Interim Report

Quarter ended March 31, 2020

Unaudited

Cominar

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Interim Management's Discussion and Analysis

The following Interim Management's Discussion and Analysis ("MD&A") is provided to enable the reader to assess the results of operations of Cominar Real Estate Investment Trust ("Cominar," the "Trust" or the "REIT") for the quarter ended March 31, 2020, in comparison with the corresponding quarter of 2019, as well as its financial position as at that date and its outlook. Dated May 5, 2020, this Interim MD&A reflects all significant information available as of that date and should be read in conjunction with the condensed interim consolidated financial statements and accompanying notes included in this report, as well as the consolidated financial statements, accompanying notes and MD&A appearing in Cominar's most recent Annual Report.

Unless otherwise indicated, all amounts are in thousands of Canadian dollars, except for per unit and per square-foot amounts, and are based on the condensed interim consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Basis of Presentation

Certain financial information in this Interim MD&A present the consolidated balance sheets and interim consolidated statements of comprehensive income, including Cominar's proportionate share in the assets, liabilities, revenues and charges of its joint ventures, hereinafter referred to as "Cominar's proportionate share," which are non-IFRS measures. Management believes that presenting the operating and financial results of Cominar, including its proportionate share in the assets, liabilities, revenues and charges of its joint ventures, provides more useful information to current and prospective investors to assist them in understanding Cominar's financial performance. Readers are referred to the section Reconciliations to Cominar's Proportionate Share for a complete reconciliation of Cominar's condensed interim consolidated financial statements prepared in accordance with IFRS to the financial information including its proportionate share in the assets, liabilities, revenues and charges of its joint ventures presented in this Interim MD&A.

Additional information on Cominar, including its 2019 Annual Information Form, is available on Cominar's website at www.cominar.com and on the Canadian Securities Administrators' ("CSA") website at www.sedar.com.

The Board of Trustees, under the recommendation of the Audit Committee, has approved the contents of this Interim MD&A.

Message to Unitholders

We are living in an unprecedented time. A time that brings with it a host of challenges for everyone in society. A time that is taking us back to basics, that is reminding us of the fundamental importance of good health and that is showing us just how interconnected our world really is. In the era of COVID-19, our brand identity, which is rooted in the power of people, is more meaningful than ever.

Since the beginning of the pandemic, our top priority has been the health and safety of our employees, clients and customers. We have focused on keeping the lines of communication open with our employees, tenants and communities in order to provide support during this unprecedented and challenging time. We have also provided support to our retailers, utilizing social media and other corporate communication tools to promote their e-commerce platforms and providing financial assistance through rent deferrals.

We have put in place several initiatives to support the communities we work in including raising funds for Opération Enfants Soleil, providing space in our shopping centers to Héma-Québec to hold blood drives and donating our surplus N95 masks to the Quebec government. Finally, in keeping with this spirit of solidarity and our pledge to reach out to those in need, our senior executives have unanimously agreed to donate a portion of amounts allocated to them as a result of their salary review to charitable endeavors tackling the impacts of the COVID-19 crisis. In addition to our corporate contribution, our organization and leadership team will donate a total of $0.2 million to food banks and organizations supporting mental health and survivors of domestic abuse.

We are pleased with our first quarter results, which reflect the success of the operating, financial and human initiatives put in place in connection with our 2019 strategic plan. Organic growth remained strong at 4%, reflecting the positive impact of our strategic initiatives on driving occupancy and rent growth while decreasing operating expenses. FFO per unit excluding infrequent items was $0.27, an increase over $0.26 per unit in Q1 2019 despite dispositions of $188.9 million over the last twelve months.

Although our Q1 2020 results were in line with our original forecast for 2020 and only modestly affected by the pandemic, since the mid-March declaration of a public health emergency by the Quebec government and closure of all non-essential services, many of our tenants' businesses have been adversely affected, particularly in our retail portfolio. The impact of the pandemic has created an uncertain outlook for the rest of the year and as a result on March 27th we withdrew our guidance. We anticipate that the pandemic will be mostly felt in our retail portfolio pending the reopening of our enclosed malls and deconfinement. Gross monthly rent due for April totaled $54.6 million of which $22.4 million was related to the office portfolio, $20.1 million was related to the retail portfolio and $12.1 million was related to the industrial portfolio.

As of April 30 2020, the Trust had received 71% of the contractual rents for April, including 92% of rents collected in the office portfolio, 40% of rents collected in the retail portfolio and 83% of rents collected in the industrial portfolio. Our expectation is that certain tenants will also require deferral support for May rental payments that the REIT continues to assess. The Quebec Government began a gradual reopening of the economy, including permitting retail establishments with exterior access to resume business as of May 4th, 2020, except for Montreal where the date is May 18th, 2020, and with manufacturing and construction to resume May 11th, 2020. Enclosed malls remain impacted pending a further announcement from the Quebec Government.

The proactive initiatives we have taken to strengthen our balance sheet and bolster our liquidity provide us with enhanced financial flexibility to weather the economic impact of the pandemic. As at March 31, 2020, Cominar had $123.6 million of cash on hand and $400 million of availability on its $400 million unsecured credit facility. In addition, post quarter we raised $150 million through a new unsecured debenture issue and received approval from our lead lenders on a $120 million secured line of credit increasing proforma liquidity to approximately $790 million which well exceeds our 2020 debt maturities totaling $480 million.

While the full impact of the COVID-19 pandemic cannot be predicted, we expect that our diversified portfolio and disciplined approach to financial management will assist Cominar in weathering the storm. Uncertain economic conditions resulting from the COVID-19 pandemic may, in the short or long term, materially adversely impact operations and the financial performance of the REIT. Although the pandemic has created short term challenges for the real estate industry and Cominar is no exception, we remain committed to our strategic plan and its core pillars of growing NOI, optimizing the portfolio, strengthening the balance sheet and transforming the way we work.

#itsgoingtobeok

René Tremblay
Chairman of the Board of Trustees

Sylvain Cossette
President and Chief Executive Officer

May 5, 2020

Highlights

Quarter ended March 31, 2020

Growth in same property net operating income[1]	**4.0%**
Growth in the average net rent of renewed leases	**17.4%**
Increase in the committed occupancy rate from 93.8% to	**94.7%**
Retention rate	**41.9%**
Reduction in leverage [1] from 51.4% to	**51.3%**
AFFO[1] **payout ratio**	**100.0%**

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

Subsequent Events

On April 17 , 2020, Cominar declared a monthly distribution of $0.06 per unit

On May 4, 2020, Cominar issued on a private placement basis $150.0 million in Series 12 senior unsecured debentures bearing interest at a rate of 5.95% and maturing in April 2025.

On May 4, 2020, Cominar announced that it intends to redeem the full outstanding principal amount of its 4.941% Series 4 senior unsecured debentures due July 27, 2020 on May 14, 2020.

Caution Regarding Forward-Looking Statements

From time to time, we make written or oral forward-looking statements within the meaning of applicable Canadian securities legislation. We may make such statements in this document and in other reports filed with Canadian regulators, in reports to unitholders or in other communications. By their nature, forward-looking statements involve risks, uncertainties and assumptions. Such forward-looking statements reflect our intentions, plans, expectations and opinions regarding our future growth, operating results, performance and business prospects and opportunities. Forward-looking statements are often identified by words and expressions such as "plans," "expects," "is expected," "budgeted," "scheduled," "estimated," "seeks," "aims," "forecasts," "intends," "anticipates," "believes," or by statements that certain actions, events or results "may," "could," "would," "might" or "will" be taken, occur, or be achieved, and other variants and similar expressions, as well as the negative and conjugated forms, as they relate to Cominar.

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

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

We caution readers that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Cominar, investors and others should carefully consider the foregoing factors, as well as other factors and uncertainties. Unless otherwise stated, all forward-looking statements are valid only as at the date of this Interim MD&A. We do not assume any obligation to update the aforementioned forward-looking statements, except as required by applicable laws.

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

Non-IFRS Financial Measures

Cominar's Condensed interim consolidated financial statements are prepared in accordance with IFRS. However, in this Interim MD&A, we provide guidance and report on certain non-IFRS measures and other performance indicators which management uses to evaluate Cominar's performance. Because non-IFRS measures do not have standardized meanings and may differ from similar measures presented by other entities, securities regulations require that non-IFRS measures be clearly defined and qualified, reconciled with their closest IFRS measure and given no more prominence than the latter. These measures, as well as the reasons why management believes these measures are useful to investors, are described below. Reconciliation can be found in the section dealing with each of these measures.

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

Non-IFRS Performance Indicators

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

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

- **Same property NOI**: Same property NOI is a non-IFRS measure used by Cominar to provide an indication of the period-over-period operating profitability of the same property portfolio, that is, Cominar's ability to increase revenues, manage costs, and generate organic growth. Same property NOI includes the results of properties owned by Cominar as at December 31 2018, with the exception of results for properties sold, acquired or under development in 2019 and 2020, as well as the rental income arising from the recognition of leases on a straight-line basis that is a non-cash item and which, by excluding it, will allow this measure to present the impact of actual rents collected by Cominar;

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

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

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

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

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

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

Other Performance Indicators

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

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

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

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

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

Financial and Operational Highlights

Quarters ended March 31	2020 [2] $	2019 [2] $	% Δ	Page
Financial performance				
Operating revenues — Financial statements	**172,109**	181,944	(5.4)	19
Operating revenues — Cominar's proportionate share [1]	**176,511**	186,244	(5.2)	19
NOI — Financial statements	**85,725**	86,685	(1.1)	20
NOI — Cominar's proportionate share [1]	**88,281**	89,078	(0.9)	20
Same property NOI [1]	**87,464**	84,132	4.0	21
Net income	**44,974**	44,309	1.5	26
Adjusted net income	**48,535**	46,912	3.5	26
Funds from operations (FFO) [1]	**45,041**	46,887	(3.9)	27
Adjusted funds from operations (AFFO) [1]	**32,781**	33,527	(2.2)	27
Cash flows provided by operating activities — Financial statements	**16,443**	23,451	(29.9)	29
Adjusted cash flow from operations (ACFO) [1]	**29,137**	37,806	(22.9)	29
Distributions	**32,827**	32,758	0.2	29
Total assets	**6,930,976**	6,554,973	5.7	16
Per unit financial performance				
Net income (basic and diluted)	**0.25**	0.24	4.2	26
Adjusted net income (diluted) [1]	**0.27**	0.26	3.8	26
Funds from operations (FFO)(FD) [1,3]	**0.25**	0.26	(3.8)	27
Adjusted funds from operations (AFFO)(FD) [1,3]	**0.18**	0.18	—	27
Adjusted cash flow from operations (ACFO)(FD) [1,3]	**0.16**	0.21	(23.8)	29
Distributions	**0.18**	0.18	0.0	29
Payout ratio of adjusted cash flow from operations (ACFO) [1,3]	**112.5 %**	85.7 %	31.3	29
Payout ratio of adjusted funds from operations (AFFO) [1,3]	**100.0 %**	100.0 %	—	27
Financing				
Debt ratio [1,4]	**51.3 %**	54.7 %		33
Debt/EBITDA ratio [1]	**10.6 x**	10.6 x		33
Interest coverage ratio [1,5]	**2.39:1**	2.35 : 1		34
Weighted average interest rate on total debt	**3.93 %**	4.13 %		30
Residual weighted average term of total debt (years)	**4.1**	3.2		30
Unsecured debt-to-total-debt ratio [6]	**36.5 %**	51.8 %		34
Unencumbered income properties	**2,284,361**	2,825,420		34
Unencumbered assets to unsecured debt ratio [7]	**1.91:1**	1.53:1		34
Operational data				
Number of investment properties	**315**	348		34
Leasable area (in thousands of sq. ft.)	**35,887**	37,405		34
Committed occupancy rate	**94.7 %**	93.8 %		37
In-place occupancy rate	**91.3 %**	89.7 %		37
Retention rate	**41.9 %**	49.3 %		38
Growth in the average net rent of renewed leases	**17.4 %**	3.0 %		38
Development activities				
Properties under development — Cominar's proportionate share [1]	**54,997**	43,353		16

1 Refer to section "Non-IFRS Financial Measures".
2 The quarter ended March 31,2020, includes $4.6 million of penalties paid on mortgage repayments before maturity ($1.0 million in severance allowance paid following the departure of an executive officer for the quarter ended March 31, 2019).
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 Fair value of unencumbered income properties divided by the unsecured net debt.

Selected Quarterly Information

Quarters ended	Mar. 2020 [2] $	Dec. 2019 [3] $	Sept. 2019 [4] $	Jun. 2019 [5] $	Mar. 2019 [6] $	Dec. 2018 $	Sept. 2018 $	Jun. 2018 $
Financial performance								
Operating revenues — Financial statements	**172,109**	173,931	171,539	176,627	181,944	176,073	172,665	177,047
Operating revenues — Cominar's proportionate share	**176,511**	178,161	175,884	180,946	186,244	180,116	176,820	181,280
NOI — Financial statements	**85,725**	91,216	91,438	88,983	86,685	91,128	90,977	89,813
NOI — Cominar's proportionate share [1]	**88,281**	93,695	93,914	91,468	89,078	93,526	93,548	92,256
Change in fair value of investment properties — Financial statements	**1,208**	270,964	(2,559)	8,291	(221)	(276,160)	13,393	—
Net income (net loss)	**44,974**	319,265	47,456	51,474	44,309	(353,353)	64,649	46,445
Adjusted net income	**48,535**	53,423	51,688	50,250	46,912	50,684	51,850	51,401
FFO [1]	**45,041**	49,165	51,802	47,273	46,887	50,883	52,733	49,063
AFFO [1]	**32,781**	35,622	38,370	33,441	33,527	39,047	41,249	37,576
Cash flows provided by operating activities — Financial statements	**16,443**	79,712	74,579	14,126	23,451	74,118	88,049	1,437
ACFO [1]	**29,137**	29,490	36,599	40,497	37,806	38,372	41,453	34,327
Distributions	**32,827**	32,773	32,769	32,768	32,758	32,749	32,749	32,749
Per unit								
Net income (net loss) (basic)	**0.25**	1.75	0.26	0.28	0.24	(1.94)	0.36	0.26
Net income (net loss) (diluted)	**0.25**	1.75	0.26	0.28	0.24	(1.94)	0.35	0.25
Adjusted net income (diluted) [1]	**0.27**	0.29	0.28	0.28	0.26	0.28	0.28	0.28
FFO (FD) [1,7]	**0.25**	0.27	0.28	0.26	0.26	0.28	0.29	0.27
AFFO (FD) [1,7]	**0.18**	0.20	0.21	0.18	0.18	0.21	0.23	0.21
ACFO (FD) [1,7]	**0.16**	0.16	0.20	0.22	0.21	0.21	0.23	0.19
Distributions	**0.18**	0.18	0.18	0.18	0.18	0.18	0.18	0.18

1 Refer to "Non-IFRS Financial Measures."
2 Includes $4.6 million of penalties paid on mortgage repayments before maturity.
3 Includes $5.2 million of penalties paid on mortgage repayments before maturity.
4 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.
5 Includes $3.9 million of restructuring costs.
6 Includes a $1.0 million severance allowance paid following the departure of an executive officer.
7 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, 2020, Cominar owned a diversified portfolio of 315 properties, composed of office, retail and industrial and flex buildings, of which 196 were located in the Montreal area, 100 in the Québec City area and 19 in the Ottawa area. Cominar's portfolio consisted of approximately 11.1 million square feet of office space, 9.5 million square feet of retail space and 15.4 million square feet of industrial and flex space, representing total leasable area of 35.9 million square feet.

Cominar's focus is on growing NOI and 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; (iii) sound management of operating costs; and (iv) disciplined allocation of capital and rigorous control of capital expenditures. [2]

Real Estate Portfolio Summary as at March 31, 2020

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

Property type	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate	In-place occupancy rate
Office	80	11,056,000	93.0 %	89.2 %
Retail	44	9,480,000	92.8 %	86.3 %
Industrial and flex	191	15,351,000	97.0 %	95.9 %
Total	**315**	**35,887,000**	**94.7 %**	**91.3 %**

Geographic market	Number of properties	Leasable area (sq. ft.)	Committed occupancy rate	In-place occupancy rate
Montreal	196	23,682,000	94.6 %	91.2 %
Québec City	100	9,763,000	95.5 %	92.5 %
Ottawa	19	2,442,000	92.7 %	87.2 %
Total	**315**	**35,887,000**	**94.7 %**	**91.3 %**

Our Objectives and Strategy

Objectives

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

Our Strategy

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

Overview of the First Quarter of 2020

Net Income: Net income for the quarter ended March 31, 2020 amounted to $45.0 million compared to $44.3 million in the previous year's comparable period. The increase is mainly due to the growth in same property net operating income of $3.3 million or 4.0% and to a positive decrease in trust administrative expenses, partially offset by a decrease in net operating income from properties sold in 2019 and 2020.

Adjusted Net Income[1]: For the quarter ended March 31, 2020, Cominar generated adjusted net income of $48.5 million compared to $46.9 million for the quarter ended March 31, 2019.

FFO[1]: Fully diluted funds from operations ("FFO") for the quarter ended March 31, 2020 was $0.25 per unit compared to $0.26 for the previous year's comparable period due mainly to the sale of $188.9 million of properties during 2019 and 2020 and penalties on mortgage repayments prior to maturity, partially offset by growth of 4.0% in same property net operating income Excluding infrequent items, FFO per unit would have been $0.27 in 2020 compared to $0.26 in 2019.

AFFO[1]: Fully diluted adjusted funds from operations ("AFFO") for the quarter ended March 31, 2020 was $0.18 per unit at the same level as for the previous year's comparable period. AFFO per unit remained flat due to the decrease in FFO, offset by a $1.5 million decrease in the provision for leasing costs. Excluding infrequent items, AFFO would have been $0.20 per unit compared to $0.19 per unit in 2019 and consequently, adjusted AFFO payout ratio would have been 90.0%.

Same Property NOI[1]: Same property NOI ("SPNOI")increased of $3.3 million or 4.0% for the quarter ended March 31, 2020 compared to the same period in 2019. The increase reflected growth of 6.8% in the office portfolio, 6.0% in the industrial and flex portfolio and (0.6)% in the retail portfolio. The increase in SPNOI was mainly attributable to the positive impact of the decrease in operating expenses, an increase of the average in-place occupancy for all property types and for all geographic markets and the increase of the average net rent on lease renewals from the last twelve months.

Occupancy: As at March 31, 2020, Cominar's in-place occupancy was 91.3% compared to 91.7% at year-end 2019 and 89.7% at March 31, 2019. As at March 31, 2020 the committed occupancy rate was 94.7%, compared to 95.1% at year-end 2019 and up 90 basis points from 93.8% at March 31, 2019.

Leasing activity: The retention rate for 2020 was 41.9%. Average net rent on 1.1 million sq.ft. of lease renewals for the three-month period ended March 31, 2020 increased 17.4% (19.1% for the office portfolio, (0.3)% for the retail portfolio and 27.8% for the industrial and flex portfolio). New leasing totaled 1.2 million sq.ft. New and renewal leasing for 2020 represented 62.2% of 2020 lease maturities.

Balance Sheet: As at March 31, 2020, Cominar's debt ratio was 51.3%, down from 51.4% at year-end 2019 and down from 54.7% as at March 31, 2019. The year over year decrease in debt ratio reflects value creation in assets of $270 million and a reduction of $90 millions in liabilities. The debt to EBITDA ratio at the end of the first quarter of 2020 was stable at 10.6x, when compared to December 31, 2019 and March 31, 2019. As at March 31, 2020 our unencumbered asset pool totaled $2.3 billion and our unencumbered asset ratio was 1.91x, up from 1.82x at year-end 2019 and up from 1.53x at March 31, 2019.

Our available liquidity of $523.6 million consisted of $400.0 million of availability under our unsecured credit facility and $123.6 million of cash and cash equivalents at March 31, 2020.

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

COVID-19 - Impacts analysis and risks

In mid-March Government of Québec declared a provincial public health emergency and has put in place numerous stringent measures to protect Quebecers and to slow the spread of the COVID-19 virus including the closing as of March 25, 2020 until May 5, 2020 of all non-essential stores and services. These measures include closure of all shopping malls and non-essential businesses. Grocery stores, pharmacies and SAQ outlets remain open, and as commercial activities continue, businesses can continue to engage in teleworking and e-commerce. Residential construction sites in Québec were reopened as of April 20, 2020 and a gradual reopening of certain businesses began on May 4, 2020. The duration and impact of the COVID-19 pandemic on the REIT is unknown at this time. As such, it is not possible to reliably estimate the length and severity of COVID-19-related impacts on the financial results and operations of the REIT.

These are unprecedented times and Cominar is taking all necessary measures to ensure the health of its employees, support its tenants and best manage the short-term challenges to its business. Management established a COVID-19 response plan and has been communicating regularly with tenants. The REIT has received a large number of rent deferral requests from tenants and some tenants have withheld rent. Tenants who have requested such relief, on a case by case basis, have been offered a one-month deferment of rent for April. Contingency planning is being advanced from both an operational and financial perspective and appropriate expense and capital expenditure control measures are being implemented.

On March 16, 2020 the REIT implemented work from home measures, has increased sanitation and health and safety measures at its properties, closed its enclosed malls and implemented “off hours” access protocols at its office buildings for tenants who have not required normal business hours access due to the “essential services” nature of their activities.

Access to Industrial buildings remained under the control of tenants as access is exclusive for each tenant. We have however increased security patrols of our industrial properties as occupancy has decreased significantly following government directives limiting business activity to essential services.

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

These changes and any additional changes in operations in response to COVID-19 could materially impact the financial results of the REIT and may include tenants’ ability to pay rent in full or at all, 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 operations and the financial performance of the REIT.

The spread of COVID-19 has caused an economic slowdown and increased volatility in financial markets, which has negatively impacted the market price for the equity securities of the REIT. Governments and central banks have responded with monetary and fiscal interventions intended to stabilize economic conditions. However, it is not currently known how these interventions will impact debt and equity markets or the economy generally. Although the ultimate impact of COVID-19 on the global economy and its duration remains uncertain, disruptions caused by COVID-19 may materially adversely affect the performance of the REIT. Uncertain economic conditions resulting from the COVID-19 outbreak may, in the short or long term, materially adversely impact the REIT’s tenants and/or the debt and equity markets, both of which could materially adversely affect the REIT’s operations and financial performance.

While the full impact of the COVID-19 pandemic cannot be predicted, we expect that our diversified portfolio and disciplined approach to financial management will allow us to weather the impact of COVID-19. As Quebec’s largest landlord, we are actively putting in place measures to assist our tenants during these unprecedented and challenging times. Accordingly, we have agreed to provide rent deferrals for the month of April 2020 to qualifying tenants. In addition to tenants with whom we have agreed to rent deferrals, we have received numerous requests from other tenants for rental concessions and many tenants have indicated they will not pay their rent during the pandemic. The amounts deferred for qualifying tenants are due to be repaid over a period of up to 12 months and as of April 30, 2020, were approximately $5.1 million of monthly gross rent. As of April 30, 2020, we have received 71% of the contractual rents for April, including office collection of 92% of gross rent, retail collection of 40% of gross rent and industrial collection of 83% of gross rent.

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.

Capital Expenditure and Expense Management

In order to ensure that that the REIT minimizes the impact on free cash flow in the face of pressures on revenues related to the pandemic, Cominar is focused on reducing operating expenses and capital expenditures. Various initiatives to reduce or defer operating expenses and investments have been put in place including, putting new development starts on hold, reductions in tenant incentives and capital investments, deferral of property taxes and hydro payments, temporary layoffs and operating cost reductions as energy costs, cleaning services and maintenance. The combination of these initiatives is expected to reduce the REIT’s Q2 2020 budgeted operating expenses by $15 million or 28% and reduce capital expenditures including investments in developments by $75 million.

Enhanced Liquidity Position

Cominar had a strong liquidity position of $523.6 million as at March 31, 2020, which is further enhanced by an offering of $150 million principal amount of 5.95% Series 12 debentures that closed on May 4, 2020 and by a new secured credit line totaling $120 million, which the REIT is currently syndicating and expects to close by May 31, 2020. As a result, Cominar has total proforma liquidity of approximately $790 million, which provides strong financial flexibility to navigate the operating and market uncertainties associated with the COVID-19 pandemic.

The REIT has $400 million of unsecured debentures maturing in 2020 ($300 million in July 2020 and $100 million in November) and one mortgage loan totaling $81 million maturing in July 2020. On May 4, 2020, the Reit announced that it intends to redeem the full $300 million Series 4 debentures on May 14, 2020. Cominar expects to repay its $100 million Series 3 debentures out of available liquidity. The REIT is also exploring options to extend the maturity of the $240 million mortgage on the CN property in order to facilitate the execution of a transaction resulting from the strategic review of the asset.

In addition to available liquidity and further to the closing in Q1 2020 of previously announced refinancing transactions, the REIT's assets, with an IFRS value of approximately $6.6 Billion, are 35% unencumbered. The REIT has unencumbered assets with a total IFRS book value of $2.3 billion of which 33% are retail properties, 39% are office properties and 28% are industrial properties.

Property values

We are also continuing to review the impact of the COVID-19 pandemic on the value of our properties. It is impossible to forecast the duration and full scope of the economic impact of COVID-19 will have on the REIT's business and operations, both in the short term and in the long term. Certain aspects of the REIT's business and operations that could be potentially impacted include rental income, occupancy, tenant improvements, future demand for space and market rents, which all ultimately affect the valuation of our portfolio of properties.

Transaction Activity

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

Refer to Risk and Uncertainties section for a complete list of the various risk factors that may have an impact on the REIT.

Reconciliations to Cominar’s Proportionate Share

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

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

	As at March 31, 2020			As at December 31, 2019		
	Condensed interim consolidated financial statements	Joint ventures	Cominar's proportionate share[1]	Consolidated financial statements	Joint ventures	Cominar's proportionate share[1]
	$	$	$	$	$	$
Assets						
Investment properties						
Income properties	**6,432,200**	**172,173**	**6,604,373**	6,412,739	171,573	6,584,312
Properties under development	**49,015**	**5,982**	**54,997**	41,471	5,900	47,371
Land held for future development	**101,688**	**7,665**	**109,353**	100,507	7,631	108,138
	6,582,903	**185,820**	**6,768,723**	6,554,717	185,104	6,739,821
Investment properties held for sale	**24,375**	**—**	**24,375**	11,730	—	11,730
Investments in joint ventures	**98,552**	**(98,552)**	**—**	97,456	(97,456)	—
Goodwill	**15,721**	**—**	**15,721**	15,721	—	15,721
Accounts receivable	**48,178**	**846**	**49,024**	37,930	431	38,361
Prepaid expenses and other assets	**37,612**	**418**	**38,030**	22,232	94	22,326
Cash and cash equivalents	**123,635**	**251**	**123,886**	152,634	639	153,273
Total assets	**6,930,976**	**88,783**	**7,019,759**	6,892,420	88,812	6,981,232
Liabilities						
Mortgages payable	**2,116,733**	**82,328**	**2,199,061**	2,114,021	82,981	2,197,002
Debentures	**1,321,208**	**—**	**1,321,208**	1,320,962	—	1,320,962
Bank borrowings	**178,200**	**4,100**	**182,300**	180,000	4,100	184,100
Accounts payable and accrued liabilities	**136,427**	**2,355**	**138,782**	126,543	1,731	128,274
Deferred tax liabilities	**93**	**—**	**93**	93	—	93
Distributions payable to unitholders	**10,946**	**—**	**10,946**	—	—	—
Total liabilities	**3,763,607**	**88,783**	**3,852,390**	3,741,619	88,812	3,830,431
Unitholders' equity						
Unitholders' equity	**3,167,369**	**—**	**3,167,369**	3,150,801	—	3,150,801
Total liabilities and unitholders' equity	**6,930,976**	**88,783**	**7,019,759**	6,892,420	88,812	6,981,232

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

Quarters ended March 31	2020			2019		
	Condensed interim consolidated financial statements	Joint ventures	Cominar's proportionate share[1]	Condensed interim consolidated financial statements	Joint ventures	Cominar's proportionate share[1]
	$	$	$	$	$	$
Operating revenues	**172,109**	**4,402**	**176,511**	181,944	4,300	186,244
Operating expenses	**(86,384)**	**(1,846)**	**(88,230)**	(95,259)	(1,907)	(97,166)
NOI	**85,725**	**2,556**	**88,281**	86,685	2,393	89,078
Finance charges	**(39,252)**	**(969)**	**(40,221)**	(36,751)	(992)	(37,743)
Trust administrative expenses	**(4,144)**	**(4)**	**(4,148)**	(5,453)	(13)	(5,466)
Change in fair value of investment properties	**1,208**	**—**	**1,208**	(221)	—	(221)
Share of joint ventures' net income	**1,583**	**(1,583)**	**—**	1,388	(1,388)	—
Transaction costs	**(146)**	**—**	**(146)**	(1,339)	—	(1,339)
Net income and comprehensive income	**44,974**	**—**	**44,974**	44,309	—	44,309

1 *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, 2020, and December 31, 2019, as shown in our condensed interim consolidated financial statements:

	As at March 31, 2020 $	As at December 31, 2019 $	Δ $	Δ %
Assets				
Investment properties				
Income properties	**6,432,200**	6,412,739	19,461	0.3
Properties under development	**49,015**	41,471	7,544	18.2
Land held for future development	**101,688**	100,507	1,181	1.2
	6,582,903	6,554,717	28,186	0.4
Investment properties held for sale	**24,375**	11,730	12,645	107.8
Investments in joint ventures	**98,552**	97,456	1,096	1.1
Goodwill	**15,721**	15,721	—	—
Accounts receivable	**48,178**	37,930	10,248	27.0
Prepaid expenses and other assets	**37,612**	22,232	15,380	69.2
Cash and cash equivalents	**123,635**	152,634	(28,999)	(19.0)
Total assets	**6,930,976**	6,892,420	38,556	0.6
Liabilities				
Mortgages payable	**2,116,733**	2,114,021	2,712	0.1
Debentures	**1,321,208**	1,320,962	246	—
Bank borrowings	**178,200**	180,000	(1,800)	(1.0)
Accounts payable and accrued liabilities	**136,427**	126,543	9,884	7.8
Deferred tax liabilities	**93**	93	—	—
Distributions payable to unitholders	**10,946**	—	10,946	100.0
Total liabilities	**3,763,607**	3,741,619	21,988	0.6
Unitholders' equity				
Unitholders' equity	**3,167,369**	3,150,801	16,568	0.5
Total liabilities and unitholders' equity	**6,930,976**	6,892,420	38,556	0.6

Results of Operations

The following table highlights our results of operations for the quarters ended March 31, 2020 and 2019, as shown in our condensed interim consolidated financial statements:

Quarters ended March 31	2020	2019	
	$	$	Δ %
Operating revenues	**172,109**	181,944	(5.4)
Operating expenses	**(86,384)**	(95,259)	(9.3)
NOI	**85,725**	86,685	(1.1)
Finance charges	**(39,252)**	(36,751)	6.8
Trust administrative expenses	**(4,144)**	(5,453)	(24.0)
Change in fair value of investment properties	**1,208**	(221)	(646.6)
Share of joint ventures' net income	**1,583**	1,388	14.0
Transaction costs	**(146)**	(1,339)	(89.1)
Net income and comprehensive income	**44,974**	44,309	1.5

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

Operating Revenues

Quarters ended March 31	2020	2019	
	$	$	Δ %
Operating revenues — Financial statements	**172,109**	181,944	(5.4)
Operating revenues — Joint ventures	**4,402**	4,300	2.4
Operating revenues — Cominar's proportionate share [1]	**176,511**	186,244	(5.2)

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

The decrease in operating revenues according to the condensed interim consolidated financial statements and on a proportionate basis in the first quarter of 2020 compared with the corresponding quarter of 2019 resulted mainly from a $7.3 million decrease attributable to properties sold in 2019 and $1.3 million of decrease in same property operating revenues.

Operating Revenues by Property Type

Quarters ended March 31	2020	2019	
	$	$	Δ %
Property type			
Office	**71,660**	76,215	(6.0)
Retail	**63,768**	67,937	(6.1)
Industrial and flex	**41,083**	42,092	(2.4)
Operating revenues — Cominar's proportionate share [1]	**176,511**	186,244	(5.2)

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

Operating Expenses

Quarters ended March 31	2020	2019	
	$	$	Δ %
Operating expenses — Financial statements	**86,384**	95,259	(9.3)
Operating expenses — Joint ventures	**1,846**	1,907	(3.2)
Operating expenses — Cominar's proportionate share [1]	**88,230**	97,166	(9.2)

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

The decrease in operating expenses according to the condensed interim consolidated financial statements and on a proportionate basis in the first quarter of 2020 compared with the corresponding quarter of 2019 resulted mainly from a $3.7 million decrease attributable to properties sold in 2019 and a $4.7 million decrease in same property operating expenses.

Operating Expenses by Property Type

Quarters ended March 31	2020	2019	
	$	$	Δ %
Property type			
Office	**37,141**	41,675	(10.9)
Retail	**33,704**	36,011	(6.4)
Industrial and flex	**17,385**	19,480	(10.8)
Operating Expenses — Cominar's proportionate share [1]	**88,230**	97,166	(9.2)

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

Net Operating Income

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

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

Quarters ended March 31	2020	2019	
	$	$	Δ %
NOI — Financial statements	**85,725**	86,685	(1.1)
NOI — Joint ventures	**2,556**	2,393	6.8
NOI — Cominar's proportionate share [1]	**88,281**	89,078	(0.9)

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

The decrease in NOI according to the condensed interim consolidated financial statements and on a proportionate basis in the first quarter of 2020 compared with the corresponding quarter of 2019 resulted mainly from a $3.6 million decrease attributable to properties sold in 2019, partially offset by a $3.3 million growth in same property net operating income.

NOI by Property Type

Quarters ended March 31	2020	2019	
	$	$	Δ %
Property type			
Office	**34,519**	34,540	(0.1)
Retail	**30,064**	31,926	(5.8)
Industrial and flex	**23,698**	22,612	4.8
NOI — Cominar's proportionate share [1]	**88,281**	89,078	(0.9)

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

Results of Operations - Same Property Portfolio

Cominar analyzes its results of operations taking into account the proportionate share of its joint ventures to assess the operating performance of its investment properties and pays particular attention to the performance of its same property portfolio. Same property portfolio includes the results of properties owned by Cominar as at December 31 2018, with the exception of results from the properties sold, acquired or under development in 2019 and 2020, as well as the rental income arising from the recognition of leases on a straight-line basis.

Quarters ended March 31	2020	2019	
	$	$	Δ %
Same property operating revenues - Cominar's proportionate share [1]	**175,218**	176,563	(0.8)
Same property operating expenses - Cominar's proportionate share [1]	**(87,754)**	(92,431)	(5.1)
Same property NOI [1] - Cominar's proportionate share [1]	**87,464**	84,132	4.0

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

Operating Revenues - Same Property Portfolio

Quarters ended March 31	2020	2019	
	$	$	Δ %
Operating revenues — Financial statements	**172,109**	181,944	(5.4)
Operating revenues — Joint ventures	**4,402**	4,300	2.4
Operating revenues — Cominar's proportionate share [1]	**176,511**	186,244	(5.2)
Acquisitions, developments and dispositions — Cominar's proportionate share [1]	**(1,293)**	(9,681)	(86.6)
Same property Operating Revenues — Cominar's proportionate share [1]	**175,218**	176,563	(0.8)

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

Quarters ended March 31	2020	2019	
	$	$	Δ %
Same property portfolio — Financial statements	**170,902**	172,331	(0.8)
Same property portfolio — Joint ventures	**4,316**	4,232	2.0
Same property Operating Revenues — Cominar's proportionate share [1]	**175,218**	176,563	(0.8)

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

The decrease in same property operating revenues according to the condensed interim consolidated financial statements and on a proportionate basis in the first quarter of 2020 compared with the corresponding quarter of 2019 is mainly due to a) a $2.3 million increase attributable to the increase in average in-place occupancy for all property types and for all geographic markets, b) a $0.7 million increase attributable to the increase of the average net rent on lease renewals from the last twelve months, and c) a $3.3 million decrease in recoverable operating revenues attributable to the decrease of $4.7 million explained in the same property operating expenses.

Operating Revenues by Property Type and Geographic Market - Same Property Portfolio

Same property operating revenues by property type

Quarters ended March 31	2020 $	2019 $	Δ %
Property type			
Office	**71,162**	70,484	1.0
Retail	**63,118**	64,986	(2.9)
Industrial and flex	**40,938**	41,093	(0.4)
Same property Operating Revenues — Cominar's proportionate share [1]	**175,218**	176,563	(0.8)

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

Same property operating revenues by geographic market

Quarters ended March 31	2020 $	2019 $	Δ %
Geographic market			
Montreal	**109,402**	112,413	(2.7)
Québec City	**52,652**	52,045	1.2
Ottawa [1]	**13,164**	12,105	8.7
Same property Operating Revenues — Cominar's proportionate share [2]	**175,218**	176,563	(0.8)

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

Operating Expenses - Same Property Portfolio

Quarters ended March 31	2020 $	2019 $	Δ %
Operating expenses — Financial statements	**82,715**	84,945	(2.6)
Operating expenses — Joint ventures	**1,759**	1,645	6.9
Operating expenses — Cominar's proportionate share [1]	**84,474**	86,590	(2.4)
Acquisitions, developments and dispositions — Cominar's proportionate share [1]	**3,280**	5,841	(43.8)
Same property Operating Expenses — Cominar's proportionate share [1]	**87,754**	92,431	(5.1)

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

Quarters ended March 31	2020 $	2019 $	Δ %
Same property portfolio — Financial statements	**85,937**	90,557	(5.1)
Same property portfolio — Joint ventures	**1,817**	1,874	(3.0)
Same property Operating Expenses — Cominar's proportionate share [1]	**87,754**	92,431	(5.1)

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

The decrease in same property operating expenses according to the condensed interim consolidated financial statements and on proportionate basis in the first quarter of 2020 compared with the corresponding quarter of 2019 is mainly due to a $3.1 million decrease in energy expenses related to a warmer winter and from the adoption of Bill 34 on electricity rates and to a $2.0 million decrease in municipal taxes expenses following the transfer of account management to single tenants .

Operating Expenses by Property Type and Geographic Market - Same Property Portfolio

Same property operating expenses by property type

Quarters ended March 31	2020	2019	
	$	$	Δ %
Property type			
Office	**36,957**	38,466	(3.9)
Retail	**33,418**	35,102	(4.8)
Industrial and flex	**17,379**	18,863	(7.9)
Same property Operating Expenses — Cominar's proportionate share [1]	**87,754**	92,431	(5.1)

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

Same property operating expenses by geographic market

Quarters ended March 31	2020	2019	
	$	$	Δ %
Geographic market			
Montreal	**54,171**	58,418	(7.3)
Québec City	**26,215**	26,627	(1.5)
Ottawa [1]	**7,368**	7,386	(0.2)
Same property Operating Expenses — Cominar's proportionate share [2]	**87,754**	92,431	(5.1)

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

Net Operating Income - Same Property Portfolio

Quarters ended March 31	2020	2019	
	$	$	Δ %
NOI — Financial statements	**85,725**	86,685	(1.1)
NOI — Joint ventures	**2,556**	2,393	6.8
NOI — Comminar's proportionate share [1]	**88,281**	89,078	(0.9)
Acquisitions, developments and dispositions — Cominar's proportionate share	**(817)**	(4,946)	(83.5)
Same property NOI — Cominar's proportionate share [1]	**87,464**	84,132	4.0

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

Quarters ended March 31	2020	2019	
	$	$	Δ %
Same property portfolio — Financial statements	**84,965**	81,774	3.9
Same property portfolio — Joint ventures	**2,499**	2,358	6.0
Same property portfolio — Cominar's proportionate share [1]	**87,464**	84,132	4.0

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

First quarter increase of 4.0% in same property NOI according to the condensed interim consolidated financial statements and on a proportionate basis in the first quarter of 2020 compared with the corresponding quarter of 2019 is mainly attributable to the positive impact of the decrease in operating expenses, the increase in all property types and all geographic markets of the average in-place occupancy and to the increase of the average net rent on lease renewals from the last twelve months.

NOI by Property Type and Geographic Market - Same Property Portfolio

Same property NOI by property type

Quarters ended March 31	2020 $	2019 $	Δ %
Property type			
Office	**34,205**	32,018	6.8
Retail	**29,700**	29,884	(0.6)
Industrial and flex	**23,559**	22,230	6.0
Same property NOI — Cominar's proportionate share [1]	**87,464**	84,132	4.0

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

Same property NOI weighting by property type

Quarters ended March 31	2020	2019
Property type		
Office	**39.1 %**	38.1 %
Retail	**34.0 %**	35.5 %
Industrial and flex	**26.9 %**	26.4 %
Same property NOI — Cominar's proportionate share [1]	**100.0 %**	100.0 %

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

Year over year, Cominar's weighting to retail same property NOI decreased 150 basis points to 34.0% while industrial increased 50 basis points to 26.9% and office increased 100 basis points to 39.1%.

Same property NOI by geographic market

Quarters ended March 31	2020 $	2019 $	Δ %
Geographic market			
Montreal	**55,231**	53,995	2.3
Québec City	**26,437**	25,418	4.0
Ottawa [1]	**5,796**	4,719	22.8
Same property NOI — Cominar's proportionate share [2]	**87,464**	84,132	4.0

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

Same property NOI weighting by geographic market

Quarters ended March 31	2020	2019
Geographic market		
Montreal	**63.2 %**	64.2 %
Québec City	**30.2 %**	30.2 %
Ottawa [1]	**6.6 %**	5.6 %
Same property NOI — 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	2020	2019	Δ
Property type			
Office	**89.2 %**	87.9 %	1.3
Retail	**87.0 %**	85.7 %	1.3
Industrial and flex	**95.7 %**	93.8 %	1.9
Total	**91.4 %**	89.8 %	1.6

Same property average in-place occupancy by geographic market

Quarters ended March 31	2020	2019	Δ
Geographic market			
Montreal	**91.1 %**	90.2 %	0.9
Québec City	**93.3 %**	91.8 %	1.5
Ottawa [1]	**87.3 %**	77.3 %	10.0
Total	**91.4 %**	89.8 %	1.6

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

Finance Charges

Quarters ended March 31	2020	2019	
	$	$	Δ %
Interest on mortgage payable	**24,027**	17,377	38.3
Interest on debentures	**14,630**	18,268	(19.9)
Interest on bank borrowings	**1,540**	2,186	(29.6)
Amortization of deferred financing costs and other costs	**1,088**	757	43.7
Amortization of fair value adjustments on assumed indebtedness	**(63)**	(66)	(4.5)
Less: Capitalized interest [1]	**(1,970)**	(1,771)	11.2
Total finance charges — Financial statements	**39,252**	36,751	6.8
Adjusted finance charges [2]	**34,629**	36,751	(5.8)
Weighted average interest rate on total debt	**3.93 %**	4.13 %	

1 Includes capitalized interest on properties under development and on major revitalization projects for income properties that take place over a substantial period of time.
2 Excludes penalties on mortgage repayments before maturity.

The increase in finance charges during the first quarter of 2020, compared with the corresponding quarter of 2019, is mainly due to penalties on mortgage repayments before maturity of 4.6 $ million partially offset by lower interest expenses resulting from a decrease in debt level.

Trust Administrative Expenses

Quarters ended March 31	2020	2019	
	$	$	Δ %
Salaries and other benefits	**2,748**	3,924	(30.0)
Compensation expense related to long-term incentive plan	**817**	770	6.1
Professional fees	**169**	236	(28.4)
Costs associated with public companies	**224**	185	21.1
Other fees	**186**	338	(45.0)
Total Trust administrative expenses — Financial statements	**4,144**	5,453	(24.0)
Adjusted Trust administrative expenses [1]	**4,144**	4,410	(6.0)

1 Excludes severance allowance.

During the first quarter of 2020, Trust administrative expenses decreased compared with the corresponding quarter of 2019 mainly due to a severance allowance of $1.0 million paid in the first quarter of 2019 associated with the departure of an executive.

Transaction Costs

Quarters ended March 31	2020	2019	
	$	$	Δ %
Brokerage fees	**48**	511	(90.6)
Professional fees	**33**	242	(86.4)
Closing adjustments	**65**	586	(88.9)
Total	**146**	1,339	(89.1)

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

Restructuring Costs

During 2019, Cominar announced an organizational restructuring to streamline and enhance the effectiveness of operations which the outcome, among others, has been the reduction of its workforce. Cominar recorded a provision of $4.8 million related to this organizational restructuring, primarily related to severance benefits. Up to March 31, 2020, $4.4 million had been paid in connection with the restructuring.

Net Income

Quarters ended March 31	2020	2019	
	$	$	Δ %
Net income	**44,974**	44,309	1.5
Basic and diluted net income per unit	**0.25**	0.24	4.2
Weighted average number of units outstanding (basic)	**182,496,260**	182,102,616	
Weighted average number of units outstanding (diluted)	**182,965,063**	182,226,223	

Overall, net income for the first quarter of 2020 stayed at the same level as the corresponding quarter of 2019.

Adjusted Net Income

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

Quarters ended March 31	2020	2019	
	$	$	Δ %
Net income	**44,974**	44,309	1.5
Change in fair value of investment properties	**(1,208)**	221	(646.6)
Transaction costs	**146**	1,339	(89.1)
Severance allowance	**—**	1,043	(100.0)
Penalties on mortgage repayments before maturity	**4,623**	—	100.0
Adjusted net income [1]	**48,535**	46,912	3.5
Adjusted net income per unit (diluted) [1]	**0.27**	0.25	8.0
Weighted average number of units outstanding (diluted)	**182,965,063**	182,226,223	

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

The increase in adjusted net income of $1.6 million for the first quarter of 2020, compared with the corresponding quarter of 2019, is mainly due to the growth in same property net operating income of $3.3 million and to the decrease of $2.5 million in finance charges, partially offset by a decrease in net operating income of $3.6 million from properties sold in 2019 and 2020.

Funds from Operations and Adjusted Funds from Operations

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

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

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

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

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

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

Funds from Operations and Adjusted Funds from Operations

Quarters ended March 31	2020 $	2019 $	Δ %
Net income	**44,974**	44,309	1.5
Initial and re-leasing salary costs	**992**	844	17.5
Change in fair value of investment properties	**(1,208)**	221	(646.6)
Capitalizable interest on properties under development — joint ventures	**137**	174	(21.3)
Transaction costs	**146**	1,339	(89.1)
FFO [1,2]	**45,041**	46,887	(3.9)
Provision for leasing costs	**(6,929)**	(8,429)	(17.8)
Recognition of leases on a straight-line basis [1]	**(471)**	(163)	189.0
Capital expenditures — maintenance of rental income generating capacity	**(4,860)**	(4,768)	1.9
AFFO [1,2]	**32,781**	33,527	(2.2)
Per unit information:			
FFO (FD) [2,3]	**0.25**	0.26	(3.8)
AFFO (FD) [2,3]	**0.18**	0.18	—
Weighted average number of units outstanding (FD) [3]	**182,965,063**	182,226,223	
Payout ratio of AFFO [2,3]	**100.0 %**	100.0 %	

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

FFO and AFFO for the quarter ended March 31, 2020 include, among others, penalties on mortgage repayments before maturity. Excluding this adjustment, FFO and AFFO would have been as follows:

Quarters ended March 31	2020	2019	
	$	$	Δ %
FFO [1,2]	**45,041**	46,887	(3.9)
Penalties on mortgage repayments before maturity	**4,623**	—	100.0
Severance allowance	**—**	1,043	(100.0)
FFO adjusted [1,2]	**49,664**	47,930	3.6
AFFO [1,2]	**32,781**	33,527	(2.2)
Penalties on mortgage repayments before maturity	**4,623**	—	100.0
Severance allowance	**—**	1,043	(100.0)
AFFO adjusted [1,2]	**37,404**	34,570	8.2

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

FFO for the first quarter of 2020 decreased from the corresponding quarter of 2019 due mainly to the sale of $188.9 million of properties during 2019 and 2020 and penalties on mortgage repayments before maturity, partially offset by growth in same property NOI. Excluding penalties on mortgage repayments before maturity in 2020 and severance allowance in 2019, FFO would have been $49.7 million or $0.27 per unit in 2020 compared to $47.9 million or $0.26 per unit in 2019.

AFFO for the first quarter of 2020 decreased from the corresponding quarter of 2019 due to the decrease in FFO offset by a $1.5 million decrease in the provision for leasing costs. Excluding penalties on mortgage repayments before maturity in 2020 and severance allowance in 2019, AFFO would have been $37.4 million or $0.20 per unit in 2020 compared to $34.6 million or $0.19 per unit in 2019 and consequently, AFFO adjusted payout ratio would have been 90.0%.

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 2020, the actual costs incurred by Cominar were $5.5 million in leasehold improvements and $2.2 million in initial direct costs, while the provision for leasing costs amounted to $6.9 million. The decrease of the provision compared to the corresponding quarter of 2019 is due to the estimated impact of the pandemic COVID-19 on leasehold improvements, which we expect to decrease in the next quarters.

Quarters ended March 31	2020	2019
	$	$
Leasehold improvements	**5,530**	7,193
Initial direct costs	**2,206**	2,133
Actual leasing costs — Cominar's proportionate share [1, 2]	**7,736**	9,326
Provision for leasing costs in the calculation of AFFO [3]	**6,929**	8,429

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

Capital Expenditures - Maintenance of Rental Income Generating Capacity

The capital expenditures related to maintenance of rental income generating capacity, which Cominar deducts in computing AFFO, corresponds to management's estimate of the non-income generating portion of 2020 projected expenditures that will be incurred primarily for major repair and maintenance expenditures, for example, some common areas, roofing, parking, as well as the replacement of equipment. In order to establish the allocation of capital expenditures between maintenance of rental income generating capacity and increase of rental income generating capacity, Cominar analyzes the work carried out according to its nature (common areas, roofing, parking, equipment, etc.), the age and location of the properties, the property type, market conditions as well as historical data. Capital expenditures related to maintenance of rental income generating capacity do not include current repair and maintenance costs, as they are already included in determining NOI.

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

During the first quarter of 2020, the actual costs incurred by Cominar were $2.3 million, while the deduction in AFFO amounted to $4.9 million.

Adjusted Cash Flow from Operations

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

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

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

Quarters ended March 31	2020	2019
	$	$
Cash flows provided by operating activities as per the condensed interim consolidated financial statements	**16,443**	23,451
Adjustments — investments in joint ventures	**1,096**	359
Provision for leasing costs	**(6,929)**	(8,429)
Initial and re-leasing salary costs	**992**	844
Changes in adjusted non-cash working capital items [1]	**23,137**	25,527
Capital expenditures — maintenance of rental income generating capacity	**(4,860)**	(4,768)
Amortization of deferred financing costs and other costs	**(1,088)**	(757)
Amortization of fair value adjustments on assumed mortgages payable	**63**	66
Transaction costs	**146**	1,339
Capitalizable interest on properties under development — joint ventures	**137**	174
ACFO [2,3]	**29,137**	37,806
Per unit information:		
ACFO (FD) [3,4]	**0.16**	0.21
Weighted average number of units outstanding (FD) [4]	**182,965,063**	182,226,223
Payout ratio [3,4]	**112.5 %**	85.7 %

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

Distributions

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

Distributions to Unitholders

Quarters ended March 31	2020	2019	
	$	$	Δ %
Distributions to unitholders	**32,827**	32,758	0.2
Per unit distribution	**0.18**	0.18	

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	2020	2019	2018
	$	$	$
Net income	**44,974**	44,309	29,977
Cash flows provided by operating activities - Financial statements	**16,443**	23,451	19,335
Distributions to unitholders	**32,827**	32,758	45,483
Deficit of cash flows provided by operating activities compared with distribution to unitholders	**(16,384)**	(9,307)	(26,148)

For the three-month period ended March 31, 2020, cash flows provided by operating activities presented a $16.4 million shortfall over distributions to unitholders, due mainly to the seasonal nature of some expenses, such as property taxes. This deficit in cash flows provided by operating activities against the distributions was financed with the cash and cash equivalent on hand. Cominar expects that its cash flows provided by operating activities for fiscal 2020 will be higher than the distributions to unitholders.

Liquidity and Capital Resources

During the first quarter of 2020, Cominar generated $16.4 million in cash flows provided by operating activities as per its financial statements. Cominar foresees no difficulty in meeting its short-term obligations and its commitments, including the monthly payments of distributions and the repayments of debentures and mortgages payable at maturity, using funds from operations, asset sales, proceeds from new mortgages payable, proceeds from debenture issuances, cash and equivalents of $123.6 million and amounts available on its unsecured credit facility which stood at $400.0 million as at March 31, 2020.

Debt Management

Cominar spreads the maturities of its debt instruments over a number of years to manage interest rate and refinancing risk, and to provide flexibility in maintaining the overall debt level of the portfolio, taking into account availabilty 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, 2020, Cominar's debt ratio stood at 51.3% (54.3% as at March 31, 2019) consisting of mortgages, senior unsecured debentures and bank loans less cash and cash equivalents. Mortgages payables represented approximately 58.5% of total debt, senior unsecured debentures represented approximately 36.5%, while bank borrowings represented approximately 4.9%. As at March 31, 2020, the weighted average annual contractual rate was 3.93% (4.13% as at March 31, 2019) and the residual weighted average remaining term was 4.1 years.

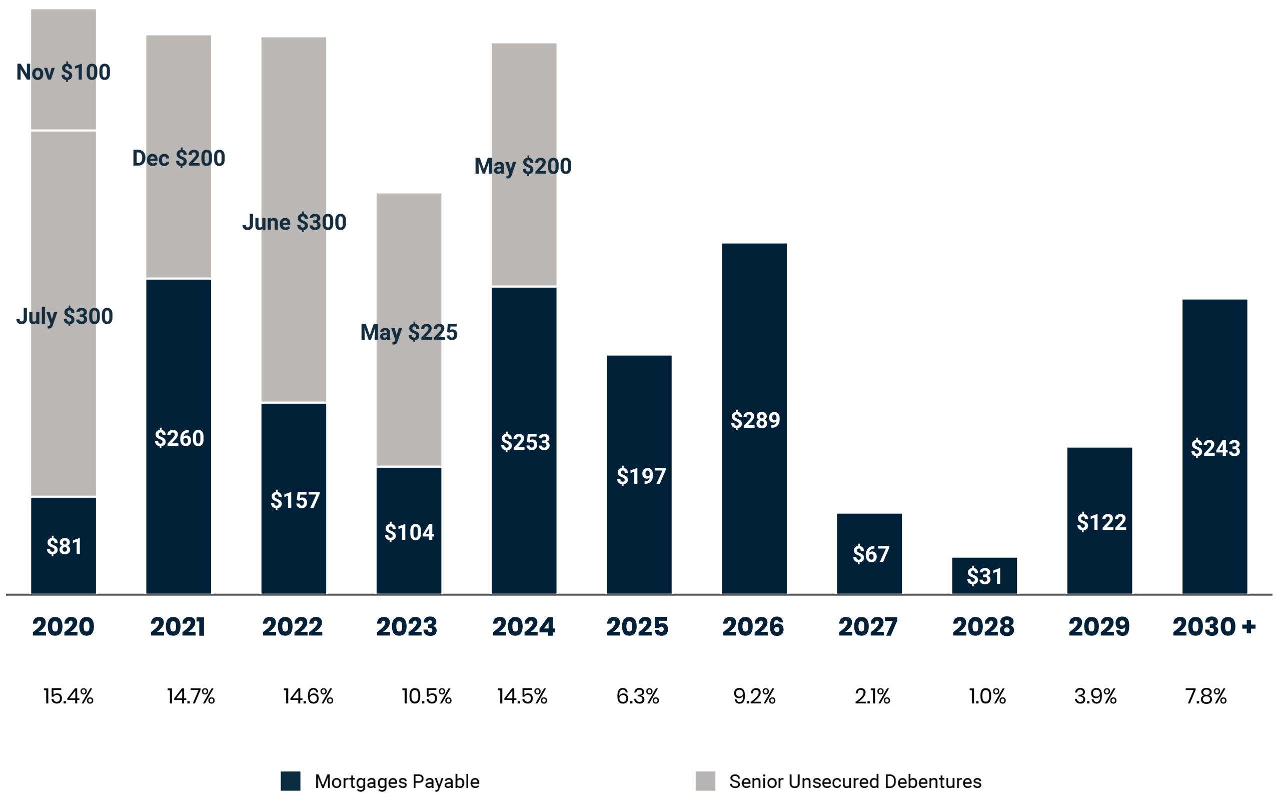
As at March 31, 2020, 93.8% of Cominar's total debt was fixed rate and 6.2% was variable rate.

Debt Summary

	As at March 31, 2020			As at December 31, 2019		
		Weighted average contractual rate	Residual weighted average term		Weighted average contractual rate	Residual weighted average term
	$	$	$	$	$	$
Mortgages payable	**2,116,733**	**3.72 %**	**5.4 years**	2,114,021	3.84 %	4.8 years
Debentures	**1,321,208**	**4.41 %**	**2.1 years**	1,320,962	4.41 %	2.3 years
Bank borrowings secured	**178,200**	**2.94 %**	**3.5 years**	180,000	4.05 %	3.8 years
Bank borrowings unsecured	**—**	**3.34 %**	**1.4 years**	—	4.05 %	1.6 years
Total debt	**3,616,141**	**3.93 %**	**4.1 years**	3,614,983	4.06 %	3.7 years
Cash and cash equivalents	**(123,635)**	**1.70 %**		(152,634)	2.20 %	
Net debt	**3,492,506**			3,462,349		

Long Term Debt Maturities

As at March 31, 2020
[$ million]



Mortgages Payable

As at March 31, 2020, the balance of mortgages payable was $2,116.7 million, up $2.7 million from $2,114.0 million as at December 31, 2019. This increase is explained by new mortgages payable contracted of $103.4 million at a weighted average contractual rate of 2.83%, offset by repayments of balances of $86.2 million at a weighted average contractual rate of 5.26% and by monthly repayments of capital totaling $12.2 million. As at March 31, 2020, the weighted average contractual rate was 3.72%, down 12 basis points from 3.84% as at December 31, 2019 and the effective weighted average interest rate was 3.90%, down 5 basis points since December 31, 2019.

Contractual maturities of mortgages payable

Years ending December 31	Repayment of principal $	Balances at maturity $	Total $	Weighted average contractual rate
2020 (period from April 1 to December 31)	37,962	80,974	**118,936**	4.34 %
2021	44,243	259,587	**303,830**	3.91 %
2022	46,724	157,026	**203,750**	3.02 %
2023	45,117	104,292	**149,409**	4.17 %
2024	43,901	252,602	**296,503**	3.91 %
2025	34,524	196,898	**231,422**	3.26 %
2026	22,154	288,527	**310,681**	3.52 %
2027	17,507	66,696	**84,203**	3.58 %
2028	14,523	30,836	**45,360**	4.48 %
2029	11,952	122,034	**133,986**	3.56 %
2030 and thereafter	5,587	243,060	**248,647**	4.00 %
Total	**324,195**	**1,802,532**	**2,126,727**	**3.72 %**

Cominar’s mortgages payable contractual maturities are staggered over a number of years to reduce risks related to renewal. As at March 31, 2020, the residual weighted average term of mortgages payable was 5.4 years,.

Senior Unsecured Debentures

	Date of issuance	Contractual interest rate	Effective interest rate	Dates of interest payments	Maturity date	Nominal value as at March 31, 2020 $
Series 3	May 2013	4.00 %	4.24 %	May 2 and November 2	November 2020	100,000
Series 4	July 2013[1]	4.94 %	4.81 %	July 27 and January 27	July 2020	300,000
Series 8	December 2014	4.25 %	4.34 %	June 8 and December 8	December 2021	200,000
Series 9	June 2015	4.16 %	4.25 %	June 1 and December 1	June 2022	300,000
Series 10	May 2016	4.25 %	4.34 %	May 23 and November 23	May 2023	225,000
Series 11	May 2019	4.50 %	4.82 %	May 15 and November 15	May 2024	200,000
Weighted average interest rate		**4.41 %**	**4.49 %**			
Total						**1,325,000**

1 Re-opened in January 2014 ($100.0 million) and March 2014 ($100.0 million).

As at March 31, 2020, the residual weighted average term of senior unsecured debentures was 2.1 years.

Bank Borrowings

As at March 31, 2020, Cominar had an unsecured renewable credit facility of up to $400.0 million maturing in July 2021. This credit facility bears interest at the prime rate plus 110 basis points or at the bankers' acceptance rate plus 210 basis points. This credit facility contains certain restrictive covenants, with which Cominar was in compliance as at March 31, 2020. As at March 31, 2020, the credit facility was undrawn and availability was $400.0 million.

As at March 31, 2020, Cominar had a secured credit facility of $178.2 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, 2020, this credit facility was secured by immovable hypothecs on investment properties with a book value of $299.8 million.

Debt Ratio

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

	As at March 31, 2020	As at December 31, 2019
	$	$
Cash and cash equivalents	**(123,635)**	(152,634)
Mortgages payable	**2,116,733**	2,114,021
Debentures	**1,321,208**	1,320,962
Bank borrowings	**178,200**	180,000
Total net debt	**3,492,506**	3,462,349
Total assets less cash and cash equivalents	**6,807,341**	6,739,786
Debt ratio [1, 2]	**51.3 %**	51.4 %

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

Debt/EBITDA Ratio

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

	As at March 31, 2020	As at December 31, 2019
	$	$
Mortgages payable	**2,116,733**	2,114,021
Debentures	**1,321,208**	1,320,962
Bank borrowings	**178,200**	180,000
Total debt	**3,616,141**	3,614,983
NOI (last 12 months)	**357,362**	358,322
Adjusted Trust administrative expenses (last 12 months) [1]	**(15,945)**	(16,211)
Recognition of leases on a straight-line basis (last 12 months)	**(573)**	(288)
EBITDA (last 12 months) [2]	**340,844**	341,823
Debt/EBITDA ratio [2]	**10.6x**	10.6x

1 Excludes, in 2019, a severance allowance paid to an executive officer.
2 Refer to section "Non-IFRS Financial Measures".

Interest Coverage Ratio

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

	As at March 31, 2020	As at December 31, 2019
	$	$
NOI (last 12 months)	**357,362**	358,322
Adjusted Trust administrative expenses (last 12 months) [1]	**(15,945)**	(16,211)
	341,417	342,111
Adjusted finance charges (last 12 months) [2]	**142,598**	144,720
Interest coverage ratio [3]	**2.39:1**	2.36:1

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

Unencumbered Assets and Unsecured Debt

	As at March 31, 2020		As at December 31, 2019	
	Number of properties	Fair value of properties ($)	Number of properties	Fair value of properties ($)
Unencumbered income properties [1]	**159**	**2,284,361**	140	2,125,836
Unencumbered assets to unsecured net debt ratio [2, 3]		**1.91:1**		1.82:1
Unsecured debt-to-total-debt ratio [3, 4]		**36.5 %**		36.5 %

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

As at March 31, 2020, the unencumbered assets to unsecured net debt ratio stood at 1.91:1, well above the required ratios of 1.30:1 and 1.40:1 contained in the restrictive covenant of the outstanding debentures and the unsecured credit facility, respectively.

Off-Balance Sheet Arrangements and Contractual Commitments

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

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

Property Portfolio

	As at March 31, 2020	As at December 31, 2019	
	$	$	Δ %
Income properties — Cominar's proportionate share [1]	**6,604,373**	6,584,312	0.3
Properties under development and land held for future development — Cominar's proportionate share [1]	**164,350**	155,509	5.7
Investment properties held for sale	**24,375**	11,730	107.8
Number of income properties [2]	**315**	317	
Leasable area (sq. ft.) [2]	**35,887,000**	35,895,000	

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

Summary by property type

	As at March 31, 2020		As at December 31, 2019	
	Number of properties	Leasable area (sq. ft.)	Number of properties	Leasable area (sq. ft.)
Office	**80**	**11,056,000**	80	11,056,000
Retail	**44**	**9,480,000**	46	9,488,000
Industrial and flex	**191**	**15,351,000**	191	15,351,000
Total	**315**	**35,887,000**	317	35,895,000

Summary by geographic market

	As at March 31, 2020		As at December 31, 2019	
	Number of properties	Leasable area (sq. ft.)	Number of properties	Leasable area (sq. ft.)
Montreal	**196**	**23,682,000**	198	23,690,000
Québec City	**100**	**9,763,000**	100	9,763,000
Ontario - Ottawa [1]	**19**	**2,442,000**	19	2,442,000
Total	**315**	**35,887,000**	317	35,895,000

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

Acquisitions, Investments and Dispositions

Investments in Income Properties and Investment Properties Held for Sale

Cominar continues to invest in its investment properties in the normal course of business. Investments made include expansions, modernizations, modifications and upgrades to existing properties with a view to increasing or maintaining their rental income generating capacity.

During the first quarter of 2020, Cominar incurred $23.8 million [$18.0 million in the corresponding quarter of 2019] in capital expenditures specifically to increase the rental income generating capacity of its properties. These capital expenditures include, among others, investments of $15.1 million in revitalization and redevelopment and $8.6 million in structural work. Cominar also incurred $2.3 million [$4.8 million in the corresponding quarter of 2019] in capital expenditures to maintain rental income generating capacity, consisting mainly of major repair and maintenance expenses, as well as property equipment replacements. Capital expenditures related to maintenance of rental income generating capacity do not include current repair and maintenance costs, as these are already deducted from revenues in determining NOI.

Finally, Cominar invested in leasehold improvements that aim to increase the value of its buildings through higher lease rates and higher occupancy, as well as in other leasing costs, mostly brokerage fees and tenant inducements. The level of investment required may vary from quarter to quarter since it depends closely on lease renewals and the signing of new leases. The level of investment also depends on increases in rental space through expanded, upgraded or acquired properties, or rental space transferred from properties under development. During the first quarter of 2020, Cominar made investments of $5.5 million in leasehold improvements and $2.2 million in leasing costs [$7.1 million in leasehold improvements in the corresponding quarter of 2019].

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

Quarters ended March 31	2020 $	2019 $	Δ %
Capital expenditures — increase of rental income generating capacity			
Revitalization and redevelopment	**15,122**	6,202	143.8
Property expansion	**—**	333	(100.0)
Structural work for common areas, parking, preparation of base building etc.	**8,622**	11,262	(23.4)
Facade renovation	**17**	188	(91.0)
Capital expenditures — maintenance of rental income generating capacity	**2,250**	4,768	(52.8)
Total capital expenditures [1]	**26,011**	22,753	14.3
Leasehold improvements	**5,530**	7,102	(22.1)
Leasing costs	**2,206**	2,133	3.4
Total — Financial statement [1]	**33,747**	31,988	5.5
Capital costs — Properties under development — Financial statements	**7,127**	1,323	438.7
Total capital expenditures	**40,874**	33,311	22.7

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

Investment Properties Held for Sale

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

During the quarter ended March 31, 2020 Cominar transferred 2 income properties having a value of $15.4 million to investment properties held for sale and sold 2 investment properties held for sale and 1 land for a total selling price of $2.7 million .

	Quarter ended March 31, 2020				Year ended December 31, 2019
	Office properties $	Retail properties $	Industrial and flex properties $	Total $	Total $
Investment properties					
Balance, beginning of period	**—**	**11,730**	**—**	**11,730**	188,727
Transfers from income properties	**14,250**	**1,100**	**—**	**15,350**	75,934
Transfers from properties under development and land held for future development	**—**	**—**	**—**	**—**	1,855
Capitalized costs	**—**	**78**	**—**	**78**	4,074
Change in fair value	**—**	**(78)**	**—**	**(78)**	(804)
Dispositions	**—**	**(2,705)**	**—**	**(2,705)**	(258,056)
Balance, end of period	**14,250**	**10,125**	**—**	**24,375**	11,730

Dispositions of Investment Properties Held for Sale for the quarter ended March 31, 2020

Address	Area	Property type	Leasable area sq. ft.	Transaction date	Selling price $
670, rue Principale, Sainte-Agathe-des-Monts, Québec (Qc)	Montreal	Retail	4,000	January 21, 2020	387
736, rue King Est, Sherbrooke, Québec (Qc)	Montreal	Retail	4,000	January 21, 2020	463
Land boulevard St-Elzéar, Laval	Montreal	Land	—	January 23, 2020	1,855
			8,000		**2,705**

Properties Under Construction and Development Projects

Palladium (Ford)
During the third quarter of 2019, Cominar commenced the development of 800 Palladium Drive which is part of the Palladium Campus in Kanata. This 100,000 square foot office building project is now 100% leased, of which 96% will be occupied by Ford Canada to house an expansion of its connected city and innovation center. The completion of the building is scheduled for Fall 2020.

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

As announced by the competent authorities, the site will eventually be served by the new public transit network (Tramway) with a station directly on site. A densification study is ongoing to evaluate the possibility of adding other uses at the site, including residential. Further development of this site will depend on market conditions, tenant demand and zoning changes, if necessary. Discussions are on-going with the City of Quebec in that regard.

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

Société en commandite Bouvier-Bertrand (Québec City) and Société en commandite Marais (Québec City)
Cominar and Groupe Dallaire are limited partners in Société en commandite Bouvier-Bertrand and Société en commandite Marais. The limited partnerships were created to carry out the development of land in Québec City.

Real Estate Operations

Occupancy Rate

Occupancy rate track record

	Committed		In-place			
	Mar. 31, 2020	Mar. 31, 2019	Mar. 31, 2020	Mar. 31, 2019	Dec. 31, 2019	Dec. 31, 2018
Property type						
Office	**93.0 %**	92.3 %	**89.2 %**	87.8 %	89.2 %	86.5 %
Retail	**92.8 %**	93.5 %	**86.3 %**	85.4 %	87.3 %	85.5 %
Industrial and flex	**97.0 %**	95.0 %	**95.9 %**	94.0 %	96.2 %	93.7 %
Portfolio total	**94.7 %**	93.8 %	**91.3 %**	89.7 %	91.7 %	89.2 %
Committed occupancy rate			**94.7 %**	93.8 %	95.1 %	93.6 %

As at	Montreal		Québec City		Ottawa		Total	
March 31, 2020	Committed	In-Place	Committed	In-Place	Committed	In-Place	Committed	In-Place
Property type								
Office	**91.0 %**	**85.5 %**	**98.1 %**	**97.2 %**	**93.4 %**	**91.6 %**	**93.0 %**	**89.2 %**
Retail	**93.8 %**	**87.6 %**	**91.8 %**	**86.5 %**	**88.5 %**	**63.4 %**	**92.8 %**	**86.3 %**
Industrial and flex	**96.8 %**	**95.8 %**	**97.6 %**	**96.0 %**	**N/A**	**N/A**	**97.0 %**	**95.9 %**
Portfolio total	**94.6 %**	**91.2 %**	**95.5 %**	**92.5 %**	**92.7 %**	**87.2 %**	**94.7 %**	**91.3 %**

As at March 31, 2020	Numerator sq.ft A	Denominator sq.ft B	Occupancy A/B
In-place occupancy	**32,530,000**	**35,633,000**	**91.3 %**
Space under redevelopment	**—**	**(432,000)**	
Signed leases that will begin in the next few quarters	**821,000**	**—**	
Committed occupancy	**33,351,000**	**35,201,000**	**94.7 %**

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

The in-place occupancy rate refers to the leasable area occupied by clients, divided by the portfolio's leasable area. This metric highlights the leasable area that currently generates rental income.

The spread between the committed occupancy rate and the in-place occupancy rate for the portfolio was 3.4% as at March 31, 2020. For the retail portfolio, this spread was 6.5% and consisted of several signed leases with a total area of approximately 249,000 square feet, of which approximately 100% will come into force in 2020 and 418,000 square feet of space under redevelopment. For the office portfolio, this spread was 3.8% and represents signed leases of which approximately 100% will come into force in 2020. As for the industrial and flex portfolio, the variance was 1.1%, representing 172,000 square feet of signed leases, which will come into force in 2020.

The following table shows changes in the leasable space of the signed leases that began during the quarter or that will begin in the next few quarters:

Leasing Activity

	Office	Retail	Industrial and flex	Total
Leases maturing in 2020				
Number of clients	205	495	227	927
Leasable area (sq. ft.)	1,443,740	1,506,361	3,166,926	6,117,027
Renewed leases				
Number of clients	64	95	60	219
Leasable area (sq. ft.)	628,619	481,331	1,455,687	2,565,637
Retention rate	**43.5 %**	**32.0 %**	**46.0 %**	**41.9 %**
New leases				
Number of clients	26	22	36	84
Leasable area (sq. ft.)	527,665	331,167	378,747	1,237,579
Unexpected departures				
Number of clients	29	41	37	107
Leasable area (sq. ft.)	230,821	151,875	373,710	756,406

During the quarter ended March 31, 2020, 41.9% [49.3% in 2019] of the leasable area maturing in 2020 was renewed. During the quarter, new leases were also signed, representing 1.2 million square feet of leasable area, while tenants whose leases were not expiring that left before the end of their lease, totaled leasable area of 0.8 million square feet.

Growth in the average net rent of renewed leases

	Quarter ended March 31, 2020	Year ended December 31, 2019
Property type		
Office	**19.1%**	4.1%
Retail	**(0.3%)**	(1.7%)
Industrial and flex	**27.8%**	10.1%
Growth in the average net rent of renewed leases	**17.4%**	2.8%

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.

For the office portfolio, the average net rent on renewed leases in the Montreal, Québec City and Ottawa markets increased by 20.8%, 10.7% and 9.8%, respectively. The increase in the Montreal market is mainly due to a renewal of 23,000 square feet up by $8.22 or 142.1% of a technology company.

For the industrial and flex portfolio, the average net rent on renewed leases in the Montreal and Québec City markets increased by 31.1% and 8.7%, respectively. The increase in the Montréal market is mainly due to a renewal of 527,000 square feet up by $2.00 or 47.1% of a technology company.

For the retail portfolio, the average net rent of renewed leases in Montreal and Ottawa markets increased by 1.4% and 25.8% respectively, while the Québec City market decreased by 3.6% .

Sears Update

Location	Leasable area	Signed leases	Area in advanced discussions	Area in preliminary discussions	Available area	Common area [1]
	Area (square feet)					
Quartier Laval, Laval	43,147	43,147	—	—	—	—
Carrefour Saint-Georges, Saint-Georges	54,221	43,859	—	—	6,034	4,328
Galeries de Hull, Gatineau	128,040	61,940	3,548	—	33,531	29,021
Mail Champlain, Brossard	153,600	48,054	22,354	31,867	18,680	32,645
Galeries Rive Nord, Repentigny	125,471	40,517	67,160	—	3,042	14,752
Les Rivières shopping centre, Trois-Rivières [2]	144,398	51,818	14,766	12,156	33,527	32,131
Pierre-Bertrand Boulevard, Québec City (industrial segment)	23,947	23,947	—	—	—	—
Total	**672,824**	**313,282**	**107,828**	**44,023**	**94,814**	**112,877**
	100.0 %	46.6 %	16.0 %	6.5 %	14.1 %	16.8 %

1 Common areas have been removed from leasable area as at December 31,2019.
2 Shadow tenant for which Cominar acquired the building during the third quarter of 2018.

As at March 31, 2020, the area previously occupied by Sears for which leases were signed or in advanced discussions was 62.6%.

Lease Maturities

Years ending December 31	2021	2022	2023	2024	2025
Office					
Leasable area (sq. ft.)	1,443,740	1,584,398	948,435	1,120,384	1,253,917
Average minimum rent ($/sq. ft.)	17.59	19.09	17.16	19.86	18.51
% of portfolio — Office	13.1 %	14.3 %	8.6 %	10.1 %	11.3 %
Retail					
Leasable area (sq. ft.)	1,506,361	1,107,499	842,138	857,830	919,257
Average minimum rent ($/sq. ft.)	20.93	21.20	22.77	16.87	19.71
% of portfolio — Retail	15.9 %	11.7 %	8.9 %	9.0 %	9.7 %
Industrial and flex					
Leasable area (sq. ft.)	3,166,926	1,885,946	2,417,591	2,009,597	1,534,719
Average minimum rent ($/sq. ft.)	6.68	6.80	7.28	7.80	8.18
% of portfolio — Industrial and flex	20.6 %	12.3 %	15.7 %	13.1 %	10.0 %
Portfolio total					
Leasable area (sq. ft.)	6,117,027	4,577,843	4,208,164	3,987,811	3,707,893
Average minimum rent ($/sq. ft.)	12.76	14.54	12.60	13.14	14.53
% of portfolio	17.0 %	12.8 %	11.7 %	11.1 %	10.3 %

The following table summarizes information on leases as at March 31, 2020:

	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	5.7	8.6	11,597	17.80
Retail	5.3	8.3	4,718	20.19
Industrial and flex	7.1	7.7	16,360	7.05
Weighted average of total portfolio	**6.2**	**8.1**	**9,372**	**13.50**

Cominar has a broad, highly diversified client base consisting of approximately 3,600 tenants occupying an average of 9,300 square feet each. The top three clients, Société québécoise des infrastructures, Public Works Canada and Canadian National Railway Company, account respectively for approximately 5.9%, 4.2% and 3.3% of operating revenues from several leases with staggered maturities. The stability and quality of cash flows provided by operating activities are enhanced by the fact that approximately 14.1% of operating revenues come from government agencies, representing over 100 leases.

Top 10 clients

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

Client	% of operating revenues
Société québécoise des infrastructures	5.9 %
Public Works Canada	4.2 %
Canadian National Railway Company	3.3 %
Infra MTL Inc. [1]	2.2 %
Desjardins Property Management	0.8 %
Marie-Claire Boutiques Inc. [2]	0.8 %
Winners	0.8 %
Dollarama	0.7 %
Shoppers Drug Mart	0.7 %
Société des alcools du Québec	0.7 %
Total	**20.1 %**

1 *Infra MTL inc. is a wholly owned subsidiary of the Caisse de dépôt et placement du Québec.*
2 *Approximately 40 leases.*

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, 2020	Year ended December 31, 2019
	Units	Units
Units issued and outstanding, beginning of period	**182,111,365**	181,956,349
Exercise of options, conversion of restricted units and deferred units	**330,832**	155,016
Units issued and outstanding, end of period	**182,442,197**	182,111,365

Additional information	May 5, 2020
Issued and outstanding units	182,442,197
Outstanding unit options	4,279,150
Deferred units, restricted units and performance units	850,362

Long Term Incentive Plan

Quarter ended March 31, 2020	Performance units	Deferred units	Restricted units	Unit options Quantity	Unit options Weighted average exercise price $
Outstanding, beginning of period	349,766	334,115	2,311	5,235,900	14.15
Granted	141,403	75,136	—	—	—
Converted or exercised	—	(69,644)	(1,038)	(260,150)	13.93
Forfeited or cancelled	—	—	—	(681,000)	14.15
Accrued distributions	4,621	3,045	11	—	—
Outstanding, end of period	**495,790**	**342,652**	**1,284**	**4,294,750**	**14.16**
Vested units/options, end of period	**—**	**177,091**	**—**	**3,792,150**	**14.25**

As at March 31, 2020, the maximum number of units that may be issued under the long-term incentive plan is 16,064,706 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 2020 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

Significant Accounting Policies and Estimates

a) Basis of presentation

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

b) Basis of preparation

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

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

Uncertainty related to the coronavirus pandemic (COVID-19)
During the quarter ended March 31, 2020, COVID-19 created significant uncertainty in the general economy, including the real estate market. All information current as of the end of the quarter has been taken into consideration by Cominar's management

in its estimates, assumptions and judgments supporting, among others, the fair value of investment properties and the recoverability of amounts then receivable. On this basis, as of March 31, 2020,management has determined that no adjustment was required to its investment properties measured at fair value under existing market conditions and has increased its provision for expected credit losses. It is impossible to forecast the duration and full scope of the economic impact of COVID-19 will have on Cominar’s business and operations, both in the short term and in the long term. Certain aspects of Cominar’s business and operations that could be potentially impacted include rental income, occupancy, tenant improvements, future demand for space and market rents, which all ultimately affect the future valuation of our portfolio of properties.

Risks and Uncertainties

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

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

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

Condensed Interim Consolidated Financial Statements

Cominar Real Estate Investment Trust

Quarter ended March 31, 2020
Unaudited

Consolidated Balance Sheets

[unaudited, in thousands of Canadian dollars]

	Note	March 31, 2020 $	December 31, 2019 $
Assets			
Investment properties			
Income properties	3	**6,432,200**	6,412,739
Properties under development	4	**49,015**	41,471
Land held for future development	4	**101,688**	100,507
		6,582,903	6,554,717
Investment properties held for sale	5	**24,375**	11,730
Investments in joint ventures	6	**98,552**	97,456
Goodwill		**15,721**	15,721
Accounts receivable	7	**48,178**	37,930
Prepaid expenses and other assets		**37,612**	22,232
Cash and cash equivalents		**123,635**	152,634
Total assets		**6,930,976**	6,892,420
Liabilities			
Mortgages payable	8	**2,116,733**	2,114,021
Debentures	9	**1,321,208**	1,320,962
Bank borrowings	10	**178,200**	180,000
Accounts payable and accrued liabilities		**136,427**	126,543
Deferred tax liabilities		**93**	93
Distributions payable to unitholders		**10,946**	—
Total liabilities		**3,763,607**	3,741,619
Unitholders' equity			
Unitholders' equity		**3,167,369**	3,150,801
Total liabilities and unitholders' equity		**6,930,976**	6,892,420

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, 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	11	—	—	(32,827)	—	(32,827)
Unit issuances	11	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**

	Note	Unitholders' contributions $	Cumulative net income $	Cumulative distributions $	Contributed surplus $	Total $
Balance as at January 1, 2019		3,226,929	1,649,516	(2,065,942)	5,193	2,815,696
Net income and comprehensive income		—	44,309	—	—	44,309
Distributions to unitholders	11	—	—	(32,758)	—	(32,758)
Unit issuances		442	—	—	(449)	(7)
Long-term incentive plan		—	174	—	596	770
Balance as at March 31, 2019		3,227,371	1,693,999	(2,098,700)	5,340	2,828,010

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	2020 $	2019 $
Operating revenues			
Rental revenue from investment properties	12	**172,109**	181,944
Operating expenses			
Operating costs		**(41,318)**	(45,871)
Realty taxes and services		**(40,798)**	(45,157)
Property management expenses		**(4,268)**	(4,231)
		(86,384)	(95,259)
Net operating income		**85,725**	86,685
Finance charges	13	**(39,252)**	(36,751)
Trust administrative expenses	14	**(4,144)**	(5,453)
Change in fair value of investment properties	3, 4, 5	**1,208**	(221)
Share in joint ventures' net income	6	**1,583**	1,388
Transaction costs	15	**(146)**	(1,339)
Net income and comprehensive income		**44,974**	44,309
Basic and diluted net income per unit	17	**0.25**	0.24

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	2020 $	2019 $
Operating activities			
Net income		**44,974**	44,309
Adjustments for:			
Excess of share of net income over distributions received from the joint ventures	6	**(1,096)**	(563)
Change in fair value of investment properties	3, 4, 5	**(1,208)**	221
Depreciation and amortization		**1,395**	1,082
Compensation expense related to long-term incentive plan		**817**	770
Recognition of leases on a straight-line basis	3, 5	**(464)**	(179)
Changes in non-cash working capital items	18	**(27,975)**	(22,189)
Cash flows provided by operating activities		**16,443**	23,451
Investing activities			
Acquisitions and investments in income properties	3, 18	**(25,456)**	(37,786)
Acquisitions and investments in properties under development and land held for future development	4, 18	**(4,857)**	(2,814)
Net proceeds from the sale of investment properties	3, 5	**2,705**	74,391
Change in other assets		**(69)**	(1,105)
Cash flows provided by (used in) investing activities		**(27,677)**	32,686
Financing activities			
Cash distributions to unitholders	11	**(21,881)**	(21,839)
Bank borrowings		**(1,800)**	(12,597)
Mortgages payable	8	**100,722**	—
Unit issuance net proceeds		**3,604**	(7)
Repayments of mortgages payable	8	**(86,242)**	—
Monthly repayments of mortgages payable	8	**(12,168)**	(12,046)
Cash flows used in financing activities		**(17,765)**	(46,489)
Net change in cash and cash equivalents		**(28,999)**	9,648
Cash and cash equivalents, beginning of period		**152,634**	1,498
Cash and cash equivalents, end of period		**123,635**	11,146
Other information			
Interest paid		**27,875**	27,007
Cash distributed by a joint venture	6	**487**	825

See accompanying notes to the condensed interim consolidated financial statements.

Notes to Condensed Interim Consolidated Financial Statements

For the quarters ended March 31, 2020 and 2019
[unaudited, in thousands of Canadian dollars, except per unit amounts]

1) Description of the Trust

Cominar Real Estate Investment Trust ("Cominar" or the "Trust") is an unincorporated closed-end real estate investment Trust created by a Contract of Trust on March 31, 1998, under the laws of the Province of Quebec. As at March 31, 2020, Cominar owned and managed a real estate portfolio of 315 high-quality properties that covered a total area of 35.9 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 5, 2020.

2) Significant Accounting Policies

a) Basis of presentation

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

b) Basis of preparation

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

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

Uncertainty related to the coronavirus pandemic (COVID-19)
During the quarter ended March 31, 2020, COVID-19 created significant uncertainty in the general economy, including the real estate market. All information current as of the end of the quarter has been taken into consideration by Cominar’s management in its estimates, assumptions and judgments supporting, among others, the fair value of investment properties and the recoverability of amounts then receivable. On this basis, as of March 31, 2020, management has determined that no adjustment was required to its investment properties measured at fair value under existing market conditions and has increased its provision for expected credit losses. It is impossible to forecast the duration and full scope of the economic impact of COVID-19 will have on Cominar’s business and operations, both in the short term and in the long term. Certain aspects of Cominar’s business and operations that could be potentially impacted include rental income, occupancy, tenant improvements, future demand for space and market rents, which all ultimately affect the future valuation of our portfolio of properties.

3) Income Properties

	Note	Quarter ended March 31, 2020 $	Year ended December 31, 2019 $
Balance, beginning of period		**6,412,739**	6,058,191
Acquisitions and related costs		**—**	538
Change in fair value		**1,286**	278,580
Right-of-use assets		**—**	9,409
Capital costs		**30,854**	120,284
Dispositions		**—**	(2,550)
Transfers to investment properties held for sale	5	**(15,350)**	(75,934)
Transfers from properties under development and land held for future development	4	**—**	14,932
Change in initial direct costs		**2,207**	8,974
Recognition of leases on a straight-line basis		**464**	315
Balance, end of period		**6,432,200**	6,412,739

During the quarter ended March 31, 2020, Cominar transferred 2 income properties having a value of $15,350 to investment properties held for sale.

4) Properties Under Development and Land Held for Future Development

	Note	Quarter ended March 31, 2020 $	Year ended December 31, 2019 $
Balance, beginning of period		**141,978**	128,043
Change in fair value		**—**	(1,301)
Capital costs		**7,127**	24,776
Net transfers to Income Properties	3	**—**	(14,932)
Transfer to investment properties held for sale	5	**—**	(1,855)
Capitalized interests		**1,598**	6,634
Change in initial direct costs		**—**	613
Balance, end of period		**150,703**	141,978
Breakdown:			
Properties under development		**49,015**	41,471
Land held for future development		**101,688**	100,507

5) Investment Properties Held for Sale

Cominar has engaged in a process to sell certain income properties and expects to close these transactions within the next few months. During the quarter ended March 31, 2020, Cominar sold 2 investment properties held for sale and 1 land for a total selling price of $2,705.

		Quarter ended March 31, 2020				Year ended December 31, 2019
	Note	Office properties $	Retail properties $	Industrial and flex properties $	Total $	Total $
Investment properties held for sale						
Balance, beginning of period		—	**11,730**	—	**11,730**	188,727
Transfers from income properties	3	**14,250**	**1,100**	—	**15,350**	75,934
Transfers from properties under development and land held for future development	4	—	—	—	—	1,855
Capitalized costs [1]		—	**78**	—	**78**	4,074
Change in fair value		—	**(78)**	—	**(78)**	(804)
Dispositions		—	**(2,705)**	—	**(2,705)**	(258,056)
Balance, end of period		**14,250**	**10,125**	—	**24,375**	11,730

1 Includes $0 ($(27) in 2019) of recognition of leases on a straight-line basis.

6) Joint Ventures

As at March 31			2020	2019
Joint ventures	Address	City/province	Ownership interest	Ownership interest
Société en commandite Complexe Jules-Dallaire	2820 Laurier Boulevard	Québec, Quebec	**75 %**	75 %
Société en commandite Bouvier-Bertrand	Espace Bouvier	Québec, Quebec	**50 %**	50 %
Société en commandite Marais	Du Marais Street	Québec, Quebec	**75 %**	75 %

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

	Quarter ended March 31, 2020 $	Year ended December 31, 2019 $
Investments in joint ventures, beginning of period	**97,456**	92,468
Contributions to the capital of the joint ventures	—	150
Share of joint ventures' net income and comprehensive income	**1,583**	7,200
Cash distributions by a joint venture	**(487)**	(2,362)
Investments in joint ventures, end of period	**98,552**	97,456

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

	Joint ventures		Cominar's proportionate share	
	As at March 31, 2020	As at December 31, 2019	As at March 31, 2020	As at December 31, 2019
	$	$	$	$
Income properties	**244,491**	243,680	**172,173**	171,573
Properties under development	**11,963**	11,800	**5,982**	5,900
Land held for future development	**10,226**	10,181	**7,665**	7,631
Other assets	**2,391**	1,716	**1,515**	1,164
Mortgages payable	**(119,130)**	(120,071)	**(82,328)**	(82,981)
Bank borrowings [1]	**(8,200)**	(8,200)	**(4,100)**	(4,100)
Other liabilities	**(3,775)**	(2,782)	**(2,355)**	(1,731)
Net assets of joint ventures	**137,966**	136,324	**98,552**	97,456

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

	Joint Ventures		Cominar's proportionate share	
Quarters ended March 31	2020	2019	2020	2019
	$	$	$	$
Operating revenues	**6,338**	6,180	**4,402**	4,300
Operating expenses	**(2,649)**	(2,717)	**(1,846)**	(1,907)
Net operating income	**3,689**	3,463	**2,556**	2,393
Finance charges	**(1,389)**	(1,419)	**(969)**	(992)
Administrative expenses	**(8)**	(25)	**(4)**	(13)
Net income	**2,292**	2,019	**1,583**	1,388

7) Accounts Receivable

As at March 31	2020	2019
	$	$
Trade receivables	**27,214**	26,518
Provision for expected credit losses	**(7,410)**	(6,482)
	19,804	20,036
Interest-bearing accounts receivable	**752**	543
Security deposits	**479**	482
Other receivables and accrued income	**27,143**	16,869
Total	**48,178**	37,930

8) Mortgages Payable

	Quarter ended March 31, 2020		Year ended December 31, 2019	
	$	Weighted average contractual rate	$	Weighted average contractual rate
Balance, beginning of period	**2,121,777**	**3.84 %**	1,747,991	4.03 %
Mortgages payable contracted	**103,360**	**2.83 %**	666,200	3.72 %
Monthly repayments of principal	**(12,168)**	**— %**	(54,231)	— %
Repayments of balances	**(86,242)**	**5.26 %**	(238,183)	4.82 %
	2,126,727	**3.72 %**	2,121,777	3.84 %
Plus: Fair value adjustments on assumed mortgages payable	**375**		463	
Less: Deferred financing costs	**(10,369)**		(8,219)	
Balance, end of period	**2,116,733**		2,114,021	

Mortgages payable are secured by immovable hypothecs on investment properties with a book value of $3,872,459 [$4,009,348 as at December 31, 2019]. As at March 31, 2020, they bear annual contractual interest rates ranging from 2.69% to 5.77% [3.00% to 6.61% as at December 31, 2019], representing a weighted average contractual rate of 3.72% [3.84% as at December 31, 2019], and mature at various dates from July 2020 to April 2034. As at March 31, 2020, the weighted average effective interest rate was 3.90% [3.95% as at December 31, 2019].

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

9) Debentures

	Quarter ended March 31, 2020		Year ended December 31, 2019	
	$	Weighted average contractual rate	$	Weighted average contractual rate
Balance, beginning of period	**1,325,000**	**4.41 %**	1,725,000	4.23 %
Issuance	**—**	**— %**	200,000	4.50 %
Repayment	**—**	**— %**	(600,000)	3.93 %
	1,325,000	**4.41 %**	1,325,000	4.41 %
Less: Deferred financing costs	**(4,012)**		(4,423)	
Plus: Net premium and discount on issuance	**220**		385	
Balance, end of period	**1,321,208**		1,320,962	

The following table presents characteristics of outstanding debentures as at March 31, 2020:

	Date of issuance	Contractual interest rate	Effective interest rate	Maturity date	Par value as at March 31, 2020 ($)
Series 3	May 2013	4.00 %	4.24 %	November 2020	**100,000**
Series 4	July 2013 [1]	4.94 %	4.81 %	July 2020	**300,000**
Series 8	December 2014	4.25 %	4.34 %	December 2021	**200,000**
Series 9	June 2015	4.16 %	4.25 %	June 2022	**300,000**
Series 10	May 2016	4.25 %	4.34 %	May 2023	**225,000**
Series 11	May 2019	4.50 %	4.82 %	May 2024	**200,000**
		4.41 %	**4.49 %**		**1,325,000**

1 Re-opened in January 2014 ($100,000) and March 2014 ($100,000).

10) Bank Borrowings

As at March 31, 2020, Cominar had an unsecured renewable credit facility of up to $400,000 maturing in July 2021. This credit facility bears interest at the prime rate plus 110 basis points or at the bankers' acceptance rate plus 210 basis points. This credit facility contains certain restrictive covenants, with which Cominar was in compliance as at March 31, 2020. As at March 31, 2020, the credit facility was undrawn and availability was $400,000.

As at March 31, 2020, Cominar had a secured credit facility of $178,200 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, 2020, this credit facility was secured by immovable hypothecs on investment properties with a book value of $299,755.

11) Issued and Outstanding Units

	Quarter ended March 31, 2020		Year ended December 31, 2019	
	Units	$	Units	$
Units issued and outstanding, beginning of period	**182,111,365**	**3,228,903**	181,956,349	3,226,929
Exercise of options, conversion of restricted units and deferred units	**330,832**	**4,474**	155,016	1,974
Units issued and outstanding, end of period	**182,442,197**	**3,233,377**	182,111,365	3,228,903

Long Term Incentive Plan

				Unit options	
Quarter ended March 31, 2020	Performance units	Deferred units	Restricted units	Quantity	Weighted average exercise price $
Outstanding, beginning of period	349,766	334,115	2,311	5,235,900	14.15
Granted	141,403	75,136	—	—	—
Converted or exercised	—	(69,644)	(1,038)	(260,150)	13.93
Forfeited or cancelled	—	—	—	(681,000)	14.15
Accrued distributions	4,621	3,045	11	—	—
Outstanding, end of period	**495,790**	**342,652**	**1,284**	**4,294,750**	**14.16**
Vested units/options, end of period	**—**	**177,091**	**—**	**3,792,150**	**14.25**

As at March 31, 2020, the maximum number of units that may be issued under the long-term incentive plan is 16,064,706 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	2020	2019
	$	$
Distributions to unitholders	**32,827**	32,758
Distributions per unit	**0.18**	0.18

12) Operating Revenues

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	5,755	6,063	2,493	14,311
Total	**67,642**	**63,384**	**41,083**	**172,109**

Quarter ended March 31, 2019	Office properties $	Retail properties $	Industrial and flex properties $	Total of operating revenues $
Lease revenues	61,154	60,726	39,780	161,660
Parking revenues	5,350	116	12	5,478
Revenues from other services	5,806	6,699	2,301	14,806
Total	72,310	67,541	42,093	181,944

Expected credit losses

Quarters ended March 31	2020 $	2019 $
Office	**376**	71
Retail	**1,164**	561
Industrial and flex	**236**	143
Expected credit losses	**1,776**	775
Percentage of operating revenues	**1.0 %**	0.4 %

13) Finance Charges

Quarters ended March 31	2020 $	2019 $
Interest on mortgages payable	**24,027**	17,377
Interest on debentures	**14,630**	18,268
Interest on bank borrowings	**1,540**	2,186
Net amortization of premium and discount on debenture issues	**(165)**	(130)
Amortization of deferred financing costs and other costs	**1,253**	887
Amortization of fair value adjustments on assumed borrowings	**(63)**	(66)
Less: Capitalized interest [1]	**(1,970)**	(1,771)
Total	**39,252**	36,751

1 *Includes capitalized interest on properties under development and on major revitalization projects for income properties that take place over a substantial period of time. The weighted average interest rate used in 2020 was 4.26% [4.24% in 2019].*

Interest on mortgages payable for the quarter ended March 31, 2020 includes $4,623 associated with penalties on mortgage repayments before maturity.

14) Trust Administrative Expenses

Quarters ended March 31	2020	2019
	$	$
Salaries and other benefits [1]	**2,748**	3,924
Compensation related to the long-term incentive plan	**817**	770
Professional fees	**169**	236
Public company costs	**224**	185
Other expenses	**186**	338
Total	**4,144**	5,453

1 Salaries and other benefits for the quarter ended March 31, 2019 include $1,043, associated with the departure of an executive.

15) Transaction Costs

Quarters ended March 31	2020	2019
	$	$
Brokerage fees	**48**	511
Professional fees	**33**	242
Closing adjustments	**65**	586
Total	**146**	1,339

16) Restructuring Costs

During 2019, Cominar announced an organizational restructuring to streamline and enhance the effectiveness of operations which the outcome, among others, has been the reduction of its workforce. Cominar recorded a provision of $4,774 related to this organizational restructuring, primarily related to severance benefits. Up to March 31, 2020, $4,392 had been paid in connection with the restructuring.

17) Per Unit Calculation Basis

Quarters ended March 31	2020	2019
	Units	Units
Weighted average number of units outstanding – basic	**182,496,260**	182,102,616
Dilutive effect related to the long-term incentive plan	**468,803**	123,607
Weighted average number of units outstanding – diluted	**182,965,063**	182,226,223

The calculation of the diluted weighted average number of units outstanding does not take into account the effect of the conversion into units of 4,957,386 options and unvested performance units, deferred units and restricted units outstanding at the end of the quarter ended March 31, 2020 [8,220,078 in 2019], due to the fact that their conversion or exercise price, including the unrecognized portion of the related compensation expense, is higher than the average price of the units or due to the fact they are antidilutive.

18) Supplemental Cash Flow Information

Quarters ended March 31	2020 $	2019 $
Accounts receivable	**(10,248)**	(3,696)
Prepaid expenses	**(16,016)**	(25,919)
Accounts payable and accrued liabilities	**(1,711)**	14,189
Current tax liabilities	**—**	(6,763)
Changes in non-cash working capital items	**(27,975)**	(22,189)
Other information		
Accounts payable and accrued liabilities relating to investing activities	**26,494**	8,023
Accounts receivable relating to investing activities	**4,014**	4,014

19) 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, 2020 and fiscal year 2019.

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

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

Classification

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

		As at March 31, 2020		As at December 31, 2019	
	Level	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Recurring valuations of non-financial assets					
Income properties	3	**6,432,200**	**6,432,200**	6,412,739	6,412,739
Investment properties held for sale	3	**24,375**	**24,375**	11,730	11,730
Land held for future development	3	**101,688**	**101,688**	100,507	100,507
Financial liabilities					
Mortgages payable	2	**2,116,733**	**2,144,320**	2,114,021	2,164,680
Debentures	2	**1,321,208**	**1,378,555**	1,320,962	1,368,398

20) 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. Management of expenses, such as interest and administrative expenses, is centralized and, consequently, these expenses have not been allocated to Cominar's segments.

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

	Office Properties	Retail Properties	Industrial and flex properties	Cominar's proportionate share	Joint ventures	Condensed interim consolidated financial statements
Quarter ended March 31, 2020	$	$	$	$	$	$
Rental revenue from investment properties	**71,660**	**63,768**	**41,083**	**176,511**	**(4,402)**	**172,109**
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**
Quarter ended March 31, 2019	$	$	$	$	$	$
Rental revenue from investment properties	76,215	67,937	42,092	186,244	(4,300)	181,944
Change in fair value of investment properties	(160)	(61)	—	(221)	—	(221)
Net operating income	34,540	31,926	22,612	89,078	(2,393)	86,685
Share of joint ventures' net income	—	—	—	—	1,388	1,388

	Office Properties	Retail Properties	Industrial and flex properties	Cominar's proportionate share	Joint ventures	Condensed interim consolidated financial statements
As at March 31, 2020	$	$	$	$	$	$
Income properties	**2,533,029**	**2,270,432**	**1,800,912**	**6,604,373**	**(172,173)**	**6,432,200**
Investment properties held for sale	**14,250**	**10,125**	**—**	**24,375**	**—**	**24,375**
Investments in joint ventures	**—**	**—**	**—**	**—**	**98,552**	**98,552**
As at December 31, 2019	$	$	$	$	$	$
Income properties	2,547,654	2,237,849	1,798,809	6,584,312	(171,573)	6,412,739
Investment properties held for sale	—	11,730	—	11,730	—	11,730
Investments in joint ventures	—	—	—	—	97,456	97,456

21) Subsequent Events

On April 17 , 2020, Cominar declared a monthly distribution of $0.06 per unit.

On May 4, 2020, Cominar issued on a private placement basis $150 000 in Series 12 senior unsecured debentures bearing interest at a rate of 5.95% and maturing in April 2025.

On May 4, 2020, Cominar announced that it intends to redeem the full outstanding principal amount of its 4.941% Series 4 senior unsecured debentures due July 27, 2020 on May 14, 2020.

Corporate Information

Board of Trustees

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

Key Officers

Sylvain Cossette
President and Chief Executive Officer

Heather C. Kirk, B. Com., CFA
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

Wally Commisso
Executive Vice President,
Operations and Property Management

Jean Laramée, Eng.
Executive Vice President, Development

Michael Racine
Executive Vice President,
Leasing - Office and Industrial

Unitholders Information

Cominar Real Estate Investment Trust

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 2019, 10.65% of the distributions made by Cominar to unitholders were returns of capital, reducing the adjusted cost base of the units.

Legal Counsel

Davies Ward Phillips & Vineberg LLP

Auditors

PricewaterhouseCoopers LLP

Annual Meeting of Unitholders

May 13, 2020
Virtual meeting, online only
To participate, log on to:
http://web.lumiagm.com/161839070

Unitholders Distribution Reinvestment Plan

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

On August 3, 2017, Cominar suspended the distribution reinvestment plan, starting with the distribution of August 2017, which was payable in September 2017. If Cominar decides to resume the plan in the future, the unitholders who were registered in the plan at the time of its suspension and who are still registered at the time of its resumption shall automatically resume their participation in the plan.

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

Cominar