Interim Report

Quarter ended March 31, 2021
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 March 31, 2021, in comparison with the corresponding quarter of 2020, as well as its financial position as at that date and its outlook. Dated May 4, 2021, 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 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 2020 Annual Information Form, is available on Cominar's website at www.cominar.com and on the Canadian Securities Administrators' ("CSA") website at www.sedar.com.

The Board of Trustees, under the recommendation of the Audit Committee, approved the contents of this Interim MD&A on May 4, 2021.

Message to Unitholders

A resilient and versatile portfolio

2021 is a year of transition and hope but the fact remains that the pandemic is continuing to have a significant impact on society and thus on the use of commercial space. In Quebec, the government announced that shopping centres would be closed during the holidays and the shutdown was extended for the first few weeks of the year, until February 8th. Hopes of a return to office buildings were dashed when work from home, which has been strongly encouraged since last fall, became practically mandatory for all administrative workers. On April 1, 2021, shopping centres in Quebec City and the Outaouais had to close again following a sharp rise in Covid-19 cases in those areas. Restaurants, gyms and other activity centres are still closed. Ontario is currently facing a critical situation and a new lockdown, including the closure of provincial borders, has been ordered.

The beginning of 2021 did not provide the anticipated break with 2020 but the start of the vaccination campaign is giving hope that the pandemic will soon be behind us. Despite the ongoing challenges for the real estate sector, Cominar has continued to demonstrate the resilience of its portfolio with a 0.4% increase in net operating income compared to the first quarter of 2020 (virtually untouched by the health crisis) and a 91.2% occupancy rate.

Average rents continue to increase in our three asset classes: +9.5% for our office portfolio, +0.1% for our retail portfolio and +18.3% for our industrial and flex portfolio, representing a total of 8.4%. Interest in physical space is also apparent from the coverage, as of March 31, 2021, of 78% of leases expiring in 2021 in the office sector and 67% of those expiring in retail, representing respectively 1.34 and 1.0 million square feet of renewed leases and new leases.
Not surprisingly, the industrial sector has maintained its exemplary performance with net operating income increasing by 6.8% in the first quarter compared to the same quarter in 2020, and a growth of 18.3% in the net rent of renewed leases and a 11.5% spread on net rent between new leases and departures so far in 2021. In this sector, we are pursuing our strategy of favoring rent increases, which impacts short-term occupancy rates but creates value over the long term. We are also implementing our plan to develop or redevelop identified sites to create long-term value and are actively participating in the evolution of the logistics sector.

In terms of financing, we have received the unanimous support of the seven Canadian banks in our banking syndicate in connection with a credit facility agreement for debt maturing in July 2021. Our liquidity position is healthy, at $381 million along with potential liquidity from our $2 billion portfolio of unsecured assets. The sale of four assets considered not strategic for $21 million as part of our targeted disposition program has also allowed us to reduce our debt rate to 54.5%.

More generally, we note that the strategy we introduced in 2019 is standing up to the challenges of the pandemic: diversification of our retail mix (to enhance service offering and focus on healthy categories), proceedings involving the development and redevelopment of our assets continue and opportunities in the industrial sector are materializing. In short, Cominar's portfolio is continuing to offer excellent value creation opportunities. We are also pursuing our strategic review process and we hope to report to you shortly on the results of this comprehensive exercise.

Lastly, we are focussing more than ever on our commitment to ESG. We are proud to have been awarded the Parity Certification by Women in Governance during the first quarter of 2021 for our gender diversity commitment and results. Another very important consideration has been the health and well-being of our employees and we are pleased to note that this is reflected in a higher engagement rate than ever. To pursue our sustainability efforts, we have called upon specialized consultants who have given us a thorough diagnosis of our current ESG practices. Their report will guide us in developing a new ESG plan during 2021.

With the pandemic lasting much longer than we imagined and the post-pandemic era drawing near, the need to spend time with others is growing. Many say we should think in terms of "the new normal" rather than "back to normal" but one thing is certain: the need to work together in physical spaces will be greater than ever, for the benefit of all society.

René Tremblay
Chairman of the Board of Trustees

Sylvain Cossette
President and Chief Executive Officer

May 5, 2021

Highlights

Quarter ended March 31, 2021

Financial Highlights

Rent collection[1]	**94.7%**
FFO[2,3] per unit	**$0.28**
Growth in same property net operating income[2,3]	**0.4%**
Growth in the average net rent of renewed leases	**3.0%**
Committed occupancy rate	**93.3%**
In-place occupancy rate	**91.2%**
Debt ratio[2,3]	**54.5%**
AFFO[2] payout ratio[3]	**45.0%**

1 Including amounts to be collected from government agencies
2 Refer to section "Non-IFRS Financial Measures".
3 Includes estimated financial impact of COVID-19.

Office	Growth in same property net operating income [1,2]	0.7%
	Growth in the average net rent of renewed leases	1.3%
	Committed occupancy rate	90.7%
	In-place occupancy rate	89.4%
Retail	Decline in same property net operating income [1,2]	(5.1)%
	Decline in the average net rent of renewed leases	(1.7)%
	Committed occupancy rate	90.5%
	In-place occupancy rate	86.6%
Industrial and flex	Growth in same property net operating income [1,2]	6.8%
	Growth in the average net rent of renewed leases	11.4%
	Committed occupancy rate	96.8%
	In-place occupancy rate	95.5%

[1] Refer to section "Non-IFRS Financial Measures".
[2] Includes estimated financial impact of COVID-19.

Subsequent Events

On April 9, 2021, Cominar converted the $400,0 million unsecured revolving credit facility which was maturing in July 2021 into a $250.0 million unsecured revolving credit facility maturing in April 2022 and bearing interest at the bankers' acceptance rate plus 275 basis points and a $150.0 million secured revolving credit facility maturing in April 2023 and bearing interest at the bankers' acceptance rate plus 250 basis points.

On April 15, 2021, Cominar declared a monthly distribution of $0.03 per unit.

Caution Regarding Forward-Looking Statements

From time to time, we make written or oral forward-looking statements within the meaning of applicable Canadian securities legislation. We may make such statements in this document and in other reports filed with Canadian regulators, in reports to unitholders or in other communications.This information includes, but is not limited to, statements made in the *COVID 19 – Impacts analysis and risks*, *Results of Operations – Same Property Office Portfolio*, *Retail Properties Under Construction and Development Projects*, *Real Estate Operations – Retail*, *Real Estate Operations – Office*, *Industrial and Flex Financial and Operational Highlights*, *Results of Operations – Same Property Industrial and Flex Portfolio* sections of this MD&A and other statements concerning Cominar's objectives, its strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. By their nature, forward-looking statements involve risks, uncertainties and assumptions. Such forward-looking statements reflect our intentions, plans, expectations and opinions regarding our future growth, operating results, performance and business prospects and opportunities. Forward-looking statements are often identified by words and expressions such as "plans," "expects," "is expected," "budgeted," "scheduled," "estimated," "seeks," "aims," "forecasts," "intends," "anticipates," "believes," or by statements that certain actions, events or results "may," "could," "would," "might" or "will" be taken, occur, or be achieved, and other variants and similar expressions, as well as the negative and conjugated forms, as they relate to Cominar.

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

Given the current level of uncertainties arising from the COVID-19 pandemic, there can be no assurance regarding the impact of COVID-19 on the business, operations, and financial performance of Cominar and its tenants, as well as on consumer behaviors and the economy in general. General risks and uncertainties related to the COVID-19 pandemic also include, but are not limited to, the length, spread and severity of the pandemic; the spreading of variants, the timing of the roll out and efficacy of the vaccines, the nature and length of the restrictive measures, implemented or to be implemented by the various levels of government in Canada; Cominar's tenants' ability to pay rents as required under their leases; the availability of various support programs that are or may be offered by the various levels of government in Canada; the introduction or extension of temporary or permanent rent control or other form of regulation or legislation that may limit the Cominar's ability or its extent to raise rents based on market conditions upon lease renewals or restrict existing landlord rights or landlord' ability to reinforce such landlord rights; domestic and global supply chains; the pace of property lease-up and rents and yields achieved upon development completion; potential changes in leasing activities, market rents and property valuations; the capitalization rates that arm's length buyers and sellers are willing to transact on properties; the availability and extent of rent deferrals offered or to be offered by Cominar; domestic and global credit and capital markets, and the Cominar's ability to access capital on favorable terms or at all; the total return and dividend yield of Cominar's Units; and the health and safety of our employees, tenants and people in the communities that our properties serve. For further details on the risks related to COVID-19 and its potential impact on Cominar, refer to the *Risks and Uncertainties - COVID-19 Health Crisis* section of the 2020 annual report. Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause our actual results or performance to be materially different from the outlook or any future results or performance implied by such statements.

We caution readers that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Cominar, investors and others should carefully consider the foregoing factors, as well as other factors and uncertainties. Unless otherwise stated, all forward-looking statements are valid only as at the date of this 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 2020 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 interim 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 ("SPNOI")**: SPNOI 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. SPNOI includes the results of properties owned by Cominar as at December 31 2019, with the exception of results for properties sold, acquired or under development in 2020 and 2021, as well as the rental income arising from the recognition of leases on a straight-line basis that is a non-cash item and which, by excluding it, will allow this measure to present the impact of actual rents collected by Cominar;

- **Funds from operations ("FFO")**: FFO is a non-IFRS 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;

- **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

Quarters ended March 31	2021 [2] $	2020 [2] $	% Δ	Page
Financial performance				
Operating revenues — Financial statements	**169,721**	173,885	(2.4)	17
Operating revenues — Cominar's proportionate share [1]	**173,756**	178,287	(2.5)	17
NOI — Financial statements	**86,471**	85,725	0.9	19
NOI — Cominar's proportionate share [1]	**88,785**	88,281	0.6	19
Same property NOI [1]	**87,240**	86,916	0.4	19
Net income	**50,264**	44,974	11.8	23
Funds from operations (FFO) [1]	**51,511**	45,041	14.4	23
Adjusted funds from operations (AFFO) [1]	**37,054**	32,781	13.0	23
Cash flows provided by operating activities	**78,955**	16,443	380.2	26
Distributions	**16,421**	32,827	(50.0)	26
Total assets	**6,389,259**	6,930,976	(7.8)	16
Per unit financial performance				
Net income (basic)	**0.28**	0.25	12.0	23
Net income (diluted)	**0.27**	0.25	8.0	23
Funds from operations (FFO)(FD) [1,3]	**0.28**	0.25	12.0	23
Adjusted funds from operations (AFFO)(FD) [1,3]	**0.20**	0.18	11.1	23
Distributions	**0.09**	0.18	(50.0)	26
Payout ratio of adjusted funds from operations (AFFO) (FD) [1,3]	**45.0 %**	100.0 %	(55.0)	23
Net asset value per unit	**15.12**	17.36	(12.9)	
Financing				
Debt ratio [1,4]	**54.5 %**	51.3 %		30
Debt/EBITDA ratio [1]	**11.1 x**	10.6 x		30
Interest coverage ratio [1,5]	**2.33:1**	2.39:1		31
Weighted average interest rate on total debt	**3.78 %**	3.93 %		27
Residual weighted average term of total debt (years)	**3.7**	4.1		27
Unsecured debt-to-total-debt ratio [6]	**31.8 %**	36.5 %		31
Secured debt to gross book value [7]	**37.3 %**	33.1 %		
Unencumbered income properties	**1,983,894**	2,284,361		31
Unencumbered assets to unsecured net debt ratio [8]	**1.82:1**	1.91:1		31
Operational data				
Number of investment properties	**310**	315		31
Leasable area (in thousands of sq. ft.)	**35,671**	35,887		31
Committed occupancy rate	**93.3 %**	94.7 %		34
In-place occupancy rate	**91.2 %**	91.3 %		34
Retention rate	**51.4 %**	41.9 %		34
Growth in the average net rent of renewed leases	**3.0 %**	17.4 %		34
Development activities				
Properties under development — Cominar's proportionate share [1]	**66,304**	54,997		16

1 Refer to section "Non-IFRS Financial Measures".
2 Quarter ended March 31, 2021 includes the estimated financial impact of COVID-19, $1.4 million in strategic alternatives consulting fees and $2.7 million distribution received in respect of a claim settlement regarding Sears Canada (Quarter ended March 31, 2020 includes $4.6 million of penalties paid on mortgage repayments before maturity).
3 Fully diluted.
4 Total of bank borrowings, mortgages payable and debentures, less cash and cash equivalents, divided by the total assets minus the total of cash and cash equivalents.
5 Net operating income less adjusted Trust administrative expenses divided by finance charges.
6 Unsecured debt divided by total debt.
7 Total secured bank borrowings and mortgages payable, divided by total assets.
8 Fair value of unencumbered income properties divided by the unsecured net debt.

Selected Quarterly Information

Quarters ended	Mar. 2021 [2]	Dec. 2020 [3]	Sept. 2020 [4]	Jun. 2020 [5]	Mar. 2020 [6]	Dec. 2019 [7]	Sept. 2019 [8]	Jun. 2019 [9]
	$	$	$	$	$	$	$	$
Financial performance								
Operating revenues — Financial statements	**169,721**	166,156	162,505	160,550	173,885	173,931	171,539	176,627
Operating revenues — Cominar's proportionate share [1]	**173,756**	170,675	166,711	164,829	178,287	178,161	175,884	180,946
NOI — Financial statements	**86,471**	87,956	80,916	72,590	85,725	91,216	91,438	88,983
NOI — Cominar's proportionate share [1]	**88,785**	90,413	83,445	75,077	88,281	93,695	93,914	91,468
Change in fair value of investment properties	**(65)**	(150,295)	(45)	(320,631)	1,208	270,964	(2,559)	8,291
Net income (loss)	**50,264**	(100,277)	44,145	(318,119)	44,974	319,265	47,456	51,474
FFO [1]	**51,511**	50,943	45,437	34,217	45,041	49,165	51,802	47,273
AFFO [1]	**37,054**	44,268	31,758	21,117	32,781	35,622	38,370	33,441
Cash flows provided by operating activities	**78,955**	92,626	30,321	25,076	16,443	79,712	74,579	14,126
Distributions	**16,421**	16,420	21,894	32,840	32,827	32,773	32,769	32,768
Per unit financial performance								
Net income (loss) (basic)	**0.28**	(0.55)	0.24	(1.74)	0.25	1.75	0.26	0.28
Net income (loss) (diluted)	**0.27**	(0.55)	0.24	(1.74)	0.25	1.75	0.26	0.28
FFO (FD) [1,10]	**0.28**	0.28	0.25	0.19	0.25	0.27	0.28	0.26
AFFO (FD) [1,10]	**0.20**	0.24	0.17	0.12	0.18	0.20	0.21	0.18
Distributions	**0.09**	0.09	0.12	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, $1.4 million in strategic alternatives consulting fees and $2.7 million distribution received in respect of a claim settlement regarding Sears Canada.*
3 *Includes the estimated financial impact of COVID-19 and $1.4 million in strategic alternatives consulting fees.*
4 *Includes the estimated financial impact of COVID-19 and $0.3 million in strategic alternatives consulting fees.*
5 *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.*
6 *Includes $4.6 million of penalties paid on mortgage repayments before maturity.*
7 *Includes $5.2 million of penalties paid on mortgage repayments before maturity.*
8 *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.*
9 *Includes $3.9 million of restructuring costs.*
10 *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 March 31, 2021, Cominar owned a diversified portfolio of 310 properties, composed of office, retail and industrial and flex buildings, of which 193 were located in the Montreal area, 97 in the Quebec City area and 20 in the Ottawa area. Cominar's portfolio consisted of approximately 11.1 million square feet of office space, 9.4 million square feet of retail space and 15.3 million square feet of industrial and flex space, representing a total leasable area of 35.7 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.

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

Real Estate Portfolio Summary as at March 31, 2021

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

Property type	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate	In-place occupancy rate	SPNOI % quarter ended March 31, 2021
Office	79	11,065,000	90.7 %	89.4 %	39.3 %
Retail	41	9,354,000	90.5 %	86.6 %	32.2 %
Industrial and flex	190	15,252,000	96.8 %	95.5 %	28.5 %
Total	**310**	**35,671,000**	**93.3 %**	**91.2 %**	**100.0 %**

Geographic market	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate	In-place occupancy rate	SPNOI % quarter ended March 31, 2021
Montreal	193	23,493,000	93.3 %	91.4 %	62.9 %
Quebec City	97	9,637,000	94.4 %	92.4 %	27.7 %
Ottawa	20	2,541,000	89.0 %	85.5 %	9.4 %
Total	**310**	**35,671,000**	**93.3 %**	**91.2 %**	**100.0 %**

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 the implementation of our strategic plan. On March 27th, 2020 we withdrew our guidance.

Our 2019 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.

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

Cominar's first quarter of 2021 financial performance has been negatively impacted by the COVID-19 pandemic.

Same Property NOI[1] ("SPNOI"): 2021 first quarter SPNOI increased by $0.3 million or 0.4% when compared with the corresponding quarter of 2020 despite the negative impact of COVID-19 on operating revenues, which was minimized by Cominar's effort to reduce operating expenses. The increase can be broken down as a decrease of $2.1 million in operating expenses, and an increase of $4.1 million in other revenues (including $2.7 million from Sears Canada settlement), partially offset by a decrease of $5.4 million in rent (including parking) and a net increase of $0.7 million in expected credit losses.

Expected credit losses: For the quarter ended March 31, 2021, expected credit losses of $2.5 million were recorded, mainly due to COVID-19, of which $0.0 is for office ($0.4 million in 2020), $2.4 million is for retail ($1.2 million in 2020) and $0.1 million is for industrial and flex ($0.2 million in 2020). Quarter expected credit losses were driven by $5.3 million of expected credit losses on trade receivables and $1.0 million of expected credit losses related to rent reductions, partially offset by a partial reversal in the amount of $3.9 million of a last quarter provision.

Net Income : Net income for the quarter ended March 31, 2021 amounted to $50.3 million compared to net income of $45.0 million for 2020. The increase is mainly due to a slight increase in NOI and a decrease of finance charges related to $4.6 million of penalties paid on mortgage repayments before maturity in the first quarter of 2020, partially offset by an increase in Trust administrative expenses related to $1.4 million in strategic alternatives consulting fees.

FFO[1]: FFO for the quarter ended March 31, 2021 amounted to $51.5 million or $0.28 per unit compared to $0.25 for the previous year's comparable perioddue mainly to the slight increase in NOI and decrease of finance charges related to the $4.6 million of penalties paid on mortgage repayments before maturity in the first quarter of 2020, partially offset by an increase in Trust administrative expenses related to $1.4 million in strategic alternatives consulting fees. This includes the positive impact of a partial reversal of last quarter credit loss provisions in the amount of $3.9 million, early termination fees in the amount of $1.6 million and expense recoveries from last year in the amount of $0.8 million.

AFFO[1]: AFFO for the quarter ended March 31, 2021 amounted to $37.1 million or $0.20 per unit compared to $32.8 million or $0.18 for the previous year's comparable period. AFFO increased from the corresponding quarter of 2020 due mainly to the increase in FFO, partially offset by increases in the provision for leasing costs and capital expenditures related to maintenance of rental income generating capacity. **AFFO payout ratio**[1] for the first quarter of 2021 was 45.0%, down from 100.0% in last year quarter, as a consequence of the increase in AFFO combined with the decrease in distributions effective since August 2020.

Balance Sheet: As at March 31, 2021, Cominar's debt ratio was 54.5%, down from 55.3 at year-end 2020. The debt to EBITDA[1] ratio at the end of the first quarter of 2021 decreased to 11.1x, from 11.3x at December 31, 2020. As at March 31, 2021 our unencumbered asset pool totaled $2.0 billion and our unencumbered asset ratio was 1.82x, up from 1.76x at year-end 2020.

As at March 31, 2021, available liquidity of $381.4 million consisted of $361.0 million of availability under our unsecured credit facility and $20.4 million of cash and cash equivalents.

Occupancy: As at March 31, 2021, Cominar's in-place occupancy was 91.2%, a decrease of 0.5% when compared to year-end 2020. As at March 31, 2021 the committed occupancy rate was 93.3%, compared to 94.0% at year-end 2020.

Leasing activity: The retention rate for 2021 was 51.4%. Average net rent on 1.2 million square feet of lease renewals for the three-month period ended March 31, 2021 increased by 3.0% (11.4% for the industrial and flex portfolio, 1.3% for the office portfolio and (1.7)% for the retail portfolio) and average net rent on 2.7 million square feet of lease renewals for 2021 increased by 8.4% (18.3% for the industrial and flex portfolio, 9.5% for the office portfolio and 0.1% for the retail portfolio). New leasing totaled 1.1 million square feet for 2021. New and renewal leasing represented 72.8% of 2021 lease maturities.

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

COVID-19 - Impacts Analysis and Risks

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

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

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

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.

As announced in the most recent Federal government budget, the Federal government has the intention to extend the Canada Emergency Rent Subsidy and the Canada Emergency Wage Subsidy until September 25, 2021.

Readers will find detailed information on COVID-19 impact analysis in the relevant section of this interim MD&A.

Our collection rate for the first quarter of 2021 was 94.7% including amounts to be collected from government agencies, slightly better than the collection rate as for 2020 fourth quarter after the same amount of days post period end at 94.2%. As an indication, as of today, rent collection for 2020 fourth quarter now stands at 98.1%.

Our results for the first quarter of 2020 were significantly less impacted by the COVID-19 pandemic.

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

Quarters ended March 31	2021	2020
	$	$
Expected credit losses on trade receivables	5,286	1,776
Expected credit losses - prior quarter provision reversal	(3,857)	—
Expected credit losses - rent reductions	1,030	—
Total expected credit losses	2,459	1,776
Percentage of operating revenues	1.4 %	1.0 %

The first quarter of 2021 was favorably impacted by the partial reversal of last quarter credit loss provisions in the amount of $3.9 million.

Reconciliations to Cominar's Proportionate Share

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

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

	March 31, 2021			December 31, 2020		
	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	**6,101,695**	**161,957**	**6,263,652**	6,077,025	161,885	6,238,910
Properties under development	**55,385**	**10,919**	**66,304**	26,315	10,850	37,165
Land held for future development	**61,025**	**8,077**	**69,102**	87,910	8,029	95,939
	6,218,105	**180,953**	**6,399,058**	6,191,250	180,764	6,372,014
Investment properties held for sale	**—**	**—**	**—**	20,990	—	20,990
Investments in joint ventures	**97,816**	**(97,816)**	**—**	97,497	(97,497)	—
Accounts receivable	**50,193**	**1,067**	**51,260**	51,816	1,529	53,345
Prepaid expenses and other assets	**2,735**	**(366)**	**2,369**	19,132	75	19,207
Cash and cash equivalents	**20,410**	**2,056**	**22,466**	13,594	1,204	14,798
Total assets	**6,389,259**	**85,894**	**6,475,153**	6,394,279	86,075	6,480,354
Liabilities						
Mortgages payable	**2,090,737**	**79,817**	**2,170,554**	2,105,906	80,499	2,186,405
Debentures	**1,070,891**	**—**	**1,070,891**	1,070,491	—	1,070,491
Bank borrowings	**330,018**	**4,100**	**334,118**	366,958	4,100	371,058
Accounts payable and accrued liabilities	**133,308**	**1,977**	**135,285**	126,443	1,476	127,919
Distributions payable to unitholders	**5,474**	**—**	**5,474**	—	—	—
Total liabilities	**3,630,428**	**85,894**	**3,716,322**	3,669,798	86,075	3,755,873
Unitholders' equity						
Unitholders' equity	**2,758,831**	**—**	**2,758,831**	2,724,481	—	2,724,481
Total liabilities and unitholders' equity	**6,389,259**	**85,894**	**6,475,153**	6,394,279	86,075	6,480,354

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

Quarters ended March 31	2021 [1]			2020 [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	**169,721**	**4,035**	**173,756**	173,885	4,402	178,287
Operating expenses	**(83,250)**	**(1,721)**	**(84,971)**	(88,160)	(1,846)	(90,006)
NOI	**86,471**	**2,314**	**88,785**	85,725	2,556	88,281
Finance charges	**(31,820)**	**(923)**	**(32,743)**	(39,252)	(969)	(40,221)
Trust administrative expenses	**(5,543)**	**(26)**	**(5,569)**	(4,144)	(4)	(4,148)
Change in fair value of investment properties	**(65)**	**—**	**(65)**	1,208	—	1,208
Share of joint ventures' net income	**1,365**	**(1,365)**	**—**	1,583	(1,583)	—
Transaction costs	**(144)**	**—**	**(144)**	(146)	—	(146)
Net income and comprehensive income	**50,264**	**—**	**50,264**	44,974	—	44,974

1 Quarter ended March 31, 2021 includes the estimated financial impact of COVID-19, $1.4 million in strategic alternatives consulting fees and $2.7 million distribution received in respect of a claim settlement regarding Sears Canada (Quarter ended March 31, 2020 includes $4.6 million of penalties paid on mortgages repayments before maturity).
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 March 31, 2021, and December 31, 2020, as shown in our condensed interim consolidated financial statements:

	March 31, 2021	December 31, 2020		
	$	$	$ Δ	% Δ
Assets				
Investment properties				
Income properties	**6,101,695**	6,077,025	24,670	0.4
Properties under development	**55,385**	26,315	29,070	110.5
Land held for future development	**61,025**	87,910	(26,885)	(30.6)
	6,218,105	6,191,250	26,855	0.4
Investment properties held for sale	**—**	20,990	(20,990)	(100.0)
Investments in joint ventures	**97,816**	97,497	319	0.3
Accounts receivable	**50,193**	51,816	(1,623)	(3.1)
Prepaid expenses and other assets	**2,735**	19,132	(16,397)	(85.7)
Cash and cash equivalents	**20,410**	13,594	6,816	50.1
Total assets	**6,389,259**	6,394,279	(5,020)	(0.1)
Liabilities				
Mortgages payable	**2,090,737**	2,105,906	(15,169)	(0.7)
Debentures	**1,070,891**	1,070,491	400	—
Bank borrowings	**330,018**	366,958	(36,940)	(10.1)
Accounts payable and accrued liabilities	**133,308**	126,443	6,865	5.4
Distributions payable to unitholders	**5,474**	—	5,474	100.0
Total liabilities	**3,630,428**	3,669,798	(39,370)	(1.1)
Unitholders' equity				
Unitholders' equity	**2,758,831**	2,724,481	34,350	1.3
Total liabilities and unitholders' equity	**6,389,259**	6,394,279	(5,020)	(0.1)

Results of Operations

The following table highlights our results of operations for the quarters ended March 31, 2021 and 2020, as shown in our condensed interim consolidated financial statements:

Quarters ended March 31	2021 [1]	2020 [1]	
	$	$	%△
Operating revenues	**169,721**	173,885	(2.4)
Operating expenses	**(83,250)**	(88,160)	(5.6)
NOI	**86,471**	85,725	0.9
Finance charges	**(31,820)**	(39,252)	(18.9)
Trust administrative expenses	**(5,543)**	(4,144)	33.8
Change in fair value of investment properties	**(65)**	1,208	N/M
Share of joint ventures' net income	**1,365**	1,583	(13.8)
Transaction costs	**(144)**	(146)	(1.4)
Net income and comprehensive income	**50,264**	44,974	11.8

1 Quarter ended March 31, 2021 includes the estimated financial impact of COVID-19, $1.4 million in strategic alternatives consulting fees and $2.7 million distribution received in respect of a claim settlement regarding Sears Canada (quarter ended March 31, 2020 includes $4.6 million of penalties paid on mortgages repayments before maturity).

The decrease in operating revenues according to the condensed interim consolidated financial statements in the first quarter of 2021 compared with the corresponding quarter of 2020 resulted mainly from the financial impact of COVID-19 which impacted Cominar for the months of January to March 2021 and from the properties sold in 2020 and 2021. That decrease was partly offset by a $2.7 million distribution received in respect of a claim settlement regarding Sears Canada.

The decrease in operating expenses according to the condensed interim consolidated financial statements in the first quarter of 2021 compared with the corresponding quarter of 2020 resulted mainly from the decreases of $2.6 million in property maintenance in response to COVID-19 measures and $2.6 million in property taxes, mainly due to direct transfers to tenants. Those decreases were partially offset by a net increase in the expected credit losses of $0.7 million resulting from the reversal of $3.9 million from last quarter provision.

Finance charges were down $7.4 million in the first quarter of 2021 mainly due to the decrease in interest on debentures related to the net redemption of $250.0 million of debentures since May 2020, a lower interest rate environment and $4.6 million of penalties paid on mortgage repayments before maturity in the first quarter of 2020, partially offset by an increase in interest on bank borrowings related to the $120.0 million secured credit facility which was only drawn in June 2020.

Finally, Trust administrative expenses increased by $1.4 million when compared to the corresponding 2020 period due to $1.4 million in strategic alternatives consulting fees. Excluding strategic alternatives consulting fees, Trust administrative were stable compared to the corresponding quarter of 2020.

The following table highlights our results of operations for the first quarter of 2021 by property type:

Quarter ended March 31, 2021	Office Properties [1]	Retail Properties [1]	Industrial and flex properties [1]	Corporate [1]	TOTAL
	$	$	$	$	$
Operating revenues	65,780	62,354	41,587	—	**169,721**
Operating expenses	(33,557)	(33,500)	(16,193)	—	**(83,250)**
NOI	32,223	28,854	25,394	—	**86,471**
Finance charges	(6,029)	(7,332)	(4,121)	(14,338)	**(31,820)**
Trust administrative expenses	(631)	(839)	(378)	(3,695)	**(5,543)**
Change in fair value of investment properties	55	(120)	—	—	**(65)**
Share of joint ventures' net income (loss)	1,382	(17)	—	—	**1,365**
Transaction costs	(119)	(25)	—	—	**(144)**
Net income (loss) and comprehensive income	**26,881**	**20,521**	**20,895**	**(18,033)**	**50,264**

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.

Net Operating Income

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

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

Quarters ended March 31	2021 [1]	2020	
	$	$	% Δ
NOI — Financial statements	**86,471**	85,725	0.9
NOI — Joint ventures	**2,314**	2,556	(9.5)
NOI — Cominar's proportionate share [2]	**88,785**	88,281	0.6

1 *Quarter ended March 31, 2021 includes the estimated financial impact of COVID-19. Refer to section "COVID-19 - Impact analysis and risks".*
2 *Refer to section "Non-IFRS Financial Measures".*

NOI by Property Type

Quarters ended March 31	2021 [1]	2020	
	$	$	% Δ
Property type			
Office	**34,470**	34,519	(0.1)
Retail	**28,921**	30,064	(3.8)
Industrial and flex	**25,394**	23,698	7.2
NOI — Cominar's proportionate share [2]	**88,785**	88,281	0.6

1 *Quarter ended March 31, 2021 includes 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, 2019, with the exception of results from the properties sold, acquired or under development in 2020 and 2021, as well as the rental income arising from the recognition of leases on a straight-line basis.

Quarters ended March 31	2021 [1]	2020	
	$	$	% Δ
Same property operating revenues - Cominar's proportionate share [2]	**170,932**	175,549	(2.6)
Same property operating expenses - Cominar's proportionate share [2]	**(83,692)**	(88,633)	(5.6)
SPNOI - Cominar's proportionate share [2]	**87,240**	86,916	0.4

1 *Quarter ended March 31, 2021 includes the estimated financial impact of COVID-19. Refer to section "COVID-19 - Impact analysis and risks".*
2 *Refer to section "Non-IFRS Financial Measures".*

2021 first quarter SPNOI increased 0.4% when compared with the corresponding quarter of 2020 despite the financial impact of COVID-19 on operating revenues, which was minimized by Cominar's effort to reduce its operating expenses.

The decrease in same property operating revenues in the first quarter of 2021 compared with the corresponding quarter of 2020 resulted mainly from the financial impact of COVID-19 which impacted Cominar for the months of January to March 2021, from the decrease in recoverable expenses due to the decrease of operating expenses and from the properties sold in 2020 and 2021.That decrease was partly offset by a $2.7 million distribution received in respect of a claim settlement regarding Sears Canada.

The decrease in same property operating expenses in the first quarter of 2021 compared with the corresponding quarter of 2020 resulted mainly from the decreases of $2.6 million in property maintenance in response to COVID-19 measures and $2.6 million in property taxes, mainly due to direct transfers to tenants. Those decreases were partially offset by a net increase in the estimated credit losses of $0.7 million resulting from the reversal of $3.9 million from last quarter provision.

Net Operating Income - Same Property Portfolio

Quarters ended March 31	2021 [1]	2020	
	$	$	% Δ
NOI — Financial statements	**86,471**	85,725	0.9
NOI — Joint ventures	**2,314**	2,556	(9.5)
NOI — Cominar's proportionate share [2]	**88,785**	88,281	0.6
Acquisitions, developments and dispositions — Cominar's proportionate share [3]	**(1,545)**	(1,365)	13.2
SPNOI — Cominar's proportionate share [2]	**87,240**	86,916	0.4

1 Quarter ended March 31, 2021 includes the estimated financial impact of COVID-19. Refer to section "COVID-19 - impact analysis and risks".
2 Refer to section "Non-IFRS Financial Measures".
3 Also includes rental income arising from the recognition of leases on a straight-line basis

NOI by Property Type and Geographic Market - Same Property Portfolio

Same property NOI by property type

Quarters ended March 31	2021 [1]	2020	
	$	$	% Δ
Property type			
Office	**34,256**	34,003	0.7
Retail	**28,101**	29,609	(5.1)
Industrial and flex	**24,883**	23,304	6.8
SPNOI — Cominar's proportionate share [2]	**87,240**	86,916	0.4

1 Quarter ended March 31, 2021 includes the estimated financial impact of COVID-19. Refer to section "COVID-19 - impact analysis and risks".
2 Refer to section "Non-IFRS Financial Measures".

Growth of 0.4% in SPNOI was driven by 6.8% growth in the industrial and flex segment and 0.7% growth in the office segment, partially offset by a 5.1% decline in the retail segment.

Same property NOI weighting by property type

Quarters ended March 31	2021	2020
Property type		
Office	**39.3 %**	39.1 %
Retail	**32.2 %**	34.1 %
Industrial and flex	**28.5 %**	26.8 %
SPNOI — Cominar's proportionate share [1]	**100.0 %**	100.0 %

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

For quarter ended March 31, 2021, Cominar’s weighting to retail SPNOI decreased (190) basis points to 32.2% while industrial SPNOI increased 170 basis points to 28.5% and office SPNOI increased 20 basis points to 39.3%.

Same property NOI by geographic market

Quarters ended March 31	2021 [1]	2020	
	$	$	% Δ
Geographic market			
Montreal	**54,912**	54,774	0.3
Quebec City	**24,159**	26,347	(8.3)
Ottawa [2]	**8,169**	5,795	41.0
SPNOI — Cominar's proportionate share [3]	**87,240**	86,916	0.4

1 *Quarter ended March 31, 2021 includes 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

Quarters ended March 31	2021	2020
Geographic market		
Montreal	**62.9 %**	63.0 %
Quebec City	**27.7 %**	30.3 %
Ottawa [1]	**9.4 %**	6.7 %
SPNOI — Cominar's proportionate share [2]	**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

Quarters ended March 31	2021	2020	Δ
Property type			
Office	**90.3 %**	89.3 %	1.0
Retail	**85.9 %**	86.2 %	(0.3)
Industrial and flex	**95.8 %**	96.0 %	(0.2)
Total	**91.5 %**	91.3 %	0.2

Same property average in-place occupancy by geographic market

Quarters ended March 31	2021	2020	Δ
Geographic market			
Montreal	**91.8 %**	91.4 %	0.4
Quebec City	**91.8 %**	92.8 %	(1.0)
Ottawa [1]	**86.7 %**	84.7 %	2.0
Total	**91.5 %**	91.3 %	0.2

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

Change in Fair Value of Investment Properties

Cominar opted to present its investment properties in the condensed interim consolidated financial statements according to the fair value model. Fair value is determined based on valuations performed using internal and independent real estate appraisers, or according to definitive agreements to sell investment properties when applicable. External valuations were carried out by independent national firms holding a recognized and relevant professional qualification and having recent experience in the location and category of the investment properties being valued.

During the quarter ended March 31, 2021, Cominar revisited its real estate portfolio fair value and determined that no adjustment was necessary to present the carrying amount of investment properties to fair value.

Finance Charges

Quarters ended March 31	2021	2020	
	$	$	%Δ
Interest on mortgage payable [1]	**17,504**	24,027	(27.1)
Interest on debentures	**12,133**	14,630	(17.1)
Interest on bank borrowings	**3,264**	1,540	111.9
Amortization of deferred financing costs and other costs	**1,266**	1,025	23.5
Less: Capitalized interest [2]	**(2,347)**	(1,970)	19.1
Total finance charges — Financial statements	**31,820**	39,252	(18.9)
Adjusted finance charges [3]	**31,820**	34,629	(8.1)
Percentage of operating revenues	**18.7 %**	22.8 %	
Weighted average interest rate on total debt	**3.78 %**	3.93 %	

1 Quarter ended March 31, 2020 includes $4.6 million of penalties paid on mortgage repayments before maturity
2 Capitalized interest on properties under development and on major revitalization projects for income properties that take place over a substantial period of time.
3 Excludes penalties on mortgage repayments before maturity.

The decrease in finance charges during the first quarter of 2021, compared with the corresponding quarter of 2020, is mainly due to the decrease in interest on debentures related to the net redemption of $250.0 million of debentures since May 2020, a lower interest rate environment and $4.6 million of penalties paid on mortgage repayments before maturity in the first quarter of 2020, partially offset by an increase in interest on bank borrowings related to the $120.0 million secured credit facility which was only drawn in June 2020.

Trust Administrative Expenses

Quarters ended March 31	2021	2020	
	$	$	% Δ
Salaries and other benefits	**2,530**	2,748	(7.9)%
Compensation expense related to long-term incentive plan	**507**	817	(37.9)%
Professional fees	**602**	169	256.2 %
Costs associated with public companies	**215**	224	(4.0)%
Strategic alternatives consulting fees	**1,376**	—	100.0 %
Other fees	**313**	186	68.3 %
Total Trust administrative expenses — Financial statements	**5,543**	4,144	33.8 %
Adjusted Trust administrative expenses [1]	**4,167**	4,144	0.6 %

1 Excludes strategic alternatives consulting fees of $1.4 million in 2021.

During the first quarter of 2021, Trust administrative expenses increased compared with the corresponding quarter of 2020 due to $1.4 million in strategic alternatives consulting fees. Excluding strategic alternatives consulting fees, Trust administrative were stable compared to the corresponding quarter of 2020.

Net Income

Quarters ended March 31	2021	2020	
	$	$	% Δ
Net income	**50,264**	44,974	11.8
Basic net income per unit	**0.28**	0.25	12.0
Diluted net income per unit	**0.27**	0.25	8.0
Weighted average number of units outstanding (basic)	**182,729,854**	182,496,260	
Weighted average number of units outstanding (diluted)	**182,912,309**	182,965,063	

2021 first quarter net income increase compared to the corresponding period of 2020 is mainly due to a slight increase in NOI and decrease of finance charges related to the $4.6 million of penalties paid on mortgage repayments before maturity in the first quarter of 2020, partially offset by an increase in Trust administrative expenses related to $1.4 million in strategic alternative consulting fees.

Funds from Operations and Adjusted Funds from Operations

Although the concepts of funds from operations ("FFO") and adjusted funds from operations ("AFFO") are not IFRS financial measures, they are widely used in the real estate investment trust industry as they adjust net income for items that are not related to the trend in occupancy levels, rental rates and property operating costs.

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

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

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

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

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

Funds from Operations and Adjusted Funds from Operations

Quarters ended March 31	2021 [1]	2020 [1]	
	$	$	% Δ
Net income	**50,264**	44,974	11.8
Initial and re-leasing salary costs	**990**	992	(0.2)
Change in fair value of investment properties[2]	**65**	(1,208)	(105.4)
Capitalizable interest on properties under development — joint ventures	**48**	137	(65.0)
Transaction costs	**144**	146	(1.4)
FFO [2,3]	**51,511**	45,041	14.4
Provision for leasing costs	**(8,033)**	(6,929)	15.9
Recognition of leases on a straight-line basis [2]	**(174)**	(471)	(63.1)
Capital expenditures — maintenance of rental income generating capacity	**(6,250)**	(4,860)	28.6
AFFO [2,3]	**37,054**	32,781	13.0
Per unit information:			
FFO (FD) [3,4]	**0.28**	0.25	12.0
AFFO (FD) [3,4]	**0.20**	0.18	11.1
Weighted average number of units outstanding (FD) [4]	**182,912,309**	182,965,063	
Payout ratio of AFFO [3,4]	**45.0 %**	100.0 %	

1 Quarter ended March 31, 2021 includes the estimated financial impact of COVID-19, $1.4 million in strategic alternatives consulting fees and $2.7 million distribution received in respect of a claim settlement regarding Sears Canada (Quarter ended March 31, 2020 includes $4.6 million of penalties paid on mortgage repayments before maturity). 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.

Quarters ended March 31	2021	2020	
	$	$	%Δ
FFO - Office properties[1]	**27,470**	25,770	6.6
FFO - Retail properties[1]	**20,933**	21,872	(4.3)
FFO - Industrial and flex properties[1]	**21,093**	19,291	9.3
FFO - Corporate[1]	**(17,985)**	(21,892)	(17.8)
FFO	**51,511**	45,041	14.4
AFFO - Office properties[1]	**20,809**	19,788	5.2
AFFO - Retail properties[1]	**15,216**	17,717	(14.1)
AFFO - Industrial and flex properties[1]	**18,234**	17,217	5.9
AFFO - Corporate[1]	**(17,205)**	(21,941)	(21.6)
AFFO	**37,054**	32,781	13.0

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 estimated capital maintenance expenditures.

FFO for the quarter ended March 31, 2021 amounted to $51.5 million or $0.28 per unit compared to $0.25 for the previous year's comparable period due mainly to the slight increase in NOI and decrease of finance charges related to the $4.6 million of penalties paid on mortgage repayments before maturity in the first quarter of 2020, partially offset by an increase in Trust administrative expenses related to $1.4 million in strategic alternatives consulting fees. This includes the positive impact of a partial reversal of last quarter credit loss provisions in the amount of $3.9 million, early termination fees in the amount of $1.6 million and expense recoveries from last year in the amount of $0.8 million.

AFFO for the quarter ended March 31, 2021 amounted to $37.1 million or $0.20 per unit compared to $32.8 million or $0.18 for the previous year's comparable period. AFFO increased from the corresponding quarter of 2020 due mainly to the increase in FFO, partially offset by increases in the provision for leasing costs and capital expenditures related to maintenance of rental income generating capacity.

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.

Quarters ended March 31	2021	2020	
	$	$	% Δ
FFO [1,2] (Realpac definition)	**51,511**	45,041	14.4
Penalties on mortgage repayments before maturity	**—**	4,623	(100.0)
Sears Canada settlement	**(2,715)**	—	(100.0)
Strategic alternatives consulting fees	**1,376**	—	100.0
FFO adjusted [1,2]	**50,172**	49,664	1.0
FFO adjusted (FD) per unit [2,3]	**0.27**	0.27	
AFFO [1,2]	**37,054**	32,781	13.0
Penalties on mortgage repayments before maturity	**—**	4,623	(100.0)
Sears Canada settlement	**(2,715)**	—	(100.0)
Strategic alternatives consulting fees	**1,376**	—	100.0
AFFO adjusted [1,2]	**35,715**	37,404	(4.5)
AFFO adjusted (FD) per unit [2,3]	**0.20**	0.20	

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

FFO adjusted and AFFO adjusted for the first quarter of 2021 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 first quarter of 2021, the actual costs incurred by Cominar were $8.0 million in leasehold improvements and $1.6 million in leasing costs, while the provision for leasing costs amounted to $8.0 million.

Quarters ended March 31	2021	2020
	$	$
Leasehold improvements	**8,030**	5,530
Leasing costs	**1,611**	2,206
Actual leasing costs — Cominar's proportionate share [1, 2]	**9,641**	7,736
Provision for leasing costs in the calculation of AFFO [3]	**8,033**	6,929

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

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

During the first quarter of 2021, the actual costs incurred by Cominar were $4.0 million, while the deduction in the calculation of AFFO amounted to $6.3 million.

Distributions

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

Distributions to Unitholders

Quarters ended March 31	2021	2020	
	$	$	% Δ
Distributions to unitholders	**16,421**	32,827	(50.0)
Per unit distribution	**0.09**	0.18	

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

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

Quarters ended March 31	2021	2020	2019
	$	$	$
Net income	**50,264**	44,974	44,309
Cash flows provided by operating activities - Financial statements	**78,955**	16,443	23,451
Distributions to unitholders	**16,421**	32,827	32,758
Surplus (deficit) of cash flows provided by operating activities compared with distribution to unitholders	**62,534**	(16,384)	(9,307)

For the first quarter of 2021, cash flows provided by operating activities presented a $62.5 million surplus over distributions to unitholders. The surplus of cash resulted mainly from the change in non-cash working capital items, namely the property taxes payments deferral, and from the 2020 decrease in distributions to unitholders.

Liquidity and Capital Resources

During the first quarter of 2021, Cominar generated $79.0 million in cash flows provided by operating activities as per its financial statements. Short-term obligations and commitments, including the monthly payments of distributions and the repayments of debentures and mortgages payable at maturity, are funded from operations, asset sales, proceeds from new mortgages payable, proceeds from debenture issuances, cash and equivalents and amounts available on the unsecured credit facility.

Debt Management

Cominar seeks to spread the maturities of its debt instruments over a number of years to manage interest rate and refinancing risk, and to provide flexibility in maintaining the overall debt level of the portfolio, taking into account availability of financing, market conditions, as well as the financial terms of the leases that produce its cash flows. Cominar finances itself primarily with long-term, fixed-rate debt and seeks to maintain a conservative debt to gross book value ratio.

As at March 31, 2021, Cominar's debt ratio stood at 54.5% (55.3% as at December 31, 2020) consisting of mortgages, senior unsecured debentures and bank loans less cash and cash equivalents. Mortgages payable represented approximately 59.9% of total debt, senior unsecured debentures represented approximately 30.7%, while bank borrowings represented approximately 9.5%. As at March 31, 2021, the weighted average annual contractual rate was 3.78% (3.76% as at December 31, 2020) and the residual weighted average remaining term was 3.7 years (3.8 years as at December 31, 2020) .

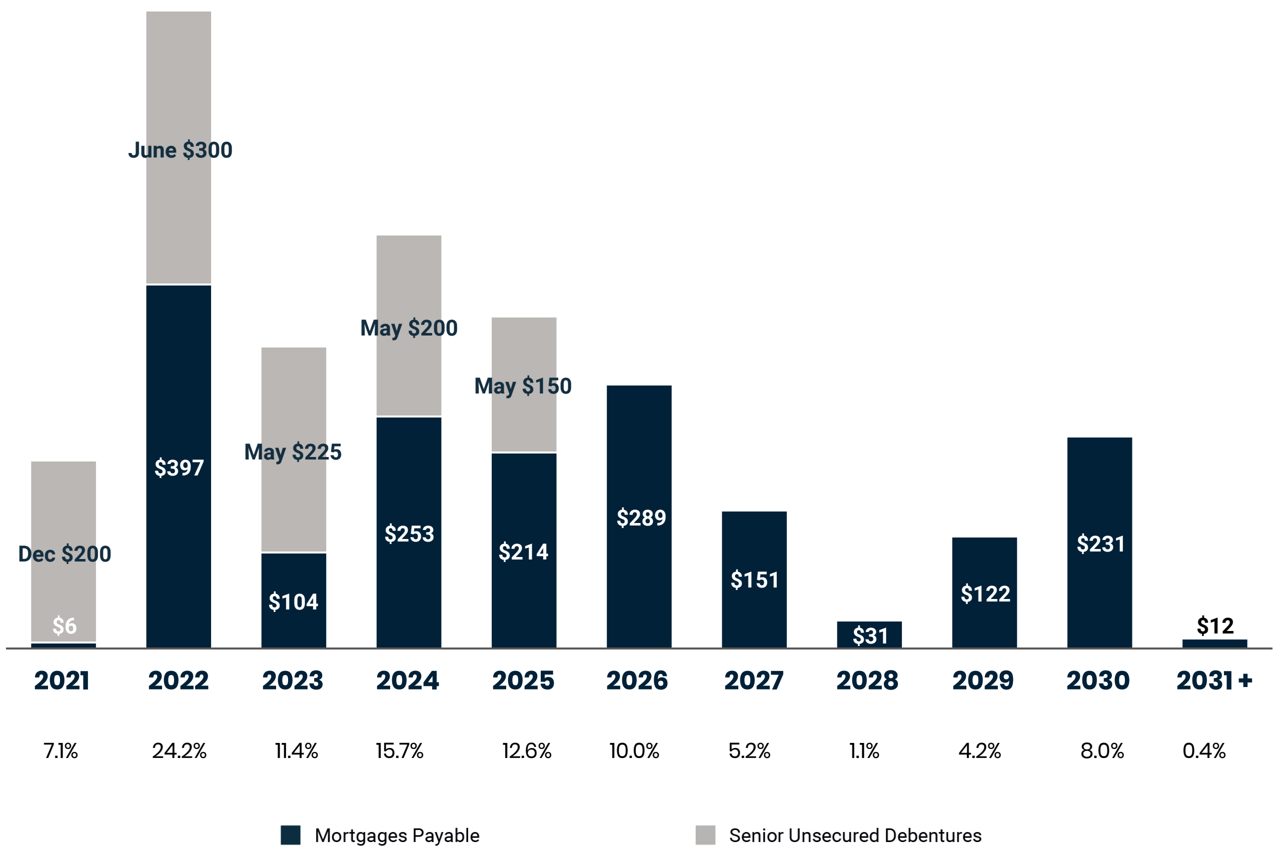
As at March 31, 2021, 89.3% of Cominar's total debt was fixed rate and 10.7% was variable rate. As the $400.0 million unsecured credit facility was to mature in July 2021, subsequent to the quarter end Cominar closed a new credit facility consisting of a $250 million unsecured credit facility with a one-year term and a $150 million secured credit facility with a two-year term. This credit facility bears interest at the prime rate plus 175 basis points for the unsecured portion and 150 basis points for the secured portion, or at the bankers' acceptance rate plus 275 basis points for the unsecured portion and 250 basis points for the secured portion.

Debt Summary

	March 31, 2021			December 31, 2020		
		Weighted average contractual rate	Residual weighted average term		Weighted average contractual rate	Residual weighted average term
	$			$		
Mortgages payable	**2,090,737**	**3.54 %**	**4.9 years**	2,105,906	3.54 %	4.9 years
Debentures	**1,070,891**	**4.51 %**	**2.1 years**	1,070,491	4.51 %	2.3 years
Bank borrowings secured	**291,000**	**2.91 %**	**2.1 years**	292,800	2.90 %	2.4 years
Bank borrowings unsecured	**39,018**	**3.18 %**	**0.4 year**	74,158	2.56 %	0.6 years
Total debt	**3,491,646**	**3.78 %**	**3.7 years**	3,543,355	3.76 %	3.8 years
Cash and cash equivalents	**(20,410)**	**0.70 %**		(13,594)	0.70 %	
Net debt	**3,471,236**			3,529,761		

Long Term Debt Maturities

As at March 31, 2021
[$ million]



Mortgages Payable

As at March 31, 2021, the balance of mortgages payable was $2,090.7 million, down $15.2 million from $2,105.9 million as at December 31, 2020. This decrease is mainly explained by monthly repayments of capital totaling $13.8 million. As at March 31, 2021, the weighted average contractual rate was 3.54% and the effective weighted average interest rate was 3.74%, stable since December 31, 2020.

Contractual maturities of mortgages payable

Years ending December 31	Repayment of principal $	Balances at maturity $	Total $	Weighted average contractual rate
2021 (period from April 1 to December 31)	35,750	6,167	**41,917**	5.56 %
2022	49,796	397,010	**446,806**	3.06 %
2023	48,277	104,292	**152,569**	4.17 %
2024	47,152	252,602	**299,754**	3.91 %
2025	37,812	213,508	**251,320**	3.18 %
2026	22,044	288,527	**310,571**	3.52 %
2027	19,367	151,199	**170,566**	3.25 %
2028	14,447	30,836	**45,283**	4.48 %
2029	11,952	122,034	**133,986**	3.56 %
2030	3,561	231,411	**234,972**	4.00 %
2031 and thereafter	2,069	11,650	**13,719**	4.19 %
Total	**292,227**	**1,809,236**	**2,101,463**	**3.54 %**

Cominar's mortgages payable contractual maturities are staggered over a number of years to reduce risks related to renewal. As at March 31, 2021, the residual weighted average term of mortgages payable was 4.9 years.

The $240.0 million CN Central Station mortgage maturity has been extended for one year from February 2021 to February 2022 on an interest-only basis.

Senior Unsecured Debentures

	Date of issuance	Contractual interest rate	Effective interest rate	Dates of interest payments	Maturity date	Nominal value as at March 31, 2021 $
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 %	6.24 %	May 5 and November 5	May 2025	150,000
Weighted average interest rate		**4.51 %**	**4.67 %**			
Total						**1,075,000**

As at March 31, 2021, the residual weighted average term of senior unsecured debentures was 2.1 years.

Bank Borrowings

As at March 31, 2021, Cominar had an unsecured 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 March 31, 2021. As at March 31, 2021, bank borrowings totaled $39.0 million and availability was $361.0 million.

As at March 31, 2021, Cominar had a secured credit facility of $171.0 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 March 31, 2021, this credit facility was secured by immovable hypothecs on investment properties with a book value of $289.6 million. This credit facility contains certain restrictive covenants, with which Cominar was in compliance as at March 31, 2021. As at March 31, 2021, this secured credit facility was fully used.

As at March 31, 2021, Cominar had a secured credit facility of $120,0 million maturing in September 2022. This credit facility bears interest at the prime rate plus 250 basis points or at the bankers' acceptance rate plus 350 basis points. As at March 31, 2021, this credit facility was secured by immovable hypothecs on investment properties with a book value of $202.4 million. This credit facility contains certain restrictive covenants, with which Cominar was in compliance as at March 31, 2021. As at March 31, 2021, this 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.

	March 31, 2021	December 31, 2020
	$	$
Cash and cash equivalents	**(20,410)**	(13,594)
Mortgages payable	**2,090,737**	2,105,906
Debentures	**1,070,891**	1,070,491
Bank borrowings	**330,018**	366,958
Total net debt	**3,471,236**	3,529,761
Total assets less cash and cash equivalents	**6,368,849**	6,380,685
Debt ratio [1, 2]	**54.5 %**	55.3 %

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

	March 31, 2021	December 31, 2020
	$	$
Mortgages payable	**2,090,737**	2,105,906
Debentures	**1,070,891**	1,070,491
Bank borrowings	**330,018**	366,958
Total debt	**3,491,646**	3,543,355
NOI (last 12 months)	**327,933**	327,187
Adjusted Trust administrative expenses (last 12 months) [1]	**(15,302)**	(15,279)
Recognition of leases on a straight-line basis (last 12 months)	**1,809**	1,485
EBITDA (last 12 months) [2]	**314,440**	313,393
Debt/EBITDA ratio [2]	**11.1 x**	11.3x

1 *Exclude strategic alternatives consulting fees of $1.4 million in 2021 and of $1.7 million in 2020.*
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.

	March 31, 2021	December 31, 2020
	$	$
NOI (last 12 months)	**327,933**	327,187
Adjusted Trust administrative expenses (last 12 months) [1]	**(15,302)**	(15,279)
	312,631	311,908
Adjusted finance charges (last 12 months) [2]	**134,047**	136,530
Interest coverage ratio [3]	**2.33:1**	2.28 : 1

1 *Excludes strategic alternatives consulting fees of $1.4 million in 2021 and of $1.7 million in 2020.*
2 *Includes $2.5 million in yield maintenance fees paid in connection with the debenture Series 4 redemption in Q2-2020 and $4.6 million of penalties paid on mortgage repayments before maturity in Q1-2020.*
3 *Refer to section "Non-IFRS Financial Measures".*

Unencumbered Assets and Unsecured Debt

	March 31, 2021		December 31, 2020	
	Number of properties	Fair value of properties ($)	Number of properties	Fair value of properties ($)
Unencumbered income office properties [1]	**34**	**713,859**	35	709,048
Unencumbered income retail properties [1]	**24**	**631,500**	27	645,265
Unencumbered income industrial and flex properties [1]	**78**	**638,536**	78	634,715
Total unencumbered income properties [1]	**136**	**1,983,895**	140	1,989,028
Unencumbered assets to unsecured net debt ratio [2, 3]		**1.82:1**		1.76:1
Unsecured debt-to-total-debt ratio [3, 4]		**31.8 %**		32.2 %

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

As at March 31, 2021, the unencumbered assets to unsecured net debt ratio stood at 1.82:1, 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

	March 31, 2021	December 31, 2020
	$	$
Income properties — Cominar's proportionate share [1]	**6,263,652**	6,238,910
Properties under development and land held for future development — Cominar's proportionate share [1]	**135,406**	133,104
Investment properties held for sale	**—**	20,990
Number of income properties	**310**	314
Leasable area (sq. ft.)	**35,671,000**	35,821,000

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

Summary by property type

March 31, 2021	Office Properties	Retail Properties	Industrial and flex properties	Cominar's proportionate share
	$	$	$	$
Income properties	**2,428,152**	**1,897,112**	**1,938,388**	**6,263,652**
Properties under development	**—**	**38,028**	**28,276**	**66,304**

	March 31, 2021		December 31, 2020	
	Number of properties	Leasable area (sq. ft.)	Number of properties	Leasable area (sq. ft.)
Office	**79**	**11,065,000**	80	11,089,000
Retail	**41**	**9,354,000**	44	9,480,000
Industrial and flex	**190**	**15,252,000**	190	15,252,000
Total	**310**	**35,671,000**	314	35,895,000

Summary by geographic market

	March 31, 2021		December 31, 2020	
	Number of properties	Leasable area (sq. ft.)	Number of properties	Leasable area (sq. ft.)
Montreal	**193**	**23,493,000**	194	23,517,000
Quebec City	**97**	**9,637,000**	100	9,763,000
Ontario - Ottawa [1]	**20**	**2,541,000**	20	2,541,000
Total	**310**	**35,671,000**	314	35,821,000

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 first quarter of 2021, Cominar incurred $10.9 million [$23.8 million in the corresponding quarter of 2020] in capital expenditures specifically to increase the rental income generating capacity of its properties. These capital expenditures include, among others, investments of $4.9 million in revitalization and redevelopment. Cominar also incurred $4.0 million [$2.3 million in the corresponding quarter of 2020] in capital expenditures to maintain rental income generating capacity, consisting mainly of major repair and maintenance expenses, as well as property equipment replacements. Capital expenditures related to maintenance of rental income generating capacity do not include current repair and maintenance costs, as these are already deducted from revenues in determining NOI.

Finally, Cominar invested in leasehold improvements that aim to increase the value of its buildings through higher lease rates and higher occupancy, as well as in other leasing costs, mostly brokerage fees and tenant inducements. The level of investment required may vary from quarter to quarter since it depends closely on lease renewals and the signing of new leases. The level of investment also depends on increases in rental space through expanded, upgraded or acquired properties, or rental space transferred from properties under development. During the first quarter of 2021, Cominar made investments of $8.0 million in leasehold improvements and $1.6 million in leasing costs [$5.5 million in leasehold improvements and $2.2 million in leasing costs in the corresponding quarter of 2020].

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

Quarters ended March 31	2021	2020	
	$	$	%Δ
Capital expenditures — increase of rental income generating capacity			
Revitalization and redevelopment	**4,919**	14,680	(66.5)
Capitalized interests on revitalization and redevelopment	**563**	442	27.4
Structural work for common areas, parking, preparation of base building etc.	**5,407**	8,623	(37.3)
Capital expenditures — increase of rental income generating capacity	**10,889**	23,745	(54.1)
Capital expenditures — maintenance of rental income generating capacity	**4,001**	2,250	77.8
Leasehold improvements	**8,030**	5,530	45.2
Leasing costs	**1,611**	2,206	(27.0)
Sub total capital expenditures	**24,531**	33,731	(27.3)
Properties under development	**768**	7,127	(89.2)
Capitalized interests on properties under development	**1,544**	1,598	(3.4)
Total capital expenditures (including capitalized interests) [1]	**26,843**	42,456	(36.8)
Total capital expenditures (excluding capitalized interests) [1]	**24,736**	40,416	(38.8)

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

During 2021 first quarter, Cominar invested $12.9 million in office income properties, $9.0 million in retail income properties, and $4.9 million in industrial and flex income properties, compared to $18.7 million, $18.5 million and $5.3 million respectively for 2020.

Investment Properties Held for Sale

	Quarter ended March 31, 2021				Year ended December 31, 2020
	Office properties	Retail properties	Industrial and flex properties	Total	Total
	$	$	$	$	$
Investment properties					
Balance, beginning of period	**3,000**	**17,990**	**—**	**20,990**	11,730
Net transfer from income properties	**—**	**—**	**—**	**—**	36,160
Capitalized costs[1]	**(55)**	**120**	**—**	**65**	93
Change in fair value	**55**	**(120)**	**—**	**(65)**	(2,788)
Dispositions	**(3,000)**	**(17,990)**	**—**	**(20,990)**	(24,205)
Balance, end of period	**—**	**—**	**—**	**—**	20,990

1 Includes $0 ($(50) in 2020) of recognition of leases on a straight-line basis.

During the three-month period ended March 31, 2021, Cominar sold 4 investment properties held for sale for a total selling price of $21.0 million.

Dispositions of Investment Properties Held for Sale

Address	Area	Property type	Leasable area sq. ft.	Transaction date	Selling price $
355, rue du Marais, Québec, Québec	Quebec	Retail	38,000	March 10, 2021	5,800
325, rue du Marais, Québec, Québec	Quebec	Retail	80,000	March 10, 2021	10,500
230, boulevard des Bois-Francs Sud, Victoriaville, Québec	Quebec	Retail	8,000	March 30, 2021	1,690
3669-3681, boulevard des Sources, Dollard-des-Ormeaux, Québec	Montreal	Office	24,000	February 15, 2021	3,000
			150,000		**20,990**

Real Estate Operations

Occupancy Rate

Occupancy rate track record

	Committed			In-place		
	March 31, 2021	Dec. 31, 2020	March 31, 2020	March 31, 2021	Dec. 31, 2020	March 31, 2020
Property type						
Office	**90.7 %**	93.1 %	93.0 %	**89.4 %**	91.4 %	89.2 %
Retail	**90.5 %**	90.8 %	92.8 %	**86.6 %**	86.3 %	86.3 %
Industrial and flex	**96.8 %**	96.7 %	97.0 %	**95.5 %**	95.3 %	95.9 %
Total	**93.3 %**	94.0 %	94.7 %	**91.2 %**	91.7 %	91.3 %

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

	Office	Retail	Industrial and flex	Total
Leases maturing in 2021				
Number of clients	164	485	182	831
Leasable area (sq. ft.)	1,723,000	1,481,000	2,126,000	5,330,000
Renewed leases				
Number of clients	55	128	50	233
Leasable area (sq. ft.)	1,130,000	692,000	916,000	2,738,000
Retention rate	**65.6 %**	**46.7 %**	**43.1 %**	**51.4 %**
New leases				
Number of clients	20	33	46	99
Leasable area (sq. ft.)	210,000	296,000	635,000	1,141,000
Unexpected departures				
Number of clients	6	10	12	28
Leasable area (sq. ft.)	91,000	18,000	68,000	177,000

Growth in the average net rent of renewed leases

	Quarter ended March 31, 2021		Year ending December 31, 2021		Year ended December 31, 2020	
	Renewed leasable area (sq. ft.)	Growth in the average net rent	Renewed leasable area (sq. ft.)	Growth in the average net rent	Renewed leasable area (sq. ft.)	Growth in the average net rent
Property type						
Office	360,000	1.3 %	1,130,000	9.5 %	1,072,000	7.6 %
Retail	368,000	(1.7)%	692,000	0.1 %	1,170,000	(4.3)%
Industrial and flex	440,000	11.4 %	916,000	18.3 %	2,306,000	18.0 %
Portfolio total	1,168,000	3.0 %	2,738,000	8.4 %	4,548,000	7.4 %

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

As at March 31, 2021, 51.4% [41.9% in 2020] of the leasable area maturing in 2021 was renewed representing 2.7 million square feet at 8.4% growth in the average net rent, and 69.0% of leases that matured during the first quarter of 2021 was renewed representing 1.2 million square feet at 3.0% growth in the average net rent. New leases were also signed, representing 1.1 million square feet of leasable area for 2021, while tenants whose leases were not expiring that left before the end of their lease totaled leasable area of

0.2 million square feet. As of March 31, 2021, 72.8% of the leasable area maturing in 2021 and 98% of leasable area maturing in the first quarter of 2021 were covered by renewals and new leases.

Lease Maturities

Years ending December 31	2022	2023	2024	2025	2026
Office					
Leasable area (sq. ft.)	4,952,440	4,740,261	3,787,774	3,947,516	2,354,960
% of total portfolio	13.9 %	13.3 %	10.6 %	11.1 %	6.6 %
Retail					
Leasable area (sq. ft.)	1,208,833	982,672	833,797	832,096	497,257
% of portfolio — Retail	12.9 %	10.5 %	8.9 %	8.9 %	5.3 %
Industrial and flex					
Leasable area (sq. ft.)	2,581,126	2,370,051	1,718,022	1,858,118	1,279,827
% of portfolio — Industrial and flex	16.9 %	15.5 %	11.3 %	12.2 %	8.4 %
Portfolio total					
Leasable area (sq. ft.)	4,952,440	4,740,261	3,787,774	3,947,516	2,354,960
% of portfolio	13.9 %	13.3 %	10.6 %	11.1 %	6.6 %

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

	Residual weighted average term (years)	Weighted average term of leases (years)	Average leased area per client (sq. ft.)	Average minimum rent ($/sq. ft.)
Property type				
Office	5.6	8.5	12,260	18.15
Retail	5.1	8.1	4,895	19.21
Industrial and flex	7.1	7.6	16,760	7.30
Weighted average of total portfolio	**6.1**	**8.0**	**9,735**	**13.46**

Cominar has a broad, highly diversified retail client base consisting of approximately 3,450 tenants occupying an average of 9,735 square feet each. The stability and quality of cash flows provided by operating activities are enhanced by the fact that approximately 14.1% of operating revenues come from government agencies, representing over 100 leases.

Top 10 clients

Top 10 clients	% of leasable area [1]	% of operating revenues[1]
Société québécoise des infrastructures	5.6 %	6.3 %
Public Works Canada	4.0 %	4.4 %
Canadian National Railway Company	1.8 %	3.4 %
Infra MTL Inc	3.1 %	2.3 %
Canadian Tire group	1.6 %	1.4 %
Winners merchants	0.8 %	1.1 %
Loblaws group	0.8 %	0.9 %
Groupe immobilier Desjardins	0.7 %	0.9 %
Metro group	0.8 %	0.8 %
Dollarama	0.6 %	0.7 %
Total	**19.8 %**	**22.2 %**

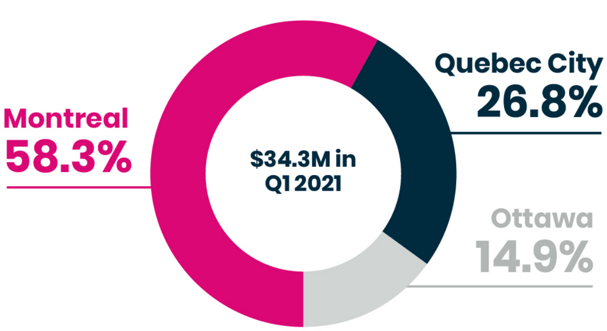
1 Based on tenants in-place as at March 31, 2021

Office Highlights

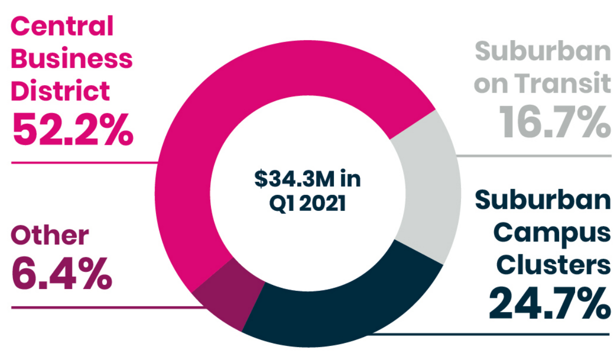
Quarter ended March 31, 2021

Rent collection[1]	**97.2%**
Growth in same property net operating income[2,3]	**0.7%**
Growth in the average net rent of renewed leases	**1.3%**
Committed occupancy rate	**90.7%**
In-place occupancy rate	**89.4%**

Same Property NOI by Geographic Market[4]



Same Property NOI by Segment[4]



[1] Including amounts to be collected from government agencies
[2] Refer to section "Non-IFRS Financial Measures".
[3] Includes estimated financial impact of COVID-19.
[4] Split as per quarter ended March 31, 2021.

Office Financial and Operational Highlights

Quarters ended March 31	2021 [2] $	2020 $	% Δ
Financial performance			
Operating revenues — Cominar's proportionate share [1]	**69,637**	72,044	(3.3)
NOI — Cominar's proportionate share [1]	**34,470**	34,519	(0.1)
Same property NOI [1]	**34,256**	34,003	0.7
Net income	**26,881**	26,660	0.8
Funds from operations (FFO) [1]	**27,470**	25,770	6.6
Adjusted funds from operations (AFFO) [1]	**20,809**	19,788	5.2
Income properties fair value — Cominar's proportionate share [1]	**2,428,152**	2,285,789	6.2
Financing			
Mortgages payable — Cominar's proportionate share [1]	**878,788**	835,745	
Unencumbered income properties	**713,859**	934,931	
Mortgages payable to income properties ratio [1,3]	**36.2 %**	36.6 %	
Operational data			
Number of investment properties	**79**	80	
Leasable area (in thousands of sq. ft.)	**11,065**	11,056	
Committed occupancy rate	**90.7 %**	93.0 %	
In-place occupancy rate	**89.4 %**	89.2 %	
Retention rate	**65.6 %**	47.1 %	
Growth in the average net rent of renewed leases	**1.3 %**	19.1 %	
Development activities			
Properties under development — Cominar's proportionate share [1]	**—**	18,233	

1 Refer to section "Non-IFRS Financial Measures".
2 Quarter ended March 31, 2021 includes the estimated financial impact of COVID-19. Refer to section "COVID-19 - Impact analysis and risks".
3 Total of mortgages payable divided by total of income properties fair value - Cominar's proportionate share.

COVID-19 - Impact Analysis and Risks - Office

Operations

Throughout most of 2020 and since the beginning of 2021, the Quebec government has taken several measures to reduce the progression of the COVID-19 pandemic. In the office sector, teleworking has remained compulsory for people working in the public or private sectors since December 17, 2020, with the exception of workers whose employers deem their presence necessary to continue the activities of the organization.

Due to the temporary drop in traffic in our properties we have seen a significant drop in parking revenues for the fourth consecutive quarter which still represents the biggest headwind with impacting the office sector NOI.

Our collection rate for the first quarter of 2021 was 94.5%, compared to 97.6% in the last quarter of 2020. Including amounts to be collected from government agencies, our collection rate for the first quarter of 2021 stands at 97.2%.

Our building in-place occupancy rates have remained relatively stable during the pandemic, down only slightly from a year ago in the first quarter of 2021, and our three markets are still among the tightest in North America in terms of availability (vacancy). However, the adoption of teleworking has triggered a general reflection on a planetary scale on the needs, location and use of office space, putting on hold several expansion projects of our tenants. We have seen an increase in the vacancy rate and sublet space in all markets. However, several signs are now evidencing us that the situation is improving as workers are anxious to better work-life balance including a return to the office in combination to partial work-from-home flexibility.

We are currently not seeing a major impact on rents, with modest increases at renewal for the office segment. We expect to have to structure transactions differently with shorter terms leases while waiting for the recovery.

Agility measures

In response to the recent increase in construction costs, we are carefully reviewing all capex spending in order to invest strategically. Our operations teams continue to make every effort to keep operating expenses at an optimal level while continuing to implement sanitary measures to meet government health requirements in our office buildings.

At the same time, we have strengthened our collection process and are closely monitoring the financial health of our tenants. When appropriate, we direct them to the applicable and pertinent government assistance programs.

Trade Receivables and Expected Credit Losses - Office

The following table presents office net trade receivables as at March 31, 2021 and December 31, 2020:

Office trade receivables	March 31, 2021	December 31, 2020
	$	$
Trade receivables	17,503	18,729
Provision for expected credit losses	(1,953)	(3,420)
Total net trade receivables	15,550	15,309

Office trade receivables include $4.2 million invoiced to tenants at the end of the first quarter of 2021 for work performed in their premises and $4.2 million due by government agencies (up $1.0 million from December 31, 2020) for which final leases still need to be received, a condition for rental payments to be in effect although the occupancy is already effective. Government receivables are not at risk in those circumstances.

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

Quarters ended March 31	2021	2020
	$	$
Expected credit losses on trade receivables	1,257	376
Expected credit losses - prior quarter provision reversal	(1,300)	—
Total expected credit losses	(43)	376
Percentage of operating revenues	(0.1)%	— %

The first quarter of 2021 was favorably impacted by the partial reversal of last quarter credit loss provisions in the amount of $1.3 million.

Results of Operations - Office

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

Quarters ended March 31	2021 [1]	2020	
	$	$	%Δ
Operating revenues	**65,780**	68,018	(3.3)
Operating expenses	**(33,557)**	(35,815)	(6.3)
NOI	**32,223**	32,203	0.1
Finance charges	**(6,029)**	(7,699)	(21.7)
Trust administrative expenses	**(631)**	(678)	(6.9)
Change in fair value of investment properties	**55**	1,445	N/M
Share of joint ventures' net income	**1,382**	1,417	(2.5)
Transaction costs	**(119)**	(29)	310.3
Net income and comprehensive income	**26,881**	26,659	0.8

1 *Quarter ended March 31, 2021 includes the estimated financial impact of COVID-19. Refer to section "COVID-19 - Impact analysis and risks".*

NOI for the first quarter of 2021 was stable with the corresponding period of 2020 despite the financial impact of COVID-19 on operating revenues, which was minimized by Cominar's effort to reduce its operating expenses. Operating revenues decrease was mainly due to a $2.7 million decrease in parking revenues related to the COVID-19 teleworking guideline. Operating expenses improved due to a decrease of $1.4 million in property maintenance related to Cominar's strategy to reduce expenses, a decrease of $0.7 million in realty taxes and a favorable $0.7 million reversal of last quarter provision for expected credit losses. In addition, growth in NOI in the first quarter is explained by sustained growth in rents for leases renewed during the last twelve months. In all, over 1.2 million square feet have been renewed since April 1st, 2020 with a net rental growth of 4.9% (+ $0.55 per square foot).

Results of Operations - Same Property Office Portfolio

Cominar analyzes its results of operations taking into account the proportionate share of its joint ventures to assess the operating performance of its investment properties and pays particular attention to the performance of its same property portfolio. Same property office NOI exclude rental income arising from the recognition of leases on a straight-line basis.

Same property office portfolio NOI

Quarters ended March 31	2021 [1]	2020	
	$	$	% Δ
Same property operating revenues - Cominar's proportionate share [2]	**68,638**	70,788	(3.0)
Same property operating expenses - Cominar's proportionate share [2]	**(34,382)**	(36,785)	(6.5)
SPNOI - Cominar's proportionate share [2]	**34,256**	34,003	0.7

1 Quarter ended March 31, 2021 includes the estimated financial impact of COVID-19. Refer to section "COVID-19 - Impact analysis and risks".
2 Refer to section "Non-IFRS Financial Measures".

Quarters ended March 31	2021 [1]	2020	
	$	$	% Δ
Geographic Market			
Montreal	**19,980**	19,655	1.7
Quebec City	**9,176**	9,116	0.7
Ottawa [2]	**5,100**	5,232	(2.5)
SPNOI — Cominar's proportionate share [3]	**34,256**	34,003	0.7

1 Quarter ended March 31, 2021 includes 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 1.7% growth in SPNOI for the Montreal portfolio in the first quarter results from a 1.8% increase in our in-place occupancy rate, mostly related to the performance of our suburban portfolio, for which the in-place occupancy rate increased by 3.5%, driving our revenues up more than 8.9%, mostly propelled by the CSSDM lease fully in place at 5100 Sherbrooke in the first quarter of 2021 (181,000 square feet). On the other hand, our Montreal CBD portfolio suffered from a 13% decrease in revenues, mostly related to a temporary decrease of 1.6 million in parking revenues from CN Central Station and Alexis-Nihon and a decrease of 3.2% of in-place occupancy due to the expiry of two leases totalizing 100 000 square feet. However, continued efforts to control and reduce operating expenses by over $1.5 million (6.7%) have compensated our decrease in revenues, resulting in a 1.7% growth for the same property portfolio.

The Quebec City portfolio recorded a slight increase of 0.7% in SPNOI in the first quarter, mostly related to a decrease of urban parking revenues and a slight decrease of the in-place occupancy rate (-0.7%), which were both largely offset by a 5% reduction of the operating expenses. The high proportion of gross leases with government tenancies (61%) played in favor of Cominar in regards of the efforts to reduce operating expenses during the pandemic.

The 2.5% decrease in SPNOI in Ottawa is mostly related to a 5.4% decrease in revenues, partly offset by a 7.8% reduction of expenses with a high proportion of government tenants. The decrease in revenues is explained by a 1.9% decrease of the average in-place occupancy rate following the expiry of the Entrust lease at 1000 Innovation Drive in Kanata and lower parking revenues in the downtown core.

Overall, our intensive efforts to control and optimize expenses has allowed us to compensate for the negative impact of the pandemic, namely the decrease of occupancy with a few key lease expiries and parking revenues. With over 48% of their rents derived from governmental agencies leases, the Quebec City and Ottawa markets are expected to continue to provide a stable contribution in the coming years.

Quarters ended March 31	2021 [1]	2020	
	$	$	% Δ
Segment			
Central Business District	**17,877**	19,229	(7.0)
Suburban on Transit	**5,733**	4,824	18.8
Suburban Campus Clusters	**8,455**	7,208	17.3
Other	**2,191**	2,742	(20.1)
SPNOI — Cominar's proportionate share [2]	**34,256**	**34,003**	0.7

1 Quarter ended March 31, 2021 includes the estimated financial impact of COVID-19. Refer to section "COVID-19 - impact analysis and risks"
2 Refer to section "Non-IFRS Financial Measures".

In the first quarter of 2021, our central business district ("CBD") properties encountered a decline in parking revenues and occupancy following a few key lease expiries. We anticipate that the demand for parking facilities will gradually come back when office workers return to offices, as many workers may prefer to use their car over public transit, at least in the short term. We anticipate that the fundamentals of CBD attractivity will return over the medium to long term and the short term performance will fluctuate until the confidence in public transit is restored and the remaining subleases and new supplies coming in the market are absorbed.

On the other hand, our suburban properties have shown a substantial 18% growth in SPNOI versus the first quarter of 2020, more precisely in Montreal East and Laval, propelled by the commencement of major leases totaling 230,000 square feet at 5100 Sherbrooke and 255 Crémazie in Montreal. In Montreal alone, the suburban in-place occupancy rate increased by 5.1% compared to the same period a year ago.

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 introducing a work-from-home to work-near-home solution, thus adopting a hub-and-spoke occupancy strategy while maintaining a head office in the central business district.

This context is favorable for Cominar to capture leasing opportunities as 57% of our office vacancy resides in the suburbs (vs 70% a year ago), while our CBD Montreal portfolio has a 91.6% occupancy along with a resilient weighted average leases term of 5.5 years.

Same property office portfolio NOI weighting

Quarters ended March 31	2021	2020
Geographic market		
Montreal	**58.3 %**	57.8 %
Quebec City	**26.8 %**	26.8 %
Ottawa [1]	**14.9 %**	15.4 %
SPNOI — Cominar's proportionate share [2]	**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 weighing of our SPNOI per geographic market remains stable year over year, despite the parking revenues decrease in Montreal.

Quarters ended March 31	2021	2020
Segment		
Central Business District	**52.2 %**	56.5 %
Suburban on Transit	**16.7 %**	14.2 %
Suburban Campus Clusters	**24.7 %**	21.2 %
Other	**6.4 %**	8.1 %
SPNOI — Cominar's proportionate share [1]	**100.0 %**	100.0 %

1 Refer to section "Non-IFRS Financial Measures"

Our CBD portfolio remains our SPNOI driver in the office sector but its contribution reduced slightly in the first quarter of 2021, mostly because of the temporary drop in parking revenues and a slight decrease in occupancy. In the past year, the contribution of the suburbs and the outskirts of the CBD increased, assisted by a major lease with a para-governmental entity in Montreal-East. This may also be a continuing trend and an opportunity for Cominar as demand for suburban office solutions is increasing faster than for CBD in the COVID-19 environment and this is where most of our vacancy (57%) is located. Therefore, we anticipate that the suburban office contribution may continue to increase over the coming quarters.

Office property portfolio

Office	March 31, 2021 Number of properties	March 31, 2021 Leasable area sq. ft	December 31, 2020 Number of properties	December 31, 2020 Leasable area sq. ft
Geographic Market				
Montreal	**48**	**6,464,000**	50	6,554,000
Quebec City	**13**	**2,409,000**	13	2,409,000
Ottawa [1]	**18**	**2,192,000**	17	2,093,000
Office portfolio total	**79**	**11,065,000**	80	11,056,000

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

Office	March 31, 2021 Number of properties	March 31, 2021 Leasable area sq. ft	December 31, 2020 Number of properties	December 31, 2020 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	**29**	**2,681,000**	28	2,582,000
Other	**14**	**1,333,000**	15	1,357,000
Office portfolio total	**79**	**11,065,000**	80	11,056,000

Investments in Office Properties

Quarters ended March 31	2021 $	2020 $	%Δ
Capital expenditures — increase of rental income generating capacity	**4,434**	6,084	(27.1)
Capital expenditures — maintenance of rental income generating capacity	**2,822**	1,950	44.7
Leasehold improvements	**3,583**	1,081	231.5
Leasing costs	**650**	1,243	(47.7)
Properties under development	**1,384**	8,333	(83.4)
Total capital expenditures (including capitalized interests)[1]	**12,873**	18,691	(31.1)
Total capital expenditures (excluding capitalized interests)[1]	**11,506**	17,317	(33.6)

1 Includes Cominar's share of joint ventures

Real Estate Operations - Office

Occupancy Rate

Occupancy rate track record

Office	Committed Mar. 31, 2021	Committed Dec. 31, 2020	In-place Mar. 31, 2021	In-place Dec. 31, 2020
Geographic Market				
Montreal	**88.7 %**	91.7 %	**87.2 %**	90.1 %
Quebec City	**97.3 %**	97.7 %	**96.8 %**	97.2 %
Ottawa [1]	**89.0 %**	92.1 %	**87.3 %**	88.6 %
Office portfolio total	**90.7 %**	93.1 %	**89.4 %**	91.4 %

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

The in-place office occupancy rate decreased slightly during the first quarter of 2021 when compared to the end of 2020, while our committed occupancy decreased by 2.4%. In Montreal, the decrease in occupancy is mostly related to the departure of two tenants totaling 100 000 square feet in the CBD. In Ottawa, the decrease is related to the departure of a 60 000 square foot tenant in the Kanata market for which we have significant leasing activity.

Same Property Occupancy rate

Office	Committed Mar. 31, 2021	Committed Dec. 31, 2020	In-place Mar. 31, 2021	In-place Dec. 31, 2020
Segment				
Central Business District	**94.9 %**	**96.1 %**	**94.6 %**	**95.6 %**
Suburban on Transit	**92.6 %**	**92.1 %**	**91.0 %**	**91.7 %**
Suburban Campus Clusters	**86.7 %**	**88.0 %**	**85.7 %**	**86.5 %**
Other	**80.5 %**	**93.1 %**	**75.8 %**	**88.8 %**
Office portfolio total	**90.7 %**	**93.1 %**	**89.4 %**	**91.4 %**

Approximately 57% of our office vacancy is located in the suburban area. What we considered as a challenge in the previous years can be seen as an opportunity as we expect the increase in suburban office demand to continue in the post-COVID-19 reality. We anticipate that a portion of the office market will consider a transition from work-from-home to work-near-home solutions, while certain tenants are also expected to adopt a hub and spoke occupancy strategy while maintaining a head office in the CBD. As we deploy our suburban office strategy, our increase in occupancy in the suburban should play in favor of Cominar in the coming years while the CBD gradually regains momentum.

Office Leasing Activity

Leases maturing in 2021	
Number of clients	164
Leasable area (sq. ft.)	1,723,000
Renewed leases	
Number of clients	55
Leasable area (sq. ft.)	1,130,000
Retention rate	**65.6 %**
New leases	
Number of clients	20
Leasable area (sq. ft.)	210,000
Unexpected departures	
Number of clients	6
Leasable area (sq. ft.)	91,000

During the quarter ended March 31, 2021, 65.6% of the office leasable area maturing in 2021 was renewed. New leases were also signed representing 0.2 million square feet of leasable area, while tenants whose leases were not expiring and that left before the end of their lease totaled a leasable area of 0.1 million square feet. As at March 31, 2021, 78% of the leasable area maturing in 2021was covered by renewals and new leases.

Growth in the average net rent of renewed leases

Office	Quarter ended March 31, 2021		Year ending December 31, 2021		Year ended December 31, 2020	
	Renewed leasable area (sq. ft.)	Growth in the average net rent	Renewed leasable area (sq. ft.)	Growth in the average net rent	Renewed leasable area (sq. ft.)	Growth in the average net rent
Geographic Market						
Montreal	109,000	(0.1)%	339,000	5.4 %	573,000	8.0 %
Quebec City	54,000	8.0 %	204,000	8.2 %	251,000	3.4 %
Ottawa [1]	197,000	(0.1)%	587,000	13.1 %	248,000	12.8 %
Office portfolio total	360,000	1.3 %	1,130,000	9.5 %	1,072,000	7.6 %

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

Growth in the average net rent on renewed leases is measured by comparing the rent at the end of the lease to the rent at the beginning of the lease's renewal. Our rental growth for the leases maturing in 2021 is a solid 9.5% year to date, mostly driven by increases in Quebec City and Ottawa related to two major governmental leases totaling over 440 000 square feet.

Office Lease Maturities

Years ending December 31	2022	2023	2024	2025	2026
Leasable area (sq. ft.)	1,162,481	1,387,538	1,235,955	1,257,302	577,876
% of portfolio — Office	10.5 %	12.5 %	11.2 %	11.4 %	5.2 %

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

	Residual weighted average term (years)	Weighted average term of leases (years)	Average leased area per client (sq. ft.)	Average minimum rent ($/sq. ft.)
Office leases	5.6	8.5	12,260	18.15

Cominar has a broad, highly diversified office client base consisting of approximately 850 tenants occupying an average of approximately 12,260 square feet each. The top three tenants, Société Québécoise des Infrastructures, Public Works Canada and Canadian National Railway Company, account respectively for approximately 13.4%, 10.0% and 8.1% of operating revenues from several leases with staggered maturities in respect of the government portion. The stability and quality of cash flows provided by operating activities are enhanced by the fact that approximately 24.2% of operating revenues come from government agencies.

In a post-COVID-19 environment, we expect WALTs may diminish, at least for a short time until the long term impacts of the pandemic are understood. As tenants redefine their new occupancy strategies, we may then see longer WALTs resurface after the optimal configurations and office strategies are determined. As for flexible leasing options, we believe it will play a larger role in a balanced and diversified office portfolio. Cominar is actively analyzing various solutions that will cater to tenants looking for flexible tenancies and work environments.

Top 10 office clients

The following table presents our top ten office clients:

Top 10 office clients	% of office leasable area [1]	% of office operating revenues [1]
Société québécoise des infrastructures	15.9 %	13.4 %
Public Works Canada	12.4 %	10.0 %
Canadian National Railway Company	5.9 %	8.1 %
Institut Royal pour l'avancement des sciences (McGill)	1.2 %	1.6 %
Ford motor company of Canada, Limited	1.3 %	1.6 %
Ville de Montréal	1.4 %	1.2 %
Centre de services scolaire de Montréal (School Board)	1.9 %	1.2 %
Desjardins Property Management	1.2 %	1.1 %
Autorité des marchés financiers	1.0 %	1.0 %
HSBC Bank of Canada	0.6 %	0.9 %
Total	**42.8 %**	**40.1 %**

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

Field of activity	% of office leasable area [1]	% of office operating revenues [1]
Government and paragovernmental institutions	33.3 %	32.1 %
Financial services real estate and bank services	16.6 %	17.7 %
Professional services	10.7 %	11.6 %
Technologies	11.3 %	11.2 %
Transportation and logistics	6.5 %	7.6 %
Education	7.3 %	6.8 %
Distribution	3.5 %	3.1 %
Telecommunications	3.4 %	3.0 %
Medical services	2.3 %	2.0 %
Others	5.1 %	4.9 %
Total	**100.0 %**	**100.0 %**

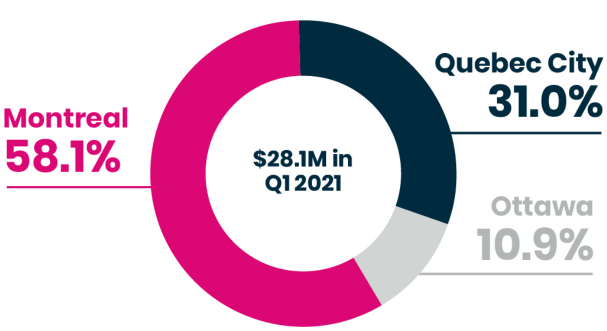
1 Based on tenants in-place as at March 31, 2021

Retail Highlights

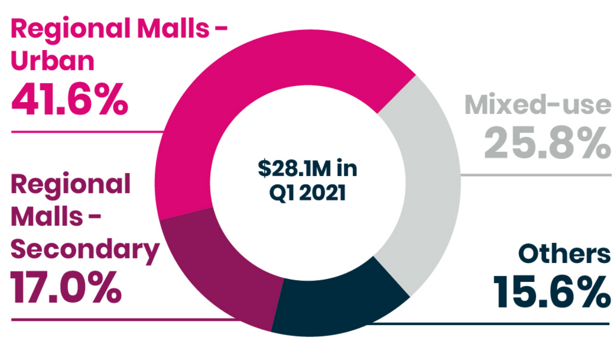
Quarter ended March 31, 2021

Rent collection	90.8%
Reduction in same property net operating income[1,2]	(5.1)%
Decrease in the average net rent of renewed leases	(1.7)%
Committed occupancy rate	90.5%
In-place occupancy rate	86.6%

Same Property NOI by Geographic Market[3]



Same Property NOI by Asset Type[3]



[1] Refer to section "Non-IFRS Financial Measures".
[2] Includes estimated financial impact of COVID-19.
[3] Split as per quarter ended March 31, 2021.

Retail Financial and Operational Highlights

Quarters ended March 31	2021 [2] $	2020 $	% Δ
Financial performance			
Operating revenues — Cominar's proportionate share [1]	**62,532**	64,925	(3.7)
NOI — Cominar's proportionate share [1]	**28,921**	30,064	(3.8)
Same property NOI [1]	**28,101**	29,609	(5.1)
Net income	**20,521**	21,250	(3.4)
Funds from operations (FFO) [1]	**20,933**	21,872	(4.3)
Adjusted funds from operations (AFFO) [1]	**15,216**	17,717	(14.1)
Income properties fair value — Cominar's proportionate share [1]	**1,897,112**	2,285,789	(17.0)
Financing			
Mortgages payable — Cominar's proportionate share [1]	**790,165**	849,017	
Unencumbered income properties	**631,500**	715,741	
Mortgages payable to income properties ratio [1,3]	**41.7 %**	37.1 %	
Operational data			
Number of investment properties	**41**	44	
Leasable area (in thousands of sq. ft.)	**9,354**	9,480	
Committed occupancy rate	**90.5 %**	92.8 %	
In-place occupancy rate	**86.6 %**	86.3 %	
Retention rate	**46.7 %**	44.6 %	
Growth in the average net rent of renewed leases	**(1.7)%**	(0.3)%	
Development activities			
Properties under development — Cominar's proportionate share [1]	**38,028**	30,782	

1 Refer to section "Non-IFRS Financial Measures".
2 Quarter ended March 31, 2021 includes the estimated financial impact of COVID-19. Refer to section "COVID-19 - Impact analysis and risks".
3 Total of mortgages payable divided by total of income properties fair value - Cominar's proportionate share.

COVID-19 - Impact Analysis and Risks - Retail

On December 24, 2020 Shopping Centers closed until February 8, 2021, except for essential services (28% of retail operating revenues). Restaurants have been shut down in October 2020, except for take out which were allowed to stay open (13% of retail operating revenues) and sitting restaurants in a few zones of the province of Quebec were allowed to reopen during the quarter but they were mainly lockdown again at the beginning of April 2021. Gyms (1% of retail operating revenues) were shut down in October 2020 and they were allowed to reopen in March 2021 but they were lockdown again at the beginning of April 2021. Cinemas were shut down in October of last year and were allowed to reopen without food services and in a limited capacity at the end of February 2021 but they were mainly lockdown again at the beginning of April 2021.

In summary, our essential services operated for all of the first quarter of 2021, while other retail operators were shut down for five weeks (42% of first quarter), restaurants for all of the first quarter except for take out, gyms for all of the same period and cinemas for two out of three months. This has had a negative impact on our SPNOI and we also had to grant rent reductions on a case by case basis to tenants. Some major tenant's store openings (six tenants, 153 000 square feet) were delayed which also had a negative impact of $0.4 million on our operating revenues.

Our collection rate for the first quarter of 2021 was 90.8% compared to 96.5% in the last quarter of 2020. Including agreements reached with a number of tenants, our collection rate for the first quarter of 2021 stands at 93.6%.

Trade Receivables and Expected Credit Losses - Retail

The following table presents retail net trade receivables as at March 31, 2021 and December 31, 2020:

Retail trade receivables	March 31, 2021	December 31, 2020
	$	$
Trade receivables	14,992	15,430
Provision for expected credit losses	(7,465)	(7,356)
Total net trade receivables	7,527	8,074

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

Quarters ended March 31	2021	2020
	$	$
Expected credit losses on trade receivables	3,401	1,164
Expected credit losses - prior quarter provision reversal	(2,000)	—
Expected credit losses - rent reductions	1,030	—
Total expected credit losses	2,431	1,164
Percentage of operating revenues	3.9 %	1.8 %

2021 first quarter expected credit loss was favorably impacted by the partial reversal of last quarter credit loss provisions in the amount of $2.0 million.

Results of Operations - Retail

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

Quarters ended March 31	2021 [1]	2020	
	$	$	%△
Operating revenues	**62,354**	64,547	(3.4)
Operating expenses	**(33,500)**	(34,725)	(3.5)
NOI	**28,854**	29,822	(3.2)
Finance charges	**(7,332)**	(7,483)	(2.0)
Trust administrative expenses	**(839)**	(901)	(6.9)
Change in fair value of investment properties	**(120)**	(237)	N/M
Share of joint ventures’ net income (loss)	**(17)**	166	(110.2)
Transaction costs	**(25)**	(117)	(78.6)
Net income and comprehensive income	**20,521**	21,250	(3.4)

1 Quarter ended March 31, 2021 includes the estimated financial impact of COVID-19. Refer to section "COVID-19 - Impact analysis and risks".

The first quarter of 2021 decline of 5.1% in NOI compared with the corresponding quarter of 2020 is attributable to a negative increase of $1.3 million in the expected credit losses on trades receivables, a $2.7 million negative impact resulting from 185 CCAA leases (40 departures and 145 with rent reduction) since the first quarter of 2020, and a $1.9 million decline in operating revenues (% rent, capped rent, specialty leases and others revenues) caused mainly by the COVID-19 lockdown. This negative impact was mostly offset by a $2.6 million distribution in respect of a claim settlement regarding Sears Canada and penalty fee revenues of $1.2 million (termination of 6 leases).

Results of Operations - Same Property Retail Portfolio

Cominar analyzes its results of operations taking into account the proportionate share of its joint ventures to assess the operating performance of its investment properties and pays particular attention to the performance of its same property portfolio. SPNOI exclude rental income arising from the recognition of leases on a straight-line basis.

Same property retail portfolio NOI

Quarters ended March 31	2021 [1]	2020	
	$	$	% Δ
Same property operating revenues - Cominar's proportionate share [2]	**61,367**	64,092	(4.3)
Same property operating expenses - Cominar's proportionate share [2]	**(33,266)**	(34,483)	(3.5)
SPNOI - Cominar's proportionate share [2]	**28,101**	29,609	(5.1)

1 *Quarter ended March 31, 2021 includes the estimated financial impact of COVID-19, $2.6 million distribution received in respect of a claim settlement regarding Sears Canada and penalty fee revenues of $1.2 million (termination of 6 leases) . Refer to section "COVID-19 - Impact analysis and risks".*
2 *Refer to section "Non-IFRS Financial Measures".*

Quarters ended March 31	2021 [1]	2020	
	$	$	% Δ
Geographic Market			
Montreal	**16,312**	18,040	(9.6)
Quebec City	**8,720**	11,005	(20.8)
Ottawa [2]	**3,069**	564	444.1
SPNOI — Cominar's proportionate share [3]	**28,101**	29,609	(5.1)

1 *Quarter ended March 31, 2021 includes the estimated financial impact of COVID-19, $2.6 million distribution received in respect of a claim settlement regarding Sears Canada and penalty fee revenues of $1.2 million (termination of 6 leases) . Refer to section "COVID-19 - Impact analysis and risks".*
2 *For presentation purposes, the Gatineau area is included in the Ottawa geographic market. Mainly, Galeries de Hull.*
3 *Refer to section "Non-IFRS Financial Measures".*

Ottawa SPNOI increased by $2.5 million due to the claim settlement regarding Sears Canada.

Quarters ended March 31	2021 [1]	2020	
	$	$	% Δ
Asset Type			
Regional Malls - Urban	**11,711**	11,143	5.1
Regional Malls - Secondary	**4,777**	5,910	(19.2)
Mixed-Use	**7,239**	6,989	3.6
Others	**4,374**	5,567	(21.4)
SPNOI — Cominar's proportionate share [2]	**28,101**	29,609	(5.1)

1 *Quarter ended March 31, 2021 includes the estimated financial impact of COVID-19, $2.6 million distribution received in respect of a claim settlement regarding Sears Canada and penalty fee revenues of $1.2 million (termination of 6 leases) . Refer to section "COVID-19 - Impact analysis and risks".*
2 *Refer to section "Non-IFRS Financial Measures".*

Regional Malls - Urban was favorably impacted by $2.6 million due to the claim settlement regarding Sears Canada.

Same property retail portfolio NOI weighting

Quarters ended March 31	2021	2020
Geographic market		
Montreal	**58.1 %**	60.9 %
Quebec City	**31.0 %**	37.2 %
Ottawa [1]	**10.9 %**	1.9 %
SPNOI — Cominar's proportionate share [2]	**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".*

Quarters ended March 31	2021	2020
Asset types		
Regional Malls - Urban	**41.6 %**	37.6 %
Regional Malls - Secondary	**17.0 %**	20.0 %
Mixed-Use	**25.8 %**	23.6 %
Others	**15.6 %**	18.8 %
SPNOI — Cominar's proportionate share [1]	**100.0 %**	100.0 %

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

Retail property portfolio

	March 31, 2021		December 31, 2020	
Retail	Number of properties	Leasable area sq. ft	Number of properties	Leasable area sq. ft
Geographic Market				
Montreal	**19**	**5,218,000**	19	5,218,000
Quebec City	**20**	**3,787,000**	23	3,913,000
Ottawa [1]	**2**	**349,000**	2	349,000
Retail portfolio total	**41**	**9,354,000**	44	9,480,000

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

	March 31, 2021		December 31, 2020	
Retail	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	**26**	**2,156,000**	29	2,282,000
Retail portfolio total	**41**	**9,354,000**	44	9,480,000

Investments in Retail Properties

Quarters ended March 31	2021	2020	
	$	$	%Δ
Capital expenditures — increase of rental income generating capacity	**5,350**	15,596	(65.7)
Capital expenditures — maintenance of rental income generating capacity	**634**	83	663.9
Leasehold improvements	**2,193**	2,020	8.6
Leasing costs	**(68)**	419	(116.2)
Properties under development	**925**	358	158.4
Total capital expenditures (including capitalized interests)[1]	**9,034**	18,476	(51.1)
Total capital expenditures (excluding capitalized interests)[1]	**8,294**	17,809	(53.4)

1 Includes Cominar's share of joint ventures

Capital expenditures - increase of rental income generating capacity totaled $5.3 million for the quarter ended March 31, 2021, of which $2.6 million was related to former Sears areas.

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 Quebec City. Ilot Mendel is located next to Quebec 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 this 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 for a residential portion with a minimum of 1,000 units near the future tramway station (subject to zoning). Consequently, the size of the retail portion of the project has been reduced from our initial plans to add an additional residential area of 125,000 square feet. Quebec City 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. As part of the ongoing public consultations process, we have transmitted our comments to the City of Quebec and are in discussion with authority in that regard. Further development of this site will depend on market conditions, tenants demand and zoning approbation by the City of Quebec.

In addition, Cominar owns a 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 (Quebec City) and Société en commandite Marais (Quebec 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 Quebec City. The Bouvier-Bertrand site is in large part completed except for a small residual parcel, and alternatives for the Marais site are under review.

Intensification Opportunities
Ten transit-oriented retail properties have been identified as offering intensification opportunities with potentially 13,300 residential units, subject to upzoning. We have been active in meeting various municipalities involved.

Property	Location	Zoning status	Estimated potential of doors
CN Central Station	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 Q2 2021	800
Place Longueuil	Greater Montreal	Anticipated upzoning Q1 2022	1,000
Centre Laval	Greater Montreal	Full rights	500
Quartier Laval	Greater Montreal	Full rights	2,500
Galeries de Hull	Gatineau	Full rights	700
Îlot Mendel	Quebec City	Anticipated upzoning Q1 2022	1,000
Total			13,300

1 We have concluded a first partnership with Cogir/Divco for the development of 500 units at Centropolis, with the construction of the first phase (approximately 364 doors) expected to be in third quarter of 2021.

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

Real Estate Operations - Retail

Occupancy Rate

Occupancy rate track record

Retail	Committed Mar. 31, 2021	Committed Dec. 31, 2020	In-place Mar. 31, 2021	In-place Dec. 31, 2020
Geographic market				
Montreal	**90.7 %**	91.3 %	**87.5 %**	87.8 %
Quebec City	**90.5 %**	90.3 %	**86.4 %**	86.0 %
Ottawa [1]	**88.8 %**	87.5 %	**75.0 %**	65.2 %
Retail portfolio total	**90.5 %**	90.8 %	**86.6 %**	86.3 %

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

Same property occupancy rate

Retail	Committed Mar. 31, 2021	Committed Dec. 31, 2020	In-place Mar. 31, 2021	In-place Dec. 31, 2020
Asset type				
Regional Malls - Urban	**90.6 %**	91.6 %	**85.6 %**	83.5 %
Regional Malls - Secondary	**93.2 %**	93.4 %	**88.8 %**	88.5 %
Mixed-Use	**94.3 %**	95.0 %	**94.1 %**	95.0 %
Others	**85.9 %**	84.3 %	**81.5 %**	82.8 %
Retail portfolio total	**90.6 %**	90.8 %	**86.6 %**	86.1 %

Retail Leasing Activity

Leases maturing in 2021	
Number of clients	485
Leasable area (sq. ft.)	1,481,000
Renewed leases	
Number of clients	128
Leasable area (sq. ft.)	692,000
Retention rate	**46.7 %**
New leases	
Number of clients	33
Leasable area (sq. ft.)	296,000
Unexpected departures	
Number of clients	10
Leasable area (sq. ft.)	18,000

During the quarter ended March 31, 2021, 46.7% of the retail leasable area maturing in 2021 was renewed. We have remained active on the leasing front with 296,000 square feet of new leases in place for 2021. As at March 31, 2021, 67% of the leasable area maturing in 2021was covered by renewals and new leases.

During the quarter ended March 31, 2021, we recorded a total of 165,000 square feet of new leases in place. Decathlon opened in Centre Laval (67,000 square feet signed rapidly upon the Sportium closure), Winners (19,000 square feet) opened at Carrefour St-Georges in the former Sears space, Aubainerie (30,000 square feet) opened at Galeries de Hull in the former Sears space, Clip`n Climb (14,000 square feet) at Mail Champlain and La Vue (14,000 square feet) at Promenades Beauport.

At Rockland it is anticipated that the former SAQ store will be occupied by a 17,000 square foot medical service oriented use tenant to be announced.

At Centre Les Rivières we have an executed lease of 15,000 square foot for Archambault with a planned opening in September 2021 in the former Sears space.

Galeries Rive Nord continues to gain ground with a brand new 38,000 square foot Sports Experts store, twice the size of the previous one, which opened in July 2020. We have also an executed lease of 30,000 square feet with GBI (engineering consultants) for an office space at the second level of the former Sears space with a planned opening in December 2021. We also have a planned opening for a 14,000 square foot Econofitness at Carrefour Charlesbourg in September 2021.

This recent activity is in line with our strategy to increase our ratio of tenants that are performers in their category and can be seen to represent a lower risk. In each cases, 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	Quarter ended March 31, 2021		Year ending December 31, 2021		Year ended December 31, 2020	
	leasable area (sq. ft.)	average net rent	leasable area (sq. ft.)	average net rent	leasable area (sq. ft.)	average net rent
Geographic Market						
Montreal	**273,000**	**(4.3)%**	**469,000**	**(0.6)%**	**583,000**	**(7.8)%**
Quebec City	**92,000**	**4.2 %**	**210,000**	**1.1 %**	**544,000**	**(1.0)%**
Ottawa [1]	**3,000**	**3.1 %**	**13,000**	**5.3 %**	**43,000**	**9.8 %**
Retail portfolio total	**368,000**	**(1.7)%**	**692,000**	**0.1 %**	**1,170,000**	**(4.3)%**

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

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

Retail Lease Maturities

Years ending December 31	2022	2023	2024	2025	2026
Leasable area (sq. ft.)	1,208,833	982,672	833,797	832,096	497,257
% of portfolio — Retail	12.9 %	10.5 %	8.9 %	8.9 %	5.3 %

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

	Residual weighted average term (years)	Weighted average term of leases (years)	Average leased area per client (sq. ft.)	Average minimum rent ($/sq. ft.)
Retail leases	5.1	8.1	4,895	19.21

Cominar has a broad, highly diversified retail client base consisting of approximately 1,700 tenants occupying an average of approximately 4,895 square feet each. The top three clients, (i) Canadian Tire group, (ii) Winners merchants and (iii) Loblaws group, account respectively for approximately 3.6%, 2.8% and 2.5% of retail operating revenues from several leases with staggered maturities.

Top 10 retail clients

The following table presents our top ten retail clients:

Top 10 retail clients	% of retail leasable area[1]	% of retail operating revenues [1]
Canadian Tire group	6.5 %	3.6 %
Winners merchants	3.1 %	2.8 %
Loblaws group	3.0 %	2.5 %
Metro group	3.3 %	2.1 %
Dollarama	2.1 %	1.8 %
Sobey's	2.1 %	1.5 %
Leon's/The Brick	2.1 %	1.5 %
Decathlon	2.4 %	1.5 %
Bell/La Source	0.5 %	1.2 %
Famous Players	1.2 %	0.9 %
Total	**26.3 %**	**19.4 %**

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

Uses by category

Categories	% of retail leasable area[1]	% of retail operating revenues [1]
Fashion	21.0 %	19.0 %
Restaurants	8.0 %	13.0 %
Health & Beauty / Personal Care	7.0 %	11.0 %
General Merchandise & Variety Store	13.0 %	9.0 %
Grocery/Specialty food	10.0 %	7.0 %
Furniture, Home Furnishings & Decor	8.0 %	6.0 %
Sporting Goods	7.0 %	6.0 %
Value Fashion	6.0 %	5.0 %
Electronics	2.0 %	5.0 %
Office & Medical Spaces	5.0 %	4.0 %
Entertainment	6.0 %	4.0 %
Government and para-government institutions	2.0 %	3.0 %
Others	5.0 %	8.0 %
Total	**100.0 %**	**100.0 %**

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

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

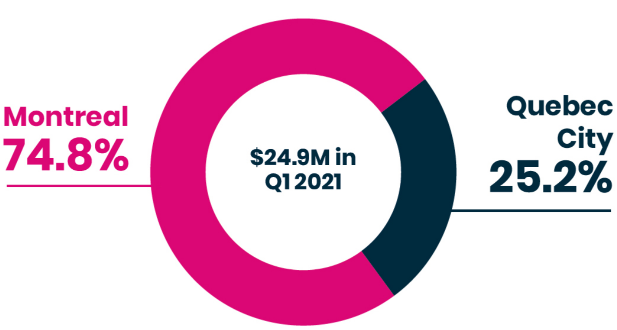
During the year over year quarter ended March 31, 2021, all properties (excluding Alexis-Nihon and Place de la Cité) experienced a COVID-19 related decrease in footfall of 28% in comparison with 2020 and a decline of 19% in sales. Alexis-Nihon and Place de la Cité that are located in urban areas, saw a decline in footfall of 61% and a decline in sales of 35%. The declines in footfall and sales were mainly explained by COVID-19 lockdown (non-essential retail were closed between December 24, 2020 and February 8, 2021 in all regions of the Province of Quebec .

Industrial and Flex Highlights

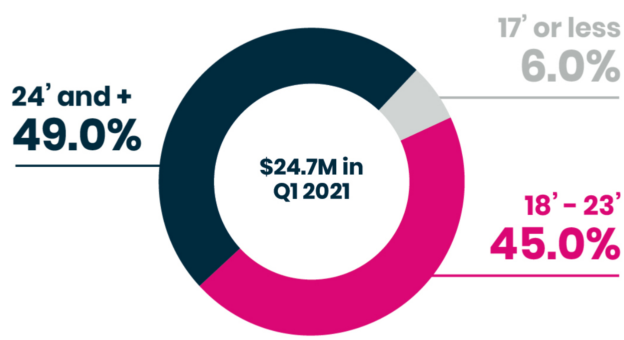
Quarter ended March 31, 2021

Rent collection	**95.7%**
Growth in same property net operating income[1,2]	**6.8%**
Growth in the average net rent of renewed leases	**11.4%**
Committed occupancy rate	**96.8%**
In-place occupancy rate	**95.5%**

Same Property NOI by Geographic Market[3]



Clear Heights % of Portfolio Leasable Area



1 Refer to section "Non-IFRS Financial Measures".
2 Includes estimated financial impact of COVID-19.
3 Split as per quarter ended March 31, 2021.

Industrial and Flex Financial and Operational Highlights

Quarters ended March 31	2021 [2] $	2020 $	% Δ
Financial performance			
Operating revenues — Cominar's proportionate share [1]	**41,587**	41,318	0.7
NOI — Cominar's proportionate share [1]	**25,394**	23,698	7.2
Same property NOI [1]	**24,883**	23,304	6.8
Net income	**20,895**	19,092	9.4
Funds from operations (FFO) [1]	**21,093**	19,291	9.3
Adjusted funds from operations (AFFO) [1]	**18,234**	17,217	5.9
Income properties fair value — Cominar's proportionate share [1]	**1,938,388**	1,798,809	7.8
Financing			
Mortgages payable — Cominar's proportionate share [1]	**512,643**	524,489	
Unencumbered income properties	**638,536**	633,710	
Mortgages payable to income properties ratio [1,3]	**26.4 %**	29.2 %	
Operational data			
Number of investment properties	**190**	191	
Leasable area (in thousands of sq. ft.)	**15,252**	15,351	
Committed occupancy rate	**96.8 %**	97.0 %	
In-place occupancy rate	**95.5 %**	95.9 %	
Retention rate	**43.1 %**	79.7 %	
Growth in the average net rent of renewed leases	**11.4 %**	27.8 %	
Development activities			
Properties under development — Cominar's proportionate share [1]	**28,276**	—	

1 Refer to section "Non-IFRS Financial Measures".
2 Quarter ended March 31, 2021 includes 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 - Cominar's proportionate share.

COVID-19 - Impact Analysis and Risks - Industrial and Flex

Operations :

Our Industrial segment continues to perform very well in the COVID-19 environment, in line with sound industrial market fundamentals. We expect that demand will keep increasing, mostly propelled by advances in e-commerce, re-shoring of manufacturing activities, increases in inventory levels, growth in 3PL, growth in last-mile logistics, growth in food storage and an acceleration of investments in life sciences in the coming years.

Fast and low-cost delivery remain the priority for e-commerce clients when buying online. As a result, warehouses located close 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 are becoming a standard. Cominar's Montreal industrial portfolio is located in 3 major nodes (South shore, St-Laurent/Lachine/Dorval, Laval) and is well located to take advantage of these opportunities which provide the highest rents as well-located last-mile facilities allow for lower operational costs and access to proximity labor.

In addition, the shortage of land to develop industrial properties has driven the price of land to new records. Combined with increasing urbanistic design conditions, the higher construction costs keep putting pressure on net rents for newly built properties, which are promoted in double digits net rents. This situation is providing additional room to grow rents for existing properties. Cominar, as the largest industrial property owner in Quebec, has 47% of it leases expiring in the next 3 years with rents below market rates, putting the REIT in a desirable position to create value through sustained rental increases.

The industrial segment remained our sector of activity least affected by the COVID-19 pandemic.

In our two main regions demand has remained strong, the adoption of e-commerce and the need for distribution space close to consumer basins continues to fuel this demand for our industrial assets. There is a shortage of quality space in the markets. The Montreal market is breaking record after record and for the first time achieved an availability rate below 2.0% and rents sharply up. During the first quarter of 2021, the growth in average net rents for renewals reached 11.4% and currently stands at 18.3% for renewals in 2021.

Our collection rate for the first quarter of 2021 is currently at 95.7%, compared to 98.8% in the last quarter of 2020, demonstrating both the resilience of our portfolio as well as government assistance programs for smaller tenants in the flex portion of our portfolio. The bankruptcies of our clients who were unable to weather the pandemic is again creating opportunities to solidify the portfolio with stronger and more resilient tenants at higher rental rates due to the increasing demand.

Agility measures:

In this context of strong demand, we are seeking to maximize rents, strengthen our tenant base and strategically plan the life cycle of our assets. For example, we are currently reducing our exposure to the entertainment and fitness sectors and increasing our exposure to distribution and logistics.

In response to the significant increase in construction costs, we are carefully reviewing all capex spending in order to invest strategically. Our operations teams continue to make every effort to keep operating expenses optimal, while ensuring the sanitary measures are in place to maintain a safe access to our buildings.

At the same time, we have strengthened our collection process and are closely monitoring the business and financial situation of our tenants. When pertinent, we direct them to the appropriate resources for government assistance programs.

Trade Receivables and Expected Credit Loss - Industrial and flex

The following table presents industrial and flex net trade receivables as at March 31, 2021 and December 31, 2020:

Industrial and flex trade receivables	March 31, 2021	December 31, 2020
	$	$
Trade receivables	**4,633**	6,357
Provision for expected credit losses	**(1,761)**	(2,859)
Total net trade receivables	**2,872**	3,498

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

Quarters ended March 31	2021	2020
	$	$
Expected credit losses on trade receivables	628	236
Expected credit losses - prior quarter provision reversal	(557)	—
Total expected credit losses	71	236
Percentage of operating revenues	0.2 %	0.1 %

2021 first quarter expected credit loss was favorably impacted by the partial reversal of last quarter credit loss provisions in the amount of $0.6 million.

Results of Operations - Industrial and Flex

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

Quarters ended March 31	2021 [1]	2020	
	$	$	%Δ
Operating revenues	**41,587**	41,318	0.7
Operating expenses	**(16,193)**	(17,620)	(8.1)
NOI	**25,394**	23,698	7.2
Finance charges	**(4,121)**	(4,199)	(1.9)
Trust administrative expenses	**(378)**	(407)	(7.1)
Net income and comprehensive income	**20,895**	19,092	9.4

1 Quarter ended March 31, 2021 includes the estimated financial impact of COVID-19. Refer to section "COVID-19 - impact analysis and risks"

NOI for the first quarter of 2021 was 7.2% higher than the comparable period of 2020 despite the financial impact of COVID-19. The slight increase in operating revenues was mainly due to a $0.9 million increase related to the growth of 13.3% in the average net rent of renewed leases for the last twelve months and higher rent on new leases, which was offset by a decrease of $0.8 million in revenues from recoverable property taxes following a decrease of $1.0 million in property tax expense.

We estimate that we are in an excellent position to maintain the growth of our industrial and flex portfolio NOI through rent increases over the next quarters, as 31% of the portfolio expires in 2021 and 2022 with an average rent significantly below market.

Results of Operations - Same Property Industrial and Flex Portfolio

Cominar analyzes its results of operations taking into account the proportionate share of its joint ventures to assess the operating performance of its investment properties and pays particular attention to the performance of its same property portfolio. SPNOI exclude rental income arising from the recognition of leases on a straight-line basis.

Same property industrial and flex portfolio NOI

Quarters ended March 31	2021 [1]	2020	
	$	$	% Δ
Same property operating revenues - Cominar's proportionate share [2]	**40,927**	40,669	0.6
Same property operating expenses - Cominar's proportionate share [2]	**(16,044)**	(17,365)	(7.6)
SPNOI - Cominar's proportionate share [2]	**24,883**	23,304	6.8

1 Quarter ended March 31, 2021 includes the estimated financial impact of COVID-19. Refer to section "COVID-19 - Impact analysis and risks".
2 Refer to section "Non-IFRS Financial Measures".

Quarters ended March 31	2021 [1]	2020	
	$	$	% Δ
Geographic Market			
Montreal	**18,620**	17,079	9.0
Quebec City	**6,263**	6,225	0.6
SPNOI — Cominar's proportionate share [2]	**24,883**	23,304	6.8

1 Quarter ended March 31, 2021 includes the estimated financial impact of COVID-19.. Refer to section "COVID-19 - Impact analysis and risks".
2 Refer to section "Non-IFRS Financial Measures".

While the average in-place occupancy rate remained stable in Montreal in the first quarter of 2021 at 95.9 % when compared to the corresponding quarter of 2020 at 96.0%, the 9% SPNOI growth in Montreal is mainly related to the deployment of important expense optimisation efforts and significant rent increases in the past two years. Rents are increasing at a fast pace in the Greater Montreal market as the shortage of available spaces broke another record with vacancy under 2.0% for the GMA. Of the 1.7M square feet of leases maturing in 2021, 0.8M have already been renewed with an average rent increase of 20.9%.

The Quebec City industrial and flex portfolio experienced a SPNOI increase of 0.6% in the first quarter of 2021 with a slight decrease in the average in-place occupancy rate from 95.7% in the first quarter of 2020 to 95.1% in the first quarter of 2021. The Quebec City portfolio has been operating at almost full occupancy for more than two years and it is therefore expected, as part of our strategy, to see short term fluctuations in SPNOI growth as we are provoking tenancy turnovers in order to capture the best opportunities in the market with net rent increases and long term SPNOI growth. Rental rate growth of renewed lease was over 11% in the first quarter of 2021.

Same property industrial and flex portfolio NOI weighting

Quarters ended March 31	2021	2020
Geographic market		
Montreal	**74.8 %**	73.3 %
Quebec City	**25.2 %**	26.7 %
SPNOI — Cominar's proportionate share [1]	**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 %
Quebec City	18.0 %	82.0 %	100.0 %
Global	**34.0 %**	**66.0 %**	**100.0 %**

Industrial and flex property portfolio

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

Investments in Industrial and Flex Properties

Quarters ended March 31	2021	2020	
	$	$	%Δ
Capital expenditures — increase of rental income generating capacity	**1,106**	2,081	(46.9)
Capital expenditures — maintenance of rental income generating capacity	**544**	217	150.7
Leasehold improvements	**2,254**	2,430	(7.2)
Leasing costs	**1,030**	544	89.3
Properties under development	**3**	35	(91.4)
Total capital expenditures (including capitalized interests)	**4,937**	5,307	(7.0)
Total capital expenditures (excluding capitalized interests)	**4,936**	5,306	(7.0)

Industrial and flex development opportunities

We are making progress on two important industrial development sites:

The Curé-Labelle Development Project is a 1.7 million square feet 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. Phases 1 and 2, as planned, include two state-of-the-art buildings measuring 200,000 square feet each. The project has received its permit from the City of Laval for the first building and has been out for tender to general contractors, while project marketing and pre-leasing are currently underway. The beginning of construction is planned during the second quarter of 2021 and the delivery is expected for end of the first quarter of 2022. Cominar retained the services of CBRE to lease Phase 1 and we are in discussion with potential tenants.

We are also conducting a thorough analysis in order to identify strategic land assembly, property redevelopment and densification opportunities within our industrial and flex portfolio, to capture the best last-mile high-rent opportunities. Several sites have been identified as offering redevelopment and densification opportunities, offering a potential of up to approximately 530,000 square feet of additional gross leasable area. We are also exploring roof-lifting and self-storage conversion opportunities in properties located in dense urban locations across our portfolio. 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 can be planned and marketed.

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Real Estate Operations - Industrial and Flex

Occupancy Rate

Occupancy rate track record - Global and same property portfolio

	Committed		In-place	
Industrial and flex	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2021	Dec. 31, 2020
Geographic Market				
Montreal	**96.8 %**	96.6 %	**95.3 %**	95.2 %
Quebec City	**96.6 %**	96.9 %	**95.8 %**	95.7 %
Industrial and flex global and same property portfolio	**96.8 %**	96.7 %	**95.5 %**	95.3 %

In-place and committed occupancy rates have remained very stable in both markets. However, there is movement hidden behind these figures, namely 268,000 square feet of new leases with an average net rent of $7.27 per square foot and 209,000 square feet of departure at $6.64 per square foot.

Keeping occupancy at these optimal levels is a direct result of our strategy as we strive to increase rents and provoke tenancy turnover to realize rent uplift with new tenancies. We expect this movement to continue for upcoming quarters as we capture the best opportunities in rent conversion in a highly favorable rental environment. At this moment, we consider the occupancy rate and tenancy turnovers being at 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 2021	
Number of clients	182
Leasable area (sq. ft.)	2,126,000
Renewed leases	
Number of clients	50
Leasable area (sq. ft.)	916,000
Retention rate	**43.1 %**
New leases	
Number of clients	46
Leasable area (sq. ft.)	635,000
Unexpected departures	
Number of clients	12
Leasable area (sq. ft.)	68,000

During the quarter ended March 31, 2021, 0.9 million square feet or 43.1% of the industrial and flex leasable area maturing in 2021 were renewed. 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 0.1 million square feet of leasable area. As at March 31, 2021, 73% of the leasable area maturing in 2021 was covered by renewals and new leases. Our primary focus for the industrial portfolio remains rental growth and value creation.

Growth in the average net rent of renewed leases

Industrial and flex	Quarter ended March 31, 2021		Year ending December 31, 2021		Year ended December 31, 2020	
	leasable area (sq. ft.)	average net rent	leasable area (sq. ft.)	average net rent	leasable area (sq. ft.)	average net rent
Geographic Market						
Montreal	**402,000**	**11.5 %**	**769,000**	**20.9 %**	**1,836,000**	**20.3 %**
Quebec City	**38,000**	**11.1 %**	**147,000**	**7.3 %**	**450,000**	**10.6 %**
Industrial and flex portfolio total	**440,000**	**11.4 %**	**916,000**	**18.3 %**	**2,286,000**	**18.0 %**

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.

Industrial and Flex Lease Maturities

Years ending December 31	2022	2023	2024	2025	2026
Leasable area (sq. ft.)	2,581,126	2,370,051	1,718,022	1,858,118	1,279,827
% of portfolio — Industrial and flex	16.9 %	15.5 %	11.3 %	12.2 %	8.4 %

7.1 million square feet are coming to maturity by the end of 2023. Approximately 75% of these expiries are located in the Greater Montreal region and show an in-place rent of $6.37 per square foot, which we estimate to be significantly under market. 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 fluctuations with tenant departures, remains an important pillar in our industrial strategic plan

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

	Residual weighted average term (years)	Weighted average term of leases (years)	Average leased area per client (sq. ft.)	Average minimum rent ($/sq. ft.)
Industrial and flex leases	7.1	7.6	16,760	7.30

Cominar has a broad, highly diversified industrial and flex client base consisting of approximately 900 tenants occupying an average of approximately 16,760 square feet each. The top three clients, Infra MTL Inc, LDC Logistics Development corp. and Société québécoise des infrastructures, account respectively for approximately 9.4%, 2.2% and 1.8% 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 13.0% of operating revenues come from government agencies.

Top 10 industrial and flex clients

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

Top 10 industrial and flex clients	% of industrial and flex leasable area [2]	% of industrial and flex operating revenues [2]
Infra MTL Inc. [1]	6.9 %	9.4 %
LDC Logistics Development corp	3.6 %	2.2 %
Société québécoise des infrastructures	1.3 %	1.8 %
Desjardins Property Management	0.9 %	1.6 %
Wolseley Canada	1.4 %	1.3 %
Groupe Colabor	1.5 %	1.2 %
GTI storage & handling inc.	1.2 %	1.2 %
Nortek Air Solutions Quebec	1.4 %	1.1 %
Englobe Corp	0.5 %	1.0 %
115161 Canada inc	1.0 %	1.0 %
Total	**19.7 %**	**21.8 %**

1 Infra MTL inc. is a wholly owned subsidiary of the Caisse de dépôt et placement du Quebec and is related to the REM project.
2 Based on tenants in-place as at March 31, 2021

Field of activity	% of industrial and flex leasable area [1]	% of industrial and flex operating revenues [1]
Distribution	29.5 %	28.4 %
Transportation and logistics	19.7 %	14.5 %
Government and paragovernmental institutions	9.8 %	13.0 %
Food distribution	7.3 %	6.3 %
Retail goods distribution	8.3 %	6.8 %
Engineering firms	3.3 %	6.9 %
Manufacturing	3.3 %	4.3 %
Heavy industry	3.7 %	3.4 %
Financial services real estate and bank services	2.3 %	3.2 %
Other	12.8 %	13.2 %
Total	**100.0 %**	**100.0 %**

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

Corporate Financial and Operational Highlights

Quarters ended March 31	2021 $	2020 $	% Δ
Financial performance			
Finance charges	**(14,338)**	(19,872)	(27.8)
Trust administrative expenses	**(3,695)**	(2,158)	71.2
Net income (loss)	**(18,033)**	(22,028)	(18.1)
Funds from operations (FFO) [1]	**(17,985)**	(21,892)	(17.8)
Adjusted funds from operations (AFFO) [1]	**(17,205)**	(21,941)	(21.6)
Financing[3]			
Unsecured credit facility	**39,018**	—	
Secured credit facilities	**291,000**	178,200	
Debentures	**1,070,891**	1,321,208	

1 Refer to section "Non-IFRS Financial Measures".
2 Quarter ended March 31, 2021 includes the estimated financial impact of COVID-19. Refer to section "COVID-19 - Impact analysis and risks"..
3 Refer to section Liquidity and Capital resources.

Corporate expenses

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

Finance charges

The decrease in finance charges related to Corporate during the first quarter of 2021, compared with the corresponding quarter of 2020, is mainly due to the decrease in interest on debentures related to the net redemption of $250.0 million of debentures since May 2020, a lower interest rate environment and $4.6 million of penalties paid on mortgage repayments before maturity in the first quarter of 2020, partially offset by an increase in interest on bank borrowings related to the $120.0 million secured credit facility which was only drawn in June 2020.

Trust administrative expenses

During the first quarter of 2021, Trust administrative expenses related to Corporate increased compared with the corresponding quarter of 2020 due to $1.4 million in strategic alternatives consulting fees. Excluding strategic alternatives consulting fees, Trust administrative were stable compared to the corresponding quarter of 2020.

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.

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

Additional information	May 4, 2021
Issued and outstanding units	182,451,026
Outstanding unit options	3,279,550
Deferred units, restricted units and performance units	865,807

Long Term Incentive Plan

				Unit options	
Quarter ended March 31, 2021	Performance units	Deferred units	Restricted units	Quantity	Weighted average exercise price $
Outstanding, beginning of period	479,798	369,024	1,359	3,385,150	14.16
Granted	—	4,159	—	—	—
Forfeited	—	—	—	(77,400)	14.05
Accrued distributions	3,106	2,335	8	—	—
Outstanding, end of period	**482,904**	**375,518**	**1,367**	**3,307,750**	**14.16**
Vested units/options, end of period	**—**	**282,168**	**1,367**	**3,307,750**	**14.16**

As at March 31, 2021, 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 first quarter of 2021 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

Significant Accounting Policies and Estimates used in the Condensed Interim Consolidated Financial Statements

a) Basis of presentation

Our Interim MD&A is based upon Cominar's condensed interim consolidated financial statements, which have been prepared in accordance with IFRS applicable to the preparation of interim financial statements. The accounting policies and application methods thereof have been consistently applied throughout each of the periods presented in these condensed interim consolidated financial statements and are the same as those used in the preparation of the audited annual financial statements as at December 31, 2020. 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 condensed interim consolidated financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Those estimates, assumptions and judgments also affect the disclosure of contingencies as at the date of the financial statements and the reported amounts of revenues and expenses during the 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, 2020. There have been no changes to the critical accounting estimates and judgments during the three-month period ended March 31, 2021.

- ***COVID-19 related critical accounting estimates and judgments***
  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.

- ***Investment properties***
  Investment properties are recorded at fair value at the balance sheet date. Fair value is determined using valuations from internal and independent real estate appraisers, performed in accordance with recognized valuation techniques, as well as definitive agreements to sell investment properties. Techniques used include the discounted cash flow method that involves estimating expected future cash flows, as well as discount and terminal capitalization rates, and the direct capitalized net operating income method that involves stabilized net operating income and overall capitalization rates. Estimates regarding stabilized net operating income, expected future cash flows, overall capitalization rates, discount and terminal capitalization rates have all been impacted by the current COVID-19 and impacts have been considered in these condensed interim consolidated financial statements.

- ***Provision for expected credit losses***
  Cominar's provision for expected credit losses as of March 31, 2021 includes estimates of the uncertainty of the recoverability of rents related to tenants and for the uncertainty of the recoverability of all other trade receivables.

Risks and Uncertainties

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

– COVID-19 Health Crisis
– 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, 2020, as well as our Annual Information Form for the year ended December 31, 2020.

Condensed Interim Consolidated Financial Statements

Cominar Real Estate Investment Trust

Quarter ended March 31, 2021
Unaudited

Consolidated Balance Sheets

[unaudited, in thousands of Canadian dollars]

	Note	March 31, 2021 $	December 31, 2020 $
Assets			
Investment properties			
Income properties	4	**6,101,695**	6,077,025
Properties under development	5	**55,385**	26,315
Land held for future development	5	**61,025**	87,910
		6,218,105	6,191,250
Investment properties held for sale	6	**—**	20,990
Investments in joint ventures	7	**97,816**	97,497
Accounts receivable	8	**50,193**	51,816
Prepaid expenses and other assets		**2,735**	19,132
Cash and cash equivalents		**20,410**	13,594
Total assets		**6,389,259**	6,394,279
Liabilities			
Mortgages payable		**2,090,737**	2,105,906
Debentures		**1,070,891**	1,070,491
Bank borrowings	9	**330,018**	366,958
Accounts payable and accrued liabilities		**133,308**	126,443
Distributions payable to unitholders		**5,474**	—
Total liabilities		**3,630,428**	3,669,798
Unitholders' equity			
Unitholders' equity		**2,758,831**	2,724,481
Total liabilities and unitholders' equity		**6,389,259**	6,394,279

See accompanying notes to the condensed interim consolidated financial statements.

Interim Consolidated Statements of Unitholders' Equity

For the quarters ended March 31
[unaudited, in thousands of Canadian dollars]

	Note	Unitholders' contributions $	Cumulative net income $	Cumulative distributions $	Contributed surplus $	Total $
Balance as at January 1, 2021		3,233,486	1,783,589	(2,300,990)	8,396	2,724,481
Net income and comprehensive income		—	50,264	—	—	50,264
Distributions to unitholders	10	—	—	(16,421)	—	(16,421)
Long-term incentive plan		—	13	—	494	507
Balance as at March 31, 2021		**3,233,486**	**1,833,866**	**(2,317,411)**	**8,890**	**2,758,831**

	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 income and comprehensive income		—	44,974	—	—	44,974
Distributions to unitholders	10	—	—	(32,827)	—	(32,827)
Unit issuances		4,474	—	—	(870)	3,604
Long-term incentive plan		—	122	—	695	817
Balance as at March 31, 2020		3,233,377	2,157,679	(2,229,837)	6,150	3,167,369

See accompanying notes to the condensed interim consolidated financial statements.

Interim Consolidated Statements of Comprehensive Income

For the quarters ended March 31
[unaudited, in thousands of Canadian dollars, except per unit amounts]

	Note	2021 $	2020 $
Operating revenues			
Rental revenue from investment properties	11	**169,721**	173,885
Operating expenses			
Operating costs		**(40,465)**	(43,094)
Realty taxes and services		**(38,244)**	(40,798)
Property management expenses		**(4,541)**	(4,268)
		(83,250)	(88,160)
Net operating income		**86,471**	85,725
Finance charges	13	**(31,820)**	(39,252)
Trust administrative expenses	14	**(5,543)**	(4,144)
Change in fair value of investment properties	4, 5, 6	**(65)**	1,208
Share in joint ventures' net income	7	**1,365**	1,583
Transaction costs		**(144)**	(146)
Net income and comprehensive income		**50,264**	44,974
Basic net income per unit	15	**0.28**	0.25
Diluted net income per unit	15	**0.27**	0.25

See accompanying notes to the condensed interim consolidated financial statements.

Interim Consolidated Statements of Cash Flows

For the quarters ended March 31
[unaudited, in thousands of Canadian dollars]

	Note	2021 $	2020 $
Operating activities			
Net income		**50,264**	44,974
Adjustments for:			
Excess of share of net income over distributions received from the joint ventures	7	**(315)**	(1,096)
Change in fair value of investment properties	4, 5, 6	**65**	(1,208)
Depreciation and amortization		**1,636**	1,395
Compensation expense related to long-term incentive plan		**507**	817
Recognition of leases on a straight-line basis	4, 6	**(140)**	(464)
Changes in non-cash working capital items	16	**26,938**	(27,975)
Cash flows provided by operating activities		**78,955**	16,443
Investing activities			
Investments in income properties	4, 16	**(27,884)**	(25,456)
Investments in properties under development and land held for future development	5, 16	**(3,542)**	(4,857)
Net proceeds from the sale of investment properties	3, 6	**20,990**	2,705
Contributions to the capital of a joint venture	7	**(4)**	—
Change in other assets		**(55)**	(69)
Cash flows used in investing activities		**(10,495)**	(27,677)
Financing activities			
Cash distributions to unitholders	10	**(10,947)**	(21,881)
Bank borrowings		**(36,940)**	(1,800)
Net proceeds from mortgages payable		**—**	100,722
Unit issuance net proceeds		**—**	3,604
Repayments of mortgages payable		**—**	(86,242)
Monthly repayments of mortgages payable		**(13,757)**	(12,168)
Cash flows used in financing activities		**(61,644)**	(17,765)
Net change in cash and cash equivalents		**6,816**	(28,999)
Cash and cash equivalents, beginning of period		**13,594**	152,634
Cash and cash equivalents, end of period		**20,410**	123,635
Other information			
Interest paid		**22,116**	27,875
Cash distributed by a joint venture	7	**1,050**	487

See accompanying notes to the condensed interim consolidated financial statements.

Notes to Condensed Interim Consolidated Financial Statements

For the quarters ended March 31, 2021 and 2020
[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 March 31, 2021, Cominar owned and managed a real estate portfolio of 310 high-quality properties that covered a total area of 35.7 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 May 4, 2021.

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. 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, 2020.

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 condensed interim consolidated financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Those estimates, assumptions and judgments also affect the disclosure of contingencies as at the date of the financial statements and the reported amounts of revenues and expenses during the 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, 2020. There have been no changes to the critical accounting estimates and judgments during the three-month period ended March 31, 2021.

- ***COVID-19 related critical accounting estimates and judgments***
  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.

- ***Investment properties***
  Investment properties are recorded at fair value at the balance sheet date. Fair value is determined using valuations from internal and independent real estate appraisers, performed in accordance with recognized valuation techniques, as well as definitive agreements to sell investment properties. Techniques used include the discounted cash flow method that involves estimating expected future cash flows, as well as discount and terminal capitalization rates, and the direct capitalized net operating income method that involves stabilized net operating income and overall capitalization rates. Estimates regarding stabilized net operating income, expected future cash flows, overall capitalization rates, discount and terminal capitalization rates have all been impacted by the current COVID-19 and impacts have been considered in these condensed interim consolidated financial statements.

- ***Provision for expected credit losses***
  Cominar's provision for expected credit losses as of March 31, 2021 includes estimates of the uncertainty of the recoverability of rents related to tenants and for the uncertainty of the recoverability of all other trade receivables.

3) Dispositions

Dispositions of Income Properties Held for Sale

Date	Property type	Number of properties	Geographic market	Total selling price ($)
February 15, 2021	Office	1	Montreal	3,000
March 10, 2021	Retail	2	Quebec City	16,300
March 30, 2021	Retail	1	Quebec City	1,690
		4		**20,990**

4) Income Properties

	Note	Quarter ended March 31, 2021 $	Year ended December 31, 2020 $
Balance, beginning of period		**6,077,025**	6,412,739
Change in fair value		**—**	(456,189)
Capital costs		**22,844**	119,196
Net transfer to investment properties held for sale	6	**—**	(36,160)
Transfer from properties under development and land held for future development	5	**—**	30,800
Change in initial direct costs		**1,686**	8,124
Recognition of leases on a straight-line basis		**140**	(1,485)
Balance, end of period		**6,101,695**	6,077,025

Change in Fair Value of Investment Properties

Cominar opted to present its investment properties in the condensed interim consolidated financial statements according to the fair value model. Fair value is determined based on valuations performed using internal and independent real estate appraisers, or according to definitive agreements to sell investment properties when applicable. External valuations were carried out by independent national firms holding a recognized and relevant professional qualification and having recent experience in the location and category of the investment properties being valued.

During the quarter ended March 31, 2021, Cominar revisited its real estate portfolio fair value and determined that no adjustment was necessary to present the carrying amount of investment properties to fair value.

5) Properties Under Development and Land Held for Future Development

	Note	Quarter ended March 31, 2021 $	Year ended December 31, 2020 $
Balance, beginning of period		**114,225**	141,978
Change in fair value		**—**	(10,786)
Capital costs		**662**	17,640
Recognition of leases on a straight-line basis		**—**	50
Transfer to Income Properties	4	**—**	(30,800)
Contribution to a joint venture	7	**—**	(11,138)
Capitalized interests		**1,252**	7,153
Change in initial direct costs		**271**	128
Balance, end of period		**116,410**	114,225
Breakdown:			
Properties under development		**55,385**	26,315
Land held for future development		**61,025**	87,910

6) Investment Properties Held for Sale

		Quarter ended March 31, 2021				Year ended December 31, 2020
	Note	Office properties $	Retail properties $	Industrial and flex properties $	Total $	Total $
Investment properties held for sale						
Balance, beginning of period		**3,000**	**17,990**	**—**	**20,990**	11,730
Net transfer from income properties	4	**—**	**—**	**—**	**—**	36,160
Capitalized costs [1]		**(55)**	**120**	**—**	**65**	93
Change in fair value		**55**	**(120)**	**—**	**(65)**	(2,788)
Dispositions	3	**(3,000)**	**(17,990)**	**—**	**(20,990)**	(24,205)
Balance, end of period		**—**	**—**	**—**	**—**	20,990

1 Includes $0 ($(50) in 2020) of recognition of leases on a straight-line basis.

7) Joint Ventures

As at March 31			2021	2020
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 Marais	Du Marais Street	Québec, Quebec	**75%**	75%
Société en commandite Bouvier-Bertrand	Espace Bouvier	Québec, Quebec	**50%**	50%
Société en commandite Terrains Centropolis	Centropolis	Laval, Quebec	**50%**	N/A

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:

	Quarter ended March 31, 2021	Year ended December 31, 2020
	$	$
Investments in joint ventures, beginning of period	**97,497**	97,456
Contributions to the capital of the joint ventures	**4**	5,586
Share of joint ventures' net income (net loss) and comprehensive income	**1,365**	(5,058)
Cash distributions by a joint venture	**(1,050)**	(487)
Investments in joint ventures, end of period	**97,816**	97,497

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	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
	$	$	$	$
Income properties	**227,374**	227,270	**161,957**	161,885
Properties under development	**21,837**	21,699	**10,919**	10,850
Land held for future development	**10,770**	10,705	**8,077**	8,029
Other assets	**5,884**	4,289	**2,757**	2,808
Mortgages payable	**(115,611)**	(116,593)	**(79,817)**	(80,499)
Bank borrowings [1]	**(8,200)**	(8,200)	**(4,100)**	(4,100)
Other liabilities	**(3,341)**	(2,346)	**(1,977)**	(1,476)
Net assets of joint ventures	**138,713**	136,824	**97,816**	97,497

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

Quarters ended March 31	Joint Ventures		Cominar's proportionate share	
	2021	2020	2021	2020
	$	$	$	$
Operating revenues	**5,702**	6,338	**4,035**	4,402
Operating expenses	**(2,456)**	(2,649)	**(1,721)**	(1,846)
Net operating income	**3,246**	3,689	**2,314**	2,556
Finance charges	**(1,325)**	(1,389)	**(923)**	(969)
Administrative expenses	**(45)**	(8)	**(26)**	(4)
Net income	**1,876**	2,292	**1,365**	1,583

8) Accounts Receivable

	Note	March 31, 2021 $	December 31, 2020 $
Trade receivables		**37,128**	40,516
Provision for expected credit losses	12	**(11,179)**	(13,635)
		25,949	26,881
Interest-bearing accounts receivable		**529**	575
Canadian Emergency Wage Subsidy		**938**	4,758
Other receivables and accrued income		**22,777**	19,602
Total		**50,193**	51,816

9) Bank Borrowings

As at March 31, 2021, Cominar had an unsecured 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 March 31, 2021. As at March 31, 2021, bank borrowings totaled $39,018 and availability was $360,982.

As at March 31, 2021, Cominar had a secured credit facility of $171,000 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 March 31, 2021, this credit facility was secured by immovable hypothecs on investment properties with a book value of $289,581. This credit facility contains certain restrictive covenants, with which Cominar was in compliance as at March 31, 2021. As at March 31, 2021, this secured credit facility was fully used.

As at March 31, 2021, Cominar had a secured credit facility of $120,000 maturing in September 2022. This credit facility bears interest at the prime rate plus 250 basis points or at the bankers' acceptance rate plus 350 basis points. As at March 31, 2021, this credit facility was secured by immovable hypothecs on investment properties with a book value of $202,442. This credit facility contains certain restrictive covenants, with which Cominar was in compliance as at March 31, 2021. As at March 31, 2021, this secured credit facility was fully used.

10) Issued and Outstanding Units

	Quarter ended March 31, 2021		Year ended December 31, 2020	
	Units	$	Units	$
Units issued and outstanding, beginning of period	**182,451,026**	**3,233,486**	182,111,365	3,228,903
Exercise of options, conversion of restricted units and deferred units	**—**	**—**	339,661	4,583
Units issued and outstanding, end of period	**182,451,026**	**3,233,486**	182,451,026	3,233,486

Long Term Incentive Plan

Quarter ended March 31, 2021	Performance units	Deferred units	Restricted units	Unit Options Quantity	Unit Options Weighted average exercise price $
Outstanding, beginning of period	479,798	369,024	1,359	3,385,150	14.16
Granted	—	4,159	—	—	—
Forfeited	—	—	—	(77,400)	14.05
Accrued distributions	3,106	2,335	8	—	—
Outstanding, end of period	**482,904**	**375,518**	**1,367**	**3,307,750**	**14.16**
Vested units/options, end of period	**—**	**282,168**	**1,367**	**3,307,750**	**14.16**

As at March 31, 2021, 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.

Quarters ended March 31	2021 $	2020 $
Distributions to unitholders	**16,421**	32,827
Distributions per unit	**0.09**	0.18

11) Operating Revenues

Quarter ended March 31, 2021	Office properties $	Retail properties $	Industrial and flex properties $	Total of operating revenues $
Lease revenues	59,154	56,884	38,985	155,023
Parking revenues	2,282	90	17	2,389
Revenues from other services [1]	4,343	5,380	2,586	12,309
Total	**65,779**	**62,354**	**41,588**	**169,721**

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

Quarter ended March 31, 2020	Office properties $	Retail properties $	Industrial and flex properties $	Total of operating revenues $
Lease revenues	56,884	57,205	38,581	152,670
Parking revenues	5,003	116	9	5,128
Revenues from other services [1]	6,131	7,227	2,729	16,087
Total	68,018	64,548	41,319	173,885

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

12) Expected credit losses

Provision for expected credit losses

	Quarter ended March 31, 2021 $	Year ended December 31, 2020 $
Balance, beginning of period	**13,635**	6,482
Net additional provision recognized as expense	**1,429**	16,573
Tenant receivables written off during the period	**(3,885)**	(9,420)
Balance, end of period	**11,179**	13,635

Expected credit losses

Quarters ended March 31	2021 $	2020 $
Expected credit losses on trade receivables	**5,286**	1,776
Expected credit losses - prior quarter provision reversal	**(3,857)**	—
Expected credit losses - rent reductions	**1,030**	—
Expected credit losses expensed	**2,459**	1,776

13) Finance Charges

Quarters ended March 31	2021 $	2020 $
Interest on mortgages payable[1]	**17,504**	24,027
Interest on debentures	**12,133**	14,630
Interest on bank borrowings	**3,264**	1,540
Amortization of deferred financing costs and other costs	**1,266**	1,025
Less: Capitalized interest[2]	**(2,347)**	(1,970)
Total	**31,820**	39,252

1 Interest on mortgages payable for the quarter ended March 31, 2020 includes $4,623 associated with penalties on mortgage repayments before maturity.
2 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 2021 was 4.08% [4.26% in 2020].

14) Trust Administrative Expenses

Quarters ended March 31	2021 $	2020 $
Salaries and other benefits	**2,530**	2,748
Compensation related to the long-term incentive plan	**507**	817
Professional fees	**602**	169
Public company costs	**215**	224
Strategic alternatives consulting fees	**1,376**	—
Other expenses	**313**	186
Total	**5,543**	4,144

15) Per Unit Calculation Basis

Quarters ended March 31	2021 Units	2020 Units
Weighted average number of units outstanding – basic	**182,729,854**	182,496,260
Dilutive effect related to the long-term incentive plan	**182,455**	468,803
Weighted average number of units outstanding – diluted	**182,912,309**	182,965,063

The calculation of the diluted weighted average number of units outstanding does not take into account the effect of the conversion into units of 3,701,549 options and unvested performance units, deferred units and restricted units outstanding at the end of the quarter ended March 31, 2021 [4,488,582 in 2020], due to the fact they are antidilutive.

16) Supplemental Cash Flow Information

Quarters ended March 31	2021 $	2020 $
Accounts receivable	**1,623**	(10,248)
Prepaid expenses	**13,805**	(16,016)
Accounts payable and accrued liabilities	**11,510**	(1,711)
Changes in non-cash working capital items	**26,938**	(27,975)
Other information		
Accounts payable and accrued liabilities relating to investing activities	**7,620**	26,494
Accounts receivable relating to investing activities	**1,872**	4,014

17) 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 three-month period ended March 31, 2021 and fiscal year 2020.

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:

	Level	March 31, 2021 Carrying amount $	March 31, 2021 Fair value $	December 31, 2020 Carrying amount $	December 31, 2020 Fair value $
Recurring valuations of non-financial assets					
Income properties	3	**6,101,695**	**6,101,695**	6,077,025	6,077,025
Investment properties held for sale	3	**—**	**—**	20,990	20,990
Land held for future development	3	**61,025**	**61,025**	87,910	87,910
Financial liabilities					
Mortgages payable	2	**2,090,737**	**2,114,696**	2,105,906	2,128,211
Debentures	2	**1,070,891**	**1,077,900**	1,070,491	1,104,247

18) 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 interim financial statements, where the investments in joint ventures are accounted for using the equity method.

Quarters ended	Office Properties	Retail Properties	Industrial and flex properties	Cominar's proportionate share	Joint ventures	Condensed interim consolidated financial statements
March 31, 2021	$	$	$	$	$	$
Rental revenue from investment properties	**69,637**	**62,532**	**41,587**	**173,756**	**(4,035)**	**169,721**
Change in fair value of investment properties	**55**	**(120)**	**—**	**(65)**	**—**	**(65)**
Net operating income	**34,470**	**28,921**	**25,394**	**88,785**	**(2,314)**	**86,471**
Share of joint ventures' net income	**—**	**—**	**—**	**—**	**1,365**	**1,365**
March 31, 2020	$	$	$	$	$	$
Rental revenue from investment properties	72,044	64,925	41,318	178,287	(4,402)	173,885
Change in fair value of investment properties	1,445	(237)	—	1,208	—	1,208
Net operating income	34,519	30,064	23,698	88,281	(2,556)	85,725
Share of joint ventures' net income	—	—	—	—	1,583	1,583

	Office Properties	Retail Properties	Industrial and flex properties	Cominar's proportionate share	Joint ventures	Condensed interim consolidated financial statements
March 31, 2021	$	$	$	$	$	$
Income properties	**2,428,152**	**1,897,112**	**1,938,388**	**6,263,652**	**(161,957)**	**6,101,695**
Investment properties held for sale	**—**	**—**	**—**	**—**	**—**	**—**
Investments in joint ventures	**—**	**—**	**—**	**—**	**97,816**	**97,816**
December 31, 2020	$	$	$	$	$	$
Income properties	2,417,676	1,889,299	1,931,935	6,238,910	(161,885)	6,077,025
Investment properties held for sale	3,000	17,990	—	20,990	—	20,990
Investments in joint ventures	—	—	—	—	97,497	97,497

19) Subsequent Events

On April 9, 2021, Cominar converted the $400,000 unsecured revolving credit facility which was maturing in July 2021 into a $250,000 unsecured revolving credit facility maturing in April 2022 and a $150,000 secured revolving credit facility maturing in April 2023. This credit facility bears interest at the prime rate plus 175 basis points for the unsecured portion and 150 basis points for the secured portion, or at the bankers' acceptance rate plus 275 basis points for the unsecured portion and 250 basis points for the secured portion.

On April 15, 2021, Cominar declared a monthly distribution of $0.03 per unit.

Corporate Information

Board of Trustees

René Tremblay *(3)(4)(5)
Corporate Director
Chair of the Board of Trustees

Luc Bachand (1)
Corporate Director
Chair of the Investment Committee
and of the Special Committee

Christine Beaubien (1)(4)
Corporate Director

Paul D. Campbell (3)
Project Lead, Royal York Hotel, with
Kingsett Capital
Chair of the Human Resources Committee

Mitchell Cohen (2)(3)(5)
Chief Operating Officer of Westdale
Construction Co. Limited and President
and CEO of Urbanfund Corp.

Sylvain Cossette
President and Chief Executive Officer of Cominar

Zachary R. George (2)(3)
Co-founder and Portfolio Manager of FrontFour
Capital and Chief Executive Officer at Sundial
Growers Inc.

Karen Laflamme, FCPA, FCA (1)(4)(5)
Corporate Director

Johanne Lépine (4)
Corporate Director
Chair of the Nominating and Governance
Committee

Michel Théroux, FCPA, FCA (2)
Corporate Director
Chair of the Audit Committee

(1) Member of the Audit Committee
(2) Member of the Nomination and Governance Committee
(3) Member of the Investment Committee
(4) Member of the Human Resources Committee
(5) Member of the Special Committee

* Please note that René Tremblay is also an ex officio member of the Audit Committee and the Nominating and Governance Committee.

Key Officers

Sylvain Cossette
President and Chief Executive Officer

Antoine Tronquoy
Executive Vice President
and Chief Financial Officer

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

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

Nathalie Rousseau
Executive Vice President,
Asset Management and Transactions

Unitholders Information

Cominar Real Estate Investment Trust

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

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

Listing

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

Transfer Agent

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

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

Taxability of Distributions

In 2020, 100% of the distributions made by Cominar to unitholders were returns of capital, reducing the adjusted cost base of the units.

Legal Counsel

Davies Ward Phillips & Vineberg LLP

Auditors

PricewaterhouseCoopers s.r.l./s.e.n.c.r.l

Annual Meeting of Unitholders

June 29, 2021
Virtual meeting, online only

Unitholders Distribution Reinvestment Plan

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

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