's proportionate share in joint ventures. The Joint ventures column reconciles the segment information including the proportionate share in assets, liabilities, revenues and charges, to the information presented in these consolidated financial statements, where the investments in joint ventures are accounted for using the equity method.

Quarter ended September 30, 2020	Office Properties	Retail Properties	Industrial and flex properties	Cominar's proportionate share	Joint ventures	Condensed interim consolidated financial statements
	$	$	$	$	$	$
Rental revenue from investment properties	**69,602**	**59,137**	**37,972**	**166,711**	**(4,206)**	**162,505**
Change in fair value of investment properties	**(124)**	**73**	**6**	**(45)**	**—**	**(45)**
Net operating income	**35,983**	**22,759**	**24,703**	**83,445**	**(2,529)**	**80,916**
Share of joint ventures' net income	**—**	**—**	**—**	**—**	**1,588**	**1,588**
Quarter ended September 30, 2019	$	$	$	$	$	$
Rental revenue from investment properties	74,540	63,084	38,260	175,884	(4,345)	171,539
Change in fair value of investment properties	(102)	(2,350)	(107)	(2,559)	—	(2,559)
Net operating income	37,281	32,805	23,828	93,914	(2,476)	91,438
Share of joint ventures' net income	—	—	—	—	1,487	1,487

Nine-months period ended September 30, 2020	Office Properties	Retail Properties	Industrial and flex properties	Cominar's proportionate share	Joint ventures	Condensed interim consolidated financial statements
	$	$	$	$	$	$
Rental revenue from investment properties	**209,379**	**180,184**	**118,488**	**508,051**	**(12,887)**	**495,164**
Change in fair value of investment properties	**(44,617)**	**(251,655)**	**(33,199)**	**(329,471)**	**10,003**	**(319,468)**
Net operating income	**105,347**	**70,431**	**71,025**	**246,803**	**(7,572)**	**239,231**
Share of joint ventures' net income	**—**	**—**	**—**	**—**	**(5,310)**	**(5,310)**
September 30, 2019	$	$	$	$	$	$
Rental revenue from investment properties	225,778	196,063	121,233	543,074	(12,964)	530,110
Change in fair value of investment properties	(1,040)	(217)	6,768	5,511	—	5,511
Net operating income	108,591	96,431	69,438	274,460	(7,354)	267,106
Share of joint ventures' net income	—	—	—	—	4,378	4,378

As at September 30, 2020	Office Properties	Retail Properties	Industrial and flex properties	Cominar's proportionate share	Joint ventures	Condensed interim consolidated financial statements
	$	$	$	$	$	$
Income properties	**2,305,797**	**2,034,299**	**1,783,626**	**6,123,722**	**(165,200)**	**5,958,522**
Investment properties held for sale	**216,000**	**7,977**	**7,250**	**231,227**	**—**	**231,227**
Investments in joint ventures	**—**	**—**	**—**	**—**	**91,665**	**91,665**
As at December 31, 2019	$	$	$	$	$	$
Income properties	2,547,654	2,237,849	1,798,809	6,584,312	(171,573)	6,412,739
Investment properties held for sale	—	11,730	—	11,730	—	11,730
Investments in joint ventures	—	—	—	—	97,456	97,456

23) Subsequent Events

On October 15, 2020, Cominar declared a monthly distribution of $0.03 per unit.

On November 2, 2020, Cominar reimbursed at maturity its Series 3 senior unsecured debentures totaling $100,000 and bearing interest at 4.00% using its unsecured renewable credit facility.

Corporate Information

Board of Trustees

1 *Member of the Audit Committee*
2 *Member of the Human Ressources Committee*
3 *Member of the Nomination and Governance Committee*
4 *Member of the Investment Committee*
5 *Systematically attends all committee meeting*

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

Wally Commisso
Executive Vice President,
Operations and Property Management

Jean Laramée, Eng.
Executive Vice President, Development

Michael Racine
Executive Vice President,
Leasing - Office and Industrial

Unitholders Information

Cominar Real Estate Investment Trust

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2820 Laurier Boulevard, Suite 850
Québec City (Quebec) Canada G1V 0C1

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Listing

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

Transfer Agent

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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 2019, 10.65% 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 s.r.l./s.e.n.c.r.l

Unitholders Distribution Reinvestment Plan

Cominar Real Estate Investment Trust offers unitholders the opportunity to participate in its Unitholders Distribution Reinvestment Plan (the "DRIP"). The DRIP allows participants to receive their monthly distributions as additional units of Cominar. In addition, participants will be entitled to receive an additional distribution equal to 3% of each cash distribution reinvested pursuant to the DRIP, which will be reinvested in additional units.

On August 3, 2017, Cominar suspended the distribution reinvestment plan, starting with the distribution of August 2017, which was payable in September 2017. 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.

Cominar