Cominar Real Estate Investment Trust

Interim Report

Quarter ended March 31, 2019

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, 2019, in comparison with the corresponding quarter of 2018, as well as its financial position as at that date and its outlook. Dated May 3, 2019, 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 2018 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

The first quarter was in line with our heightened expectations and we are pleased to have delivered improvement in the majority of our key operating metrics including rent growth, occupancy and same property net operating income.

On the operating front, we are pleased with the continued positive momentum in our organic growth with same property NOI reaching 1.9% in the first quarter. Occupancy gains have continued and we gained 280 basis points in in-place occupancy year over year to 89.7%, which is ahead of our expectations.

Tenant retention has improved to 49.3% of 2019 maturities and in combination with new leasing, we have dealt with close to 70% of our 5.2 million square feet maturing this year. Rent increases have also improved averaging 3% and driven primarily by a strong 8.6% lift in our industrial portfolio, a 2.1% lift in office.

In terms of our balance sheet, our debt ratio has come down since year end and we have made continued progress on our refinancing plans and disposition activity. The interest rate environment remains favourable and debt capital remains readily available to fund repayment of our 2019 unsecured debenture maturities.

With a leading position in the Montreal and Quebec markets, we are well-positioned to capitalize on the continued momentum in the local economy. After a $5.6 billion budget surplus in 2018, the 2019 – 2020 Quebec provincial budget calls for a 5% increase in government spending and economic growth is forecast at 1.9% in 2019. Unemployment in Montreal and Québec City remain at low levels.

We continue to focus on improving our growth profile, strengthening our balance sheet and ensuring Cominar is well positioned for long-term growth. As part of our strategic planning process we are reviewing all aspects of our business including our portfolio, financial structure, operating platform and cost structure. We are convinced that these initiatives will make Cominar a stronger REIT that can deliver stronger performance for our unitholders.

We thank you for your support.

Alban D'Amours, CM, GOQ, LH, Fellow Adm.A.
Chairman of the Board of Trustees

Sylvain Cossette
President and Chief Executive Officer

May 3, 2019

Highlights

Growth in same property net operating income

1.9%

Growth in the average net rent of renewed leases

3.0%

Increase in the committed occupancy rate from 93.6% to

93.8%

Increase in retention rate from 43.9% to

49.3%

Reduction in leverage from 55.3% to

54.7%

Decrease in payout ratio from 108.7% to

100.0%

Subsequent Events

On April 15, 2019, Cominar declared a monthly distribution of $0.06 per unit.

On April 18, 2019, Cominar completed the sale of an office property located in Moncton, New Brunswick, for an amount of $8.0 million.

On April 29, 2019, Cominar completed the sale of a retail property located in the Montréal area, for an amount of $0.8 million.

On May 1st, 2019, Cominar entered into a 10-year mortgage of $100 million at an interest rate of 3.70%.

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, 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 2018 Annual Information Form.

Non-IFRS Financial Measures

In this Interim MD&A, we provide guidance and report on certain non-IFRS measures, including “net operating income,” “adjusted net income,” “funds from operations,” “adjusted funds from operations,” “adjusted cash flows from operations”, “adjusted Trust administrative expenses”, and “proportionate share in joint ventures adjustments”, 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. You may find such information in the sections dealing with each of these measures.

Performance Indicators

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

- **Net operating income (“NOI”)**, which Cominar calculates 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. Management considers NOI to be a valuable measure for evaluating the operating performance of its properties.
- **Same property NOI**, which provides an indication of the operating profitability of the same property portfolio, that is, Cominar’s ability to increase revenues, manage costs, and generate organic growth. The same property NOI includes the results of properties owned by Cominar as at December 31 2017, with the exception of results from the properties sold, acquired and under development in 2018 and 2019, as well as the rental income arising from the recognition of leases on a straight-line basis;
- **Funds from operations ("FFO") per unit**, 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;
- **Adjusted funds from operations ("AFFO") per unit**, 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 REALpac and provides a meaningful measure of Cominar’s capacity to generate steady profits;
- **Adjusted cash flow from operations (“ACFO”) per unit** 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**, which is used to assess the financial balance essential to the prudent running of an organization;
- **Debt to earnings before interest, income taxes, depreciation and amortization (“EBITDA”) ratio**, which is widely used in the real estate industry, measures Cominar’s ability to pay down its debts.
- **Interest coverage ratio**, which is used to assess Cominar’s ability to pay interest on its debt from operating revenues;
- **Committed occupancy rate**, which gives 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**, which gives 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**, which helps assess client satisfaction and loyalty;
- **Growth in the average net rent on renewed leases**, which is a measure of organic growth and gives an indication of Cominar’s capacity to increase its rental income;

The above-mentioned performance indicators are not IFRS financial measures. Definitions and other relevant information regarding these performance indicators are provided in the appropriate sections of this Interim MD&A.

Financial and Operational Highlights

For the quarters ended March 31	2019 $	2018[1] $	%Δ	Page
Financial performance				
Operating revenues – Financial statements	**181,944**	208,865	(12.9)	17
Operating revenues – Cominar's proportionate share[2]	**186,244**	212,879	(12.5)	17
NOI[2] – Financial statements	**86,685**	100,546	(13.8)	18
NOI[2] – Cominar's proportionate share	**89,078**	102,627	(13.2)	18
Same property NOI[2]	**88,419**	86,788	1.9	18
Changes in fair value of investment properties – Financial statements	**(221)**	(4,331)	(94.9)	26
Net income	**44,309**	29,977	47.8	21
Adjusted net income[2]	**46,912**	52,862	(11.3)	21
Funds from operations (FFO)[2][3]	**46,887**	53,737	(12.7)	23
Adjusted funds from operations (AFFO)[2][3]	**33,527**	42,279	(20.7)	23
Cash flows provided by operating activities – Financial Statements	**23,451**	19,335	21.3	25
Adjusted cash flows from operations (ACFO)[2][3]	**37,806**	40,329	(6.3)	25
Distributions	**32,758**	45,483	(28.0)	25
Total assets	**6,554,973**	7,243,551	(9.5)	14
Per unit financial performance				
Net income (basic and diluted)	**0.24**	0.16	50.0	21
Adjusted net income (diluted)[2]	**0.26**	0.29	(10.3)	21
Funds from operations (FFO)(FD)[2][3][4]	**0.26**	0.29	(10.3)	23
Adjusted funds from operations (AFFO)(FD)[2][3][4]	**0.18**	0.23	(21.7)	23
Adjusted cash flows from operations (ACFO)(FD)[2][3][4]	**0.21**	0.22	(4.5)	25
Distributions	**0.1800**	0.2500	(28.0)	25
Payout ratio of adjusted cash flows from operations (ACFO)[2][3][4]	**85.7%**	113.6%	(24.5)	25
Payout ratio of adjusted funds from operations (AFFO)[2][3][4]	**100.0%**	108.7%	(8.0)	23
Financing				
Debt ratio[5]	**54.7%**	51.3%		29
Debt/EBITDA ratio	**10.6x**	8.6x		29
Interest coverage ratio[6]	**2.35 : 1**	2.37 : 1		29
Weighted average interest rate on total debt	**4.13%**	4.05%		20
Residual weighted average term of total debt (years)	**3.2**	4.0		26
Unsecured debt-to-total-debt ratio[7]	**51.8%**	46.1%		30
Unencumbered income properties	**2,825,420**	2,692,474		30
Unencumbered assets to unsecured debt ratio[8]	**1.53 : 1**	1.68 : 1		30
Operational data				
Number of investment properties[9]	**348**	430		30
Leasable area (in thousands of sq. ft.)	**37,405**	38,209		30
Committed occupancy rate	**93.8%**	92.9%		35
In-place occupancy rate	**89.7%**	86.9%		35
Retention rate	**49.3%**	43.9%		37
Growth in the average net rent of renewed leases	**3.0%**	0.7%		37
Development activities				
Properties under development – Cominar's proportionate share[2]	**43,353**	50,014		14

(1) The quarter ended March 31, 2018 includes results of 95 non-core properties sold for total consideration of $1.14 billion.
(2) Non-IFRS financial measure. See relevant section for definition and reconciliation to closest IFRS measure.
(3) Includes a $1.0 million severance allowance paid in 2019 following the departure of an executive officer.
(4) Fully diluted.
(5) Total of bank borrowings, mortgages payable and debentures, less cash and cash equivalents, divided by the total assets minus the total of cash and cash equivalents.
(6) Net operating income less adjusted Trust administrative expenses divided by finance charges.
(7) Unsecured debt divided by net debt.
(8) Fair value of unencumbered income properties divided by the unsecured net debt.
(9) During the first quarter of 2019, Cominar reassessed its number of properties by grouping individual addresses within the same plot of land or related plots of land as one property.

Selected Quarterly Information

For the quarters ended	March. 31, 2019 $	Dec. 31, 2018 $	Sept. 30, 2018 $	June 30, 2018 $	March 31, 2018[1] $	Dec. 31, 2017[1] $	Sept. 30, 2017[1] $	June 30, 2017[1] $
Operating revenues – Financial statements	**181,944**	176,073	172,665	177,047	208,865	207,418	204,160	209,955
Operating revenues – Cominar's proportionate share[2]	**186,244**	180,116	176,820	181,280	212,879	211,197	207,753	213,032
NOI[2] – Financial statements	**86,685**	91,128	90,977	89,813	100,546	110,487	110,180	109,487
NOI[2] – Cominar's proportionate share	**89,078**	93,526	93,548	92,256	102,627	112,654	112,247	111,268
Changes in fair value of investment properties – Financial statements	**(221)**	(276,160)	13,393	—	(4,331)	(616,354)	—	—
Adjustments to Goodwill - Financial statements	**—**	(120,389)	—	—	—	—	—	—
Net income (net loss)	**44,309**	(353,353)	64,649	46,445	29,977	(581,256)	63,981	65,837
Adjusted net income[2]	**46,912**	50,684	51,850	51,401	52,862	68,551	63,981	63,553
FFO[2]	**46,887**[3]	50,883	52,733	49,063	53,737	58,492	65,287	64,902
AFFO[2]	**33,527**[3]	39,047	41,249	37,576	42,279	46,228	55,414	56,312
Cash flows provided by operating activities – Financial statements	**23,451**	74,118	88,049	1,437	19,335	81,471	100,702	15,299
ACFO[2]	**37,806**	38,372	41,453	34,327	40,329	46,717	54,924	59,275
Distributions	**32,758**	32,749	32,749	32,749	45,483	52,792	58,006	68,079
Per unit	—	—	—	—	—	—	—	—
Net income (net loss) (basic)	**0.24**	(1.94)	0.36	0.26	0.16	(3.14)	0.35	0.36
Net income (net loss) (diluted)	**0.24**	(1.94)	0.35	0.25	0.16	(3.14)	0.35	0.36
Adjusted net income (diluted)[2]	**0.26**	0.28	0.28	0.28	0.29	0.37	0.35	0.35
FFO (FD)[2][4]	**0.26**[3]	0.28	0.29	0.27	0.29	0.32	0.35	0.35
AFFO (FD)[2][4]	**0.18**[3]	0.21	0.23	0.21	0.23	0.25	0.30	0.31
ACFO (FD)[2][4]	**0.21**	0.21	0.23	0.19	0.22	0.25	0.30	0.32
Distributions	**0.1800**	0.1800	0.1800	0.1800	0.2500	0.2850	0.3125	0.3675

(1) Quarters ended March 31, 2018 and prior include results of 95 non-core properties sold for total consideration of $1.14 billion.
(2) Non-IFRS financial measure. See relevant section for definition and reconciliation to closest IFRS measure.
(3) Includes a $1.0 million severance allowance paid in 2019 following the departure of an executive officer.
(4) 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, 2019, Cominar owned a diversified portfolio of 348[(1)] properties, composed of office, retail and industrial and flex buildings, of which 217 were located in the Montreal area, 111 in the Québec City area, 19 in the Ottawa area, and 1 in New Brunswick. Cominar's portfolio consisted of approximately 11.3 million square feet of office space, 10.5 million square feet of retail space and 15.6 million square feet of industrial and flex space, representing total leasable area of 37.4 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 new and existing leases; (ii) improved occupancy and retention rates, as well as proactive leasing strategies; and (iii) sound management of operating costs.

Real Estate Portfolio Summary As At March 31, 2019

The properties in the portfolio are generally situated in prime locations along or in proximity of major traffic arteries and generally benefit from high visibility while providing easy access for both Cominar's customers and clients.

Property type	Number of properties[(1)]	Leasable area (sq. ft.)	Committed occupancy rate	In-place occupancy rate
Office	84	11,344,000	92.3%	87.8%
Retail	70	10,515,000	93.5%	85.4%
Industrial and flex	194	15,546,000	95.0%	94.0%
Total	**348**	**37,405,000**	**93.8%**	**89.7%**

Geographic market	Number of properties[(1)]	Leasable area (sq. ft.)	Committed occupancy rate	In-place occupancy rate
Montreal	217	24,644,000	93.5%	90.1%
Québec City	111	10,225,000	95.0%	90.9%
Ottawa	19	2,476,000	92.3%	80.6%
New Brunswick	1	60,000	100.0%	—
Total	**348**	**37,405,000**	**93.8%**	**89.7%**

(1) During the first quarter of 2019, Cominar reassessed its number of properties by grouping individual addresses within the same plot of land or related plots of land as one property.

Our Objectives and Strategy

Objectives and strategy

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. Management is primarily focused on the following objectives:

Improving our organic growth: Initiatives to drive the revenue line include focusing on properties with the greatest growth potential, increasing the speed with which new space is delivered to tenants, lease-up of vacant space in the retail and office portfolios, focusing on rent growth in our industrial and flex portfolio, and identifying ancillary revenue opportunities. We are also actively analysing our cost structure to identify areas where we can reduce expenses including through internal cost optimization measures, staffing levels, outsourcing arrangements, and process automation.

Strengthening and de-risking Cominar's balance sheet, and prudent management of the Cominar's capital structure: As at March 31, 2019, the debt ratio was 54.7%, down from 55.3% as at December 31, 2018 primarily as a result of property dispositions. Cominar's objective is to improve its credit metrics in order to enhance financial flexibility and decrease borrowing costs. Our debt risk mitigation strategies include lowering leverage, staggering debt maturities and, building and maintaining broad lending relationships. Cominar will be seeking to transition its debt stack from a mix of secured and unsecured debt to a greater reliance on secured debt. Repayment of Senior Debenture maturities is expected to be funded primarily through a combination of credit line, new mortgages and asset sales.

Portfolio optimization: Cominar continues to target dispositions in order to improve portfolio quality, reduce our retail exposure, downweight certain regional exposures, streamline the portfolio with respect to smaller properties which are more costly to manage, and focus on properties with the highest growth potential. In 2018, Cominar sold a total of $1.2 billion of properties and is currently targeting $300.0 million of dispositions in 2019.

Value creation through intensification and development opportunities: Cominar is currently conducting a review of potential intensification and development opportunities, primarily within its retail portfolio. At present, the fair value estimates recorded on the balance sheet provide no value for potential density. Cominar owns numerous properties, including properties located along or in proximity to the proposed Réseau express métropolitain de Montréal (REM) light rail line, which it believes could benefit from intensification opportunities. Management will seek to unlock value within these sites through re-zoning, where required, dispositions and partnerships.

With a number of new members added to the senior executive team in the fourth quarter of 2018, Cominar has embarked on a comprehensive strategic planning process to chart the course for continued performance improvement and value creation over the next three years. Cominar is reviewing all aspects of its business including its portfolio, capital structure, human capital, technology, processes, and costs and expenditures to put in place a strategy to improve its performance and returns for its unitholders.

Overview of the First Quarter of 2019

Adjusted Net Income: For the three months ended March 31, 2019, Cominar generated adjusted net income of $46.9 million compared to $52.9 million for the period ended March 31, 2018. Adjusted Net Income declined year over year due primarily to the sale of a portfolio of 95 non-core properties in Q1 2018, partially offset by a $7.1 million decrease in finance charges and a $1.6 million increase in same property net operating income.

FFO: Fully diluted funds from operations ("FFO") for the three months ended March 31, 2019 was $0.26 per unit compared to $0.29 for the previous year's comparable period. The decrease was due mainly to a $14.3 million decrease in NOI related to dispositions partially offset by a $7.1 million decrease in finance charges.

AFFO: Fully diluted adjusted funds from operations ("AFFO") for the three months ended March 31, 2019 was $0.18 per unit compared to $0.23 for the previous year's comparable period. AFFO decreased for the same reasons as FFO and due to a $1.3 million increase in the provision for leasing costs and a $1.1 million increase in maintenance capital expenditures. Excluding the severance allowance paid in 2019 following the departure of an executive officer, AFFO per unit would have been $0.19. The Q1 2019 AFFO payout ratio was 100.0%, an improvement from 108.7% for Q1 2018. Excluding the severance allowance paid in 2019 following the departure of an executive officer, the AFFO payout ratio would have been 94.7%.

Same Property NOI: Same property NOI ("SPNOI") increased 1.9% for the three months ended March 31, 2019. The increase reflected growth of 2.2% in the office portfolio and 8.0% in the industrial and flex portfolio partially offset by a 2.3% decline in the retail portfolio. The increase in SPNOI was mainly related to an increase in average in place occupancy for all property types and for the Montreal and Québec City regions, partially offset by lower retail rents and lower rents in the Ottawa region.

Occupancy: As at March 31, 2019, Cominar's in-place occupancy was 89.7% compared to 89.2% at Q4 2018 and 86.9% at Q1 2018. The sequential increase in occupancy was related to increases in the office and industrial and flex portfolios, while the year over year increase was driven by all property types. As at March 31, 2019 the committed occupancy rate was 93.8%, up 20 basis points from 93.6% at December 31, 2018 and up 90 basis points from 92.9% at March 31, 2018.

Leasing Activity: The retention rate for the period ended March 31, 2019 improved to 49.3%, up from 43.9% for the period ended March 31, 2018. Average net rent on 2.5 million sq.ft. of lease renewals increased 3.0% (2.1% for the office portfolio, 0.4% for the retail portfolio and 8.6% for the industrial portfolio). New leasing totalled 1.0 million sq.ft. at an average minimum rental rate of $12.62. New and renewal leasing for the period ended March 31, 2019 represented 70.0% of 2019 lease maturities.

Disposition Activity: For the three months ended March 31, 2019, we completed asset sales totalling $74.4 million ($32.8 million office, $14.4 million retail and $27.2 million industrial) at pricing in line with our IFRS values. Subsequent to quarter end, a further $8.8 million of properties were sold bringing year to date sales to $83.2 million. We continue to target approximately $300 million of dispositions for 2019.

Balance Sheet: As at March 31, 2019, Cominar's debt ratio was 54.7%, down from 55.3% as at year-end 2018 and up from 51.3% as at March 31, 2018. The year over year increase in debt ratio reflects writedowns in assets of $387.5 million taken in 2018. The debt to EBITDA ratio at the end of the first quarter of 2019 was 10.6x, up from 10.3x as at December 31, 2018 and 8.6x as at March 31, 2018. As at March 31, 2019 our unencumbered asset pool totaled $2.8 billion and our unencumbered asset ratio was 1.53x, unchanged from December 31, 2018 and down from 1.68x as at March 31, 2018.

On March 7, 2019, Cominar decreased the size of its credit facility from $700.0 million to $500.0 million.

Our available liquidity of $370.7 million consists of $359.6 million of availability on our line of credit, facility and $11.1 million of cash and cash equivalents as at March 31, 2019.

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. Management 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, 2019			As at December 31, 2018		
	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	**6,079,423**	**166,845**	**6,246,268**	6,058,191	166,765	6,224,956
Properties under development	**35,836**	**7,517**	**43,353**	34,293	7,392	41,685
Land held for future development	**95,055**	**8,401**	**103,456**	93,750	8,400	102,150
	6,210,314	**182,763**	**6,393,077**	6,186,234	182,557	6,368,791
Investment properties held for sale	**134,821**	**—**	**134,821**	188,727	—	188,727
Investments in joint ventures	**93,031**	**(93,031)**	**—**	92,468	(92,468)	—
Goodwill	**15,721**	**—**	**15,721**	15,721	—	15,721
Accounts receivable	**44,858**	**(80)**	**44,778**	41,162	424	41,586
Prepaid expenses and other assets	**45,082**	**311**	**45,393**	17,901	97	17,998
Cash and cash equivalents	**11,146**	**602**	**11,748**	1,498	461	1,959
Total assets	**6,554,973**	**90,565**	**6,645,538**	6,543,711	91,071	6,634,782
Liabilities						
Mortgages payable	**1,730,469**	**84,893**	**1,815,362**	1,742,104	85,534	1,827,638
Mortgages payable related to the investment properties held for sale	**—**	**—**	**—**	123	—	123
Debentures	**1,722,838**	**—**	**1,722,838**	1,722,586	—	1,722,586
Bank borrowings	**140,353**	**4,001**	**144,354**	152,950	4,000	156,950
Accounts payable and accrued liabilities	**122,242**	**1,671**	**123,913**	103,347	1,537	104,884
Deferred tax liabilities	**142**	**—**	**142**	142	—	142
Current tax liabilities	**—**	**—**	**—**	6,763	—	6,763
Distributions payable to unitholders	**10,919**	**—**	**10,919**	—	—	—
Total liabilities	**3,726,963**	**90,565**	**3,817,528**	3,728,015	91,071	3,819,086
Unitholders' equity						
Unitholders' equity	**2,828,010**	**—**	**2,828,010**	2,815,696	—	2,815,696
Total liabilities and unitholders' equity	**6,554,973**	**90,565**	**6,645,538**	6,543,711	91,071	6,634,782

(1) Non-IFRS financial measure.

For the quarters ended March 31	2019			2018[1]		
	Condensed interim consolidated financial statements $	Joint ventures $	Cominar's proportionate share[2] $	Condensed interim consolidated financial statements $	Joint ventures $	Cominar's proportionate share[2] $
Operating revenues	**181,944**	**4,300**	**186,244**	208,865	4,014	212,879
Operating expenses	**(95,259)**	**(1,907)**	**(97,166)**	(108,319)	(1,933)	(110,252)
NOI[2]	**86,685**	**2,393**	**89,078**	100,546	2,081	102,627
Finance charges	**(36,751)**	**(992)**	**(37,743)**	(43,802)	(989)	(44,791)
Trust administrative expenses	**(5,453)**	**(13)**	**(5,466)**	(5,255)	(7)	(5,262)
Change in fair value of investment properties	**(221)**	**—**	**(221)**	(4,331)	—	(4,331)
Share of joint ventures' net income	**1,388**	**(1,388)**	**—**	1,085	(1,085)	—
Transaction costs	**(1,339)**	**—**	**(1,339)**	(18,554)	—	(18,554)
Net income before income taxes	**44,309**	**—**	**44,309**	29,689	—	29,689
Income taxes						
Current	**—**	**—**	**—**	(6,251)	—	(6,251)
Deferred	**—**	**—**	**—**	6,539	—	6,539
	—	**—**	**—**	288	—	288
Net income and comprehensive income	**44,309**	**—**	**44,309**	**29,977**	**—**	**29,977**

(1) The quarter ended March 31, 2018 includes results of 95 non-core properties sold for total consideration of $1.14 billion.
(2) Non-IFRS financial measure.

Performance Analysis

FINANCIAL POSITION

The following table indicates the changes in assets and liabilities as well as in unitholders’ equity as at March 31, 2019, and December 31, 2018, as shown in our condensed interim consolidated financial statements:

	As at March 31, 2019 $	As at December 31, 2018 $	$Δ	%Δ
Assets				
Investment properties				
Income properties	**6,079,423**	6,058,191	21,232	0.4
Properties under development	**35,836**	34,293	1,543	4.5
Land held for future development	**95,055**	93,750	1,305	1.4
	6,210,314	6,186,234	24,080	0.4
Investment properties held for sale	**134,821**	188,727	(53,906)	(28.6)
Investments in joint ventures	**93,031**	92,468	563	0.6
Goodwill	**15,721**	15,721	—	—
Accounts receivable	**44,858**	41,162	3,696	9.0
Prepaid expenses and other assets	**45,082**	17,901	27,181	151.8
Cash and cash equivalents	**11,146**	1,498	9,648	644.1
Total assets	**6,554,973**	6,543,711	11,262	0.2
Liabilities				
Mortgages payable	**1,730,469**	1,742,104	(11,635)	(0.7)
Mortgages payable related to the investment properties held for sale	**—**	123	(123)	(100.0)
Debentures	**1,722,838**	1,722,586	252	0.0
Bank borrowings	**140,353**	152,950	(12,597)	(8.2)
Accounts payable and accrued liabilities	**122,242**	103,347	18,895	18.3
Deferred tax liabilities	**142**	142	—	—
Current tax liabilities	**—**	6,763	(6,763)	(100.0)
Distributions payable to unitholders	**10,919**	—	10,919	100.0
Total liabilities	**3,726,963**	3,728,015	(1,052)	(0.0)
Unitholders' equity				
Unitholders' equity	**2,828,010**	2,815,696	12,314	0.4
Total liabilities and unitholders' equity	**6,554,973**	6,543,711	11,262	0.2

Results of Operations

The following table highlights our results of operations for the quarters ended March 31, 2019 and 2018, as shown in our condensed interim consolidated financial statements:

For the quarters ended March 31	2019 $	2018(1) $	%Δ
Operating revenues	**181,944**	208,865	(12.9)
Operating expenses	**(95,259)**	(108,319)	(12.1)
NOI(2)	**86,685**	100,546	(13.8)
Finance charges	**(36,751)**	(43,802)	(16.1)
Trust administrative expenses	**(5,453)**	(5,255)	3.8
Change in fair value of investment properties	**(221)**	(4,331)	(94.9)
Share of joint ventures' net income	**1,388**	1,085	27.9
Transaction costs	**(1,339)**	(18,554)	(92.8)
Net income before income taxes	**44,309**	29,689	49.2
Income taxes			
Current	**—**	(6,251)	(100.0)
Deferred	**—**	6,539	(100.0)
	—	288	(100.0)
Net income and comprehensive income	**44,309**	29,977	47.8

(1) The quarter ended March 31, 2018 includes results of 95 non-core properties sold for total consideration of $1.14 billion.
(2) Non-IFRS financial measure.

Operating Revenues

For the quarters ended March 31	2019 $	2018(1) $	%Δ
Operating revenues – Financial statements	**181,944**	208,865	(12.9)
Operating revenues – Joint ventures	**4,300**	4,014	7.1
Operating revenues – Cominar's proportionate share(2)	**186,244**	212,879	(12.5)

(1) Operating revenues for the quarter ended March 31, 2018 includes results of 95 non-core properties sold for total consideration of $1.14 billion.
(2) Non-IFRS financial measure.

For the quarters ended March 31	2019 $	2018 $	%Δ
Same property portfolio – Financial statements	**180,317**	176,934	1.9
Same property portfolio – Joint ventures	**4,232**	4,045	4.6
Same property portfolio(1) – Cominar's proportionate share(2)	**184,549**	180,979	2.0

(1) The same property operating revenues includes the results of properties owned by Cominar as at December 31 2017, with the exception of results from the properties sold, acquired and under development in 2018 and 2019, as well as the rental income arising from the recognition of leases on a straight-line basis.
(2) Non-IFRS financial measure.

The $26.9 million decrease in operating revenues according to the condensed interim consolidated financial statements resulted mainly from a $29.9 million decrease attributable to properties sold in 2018 and 2019 and $3.4 million of growth in same property operating revenues.

The first quarter increase in same property operating revenues according to the financial statements compared with the corresponding quarter of 2018 is mainly due to a $1.8 million increase in the office portfolio and a $2.0 million increase in the industrial and flex portfolio attributable to an increase in the average in-place occupancy rate in both portfolios. Despite an increase in the average in-place occupancy rate for the retail portfolio, operating revenues decreased due to a decline in average net rent on leases renewed in 2018 which had an impact on Q1 2019 operating revenues.

Net Operating Income

For the quarters ended March 31	2019 $	2018(1) $	%Δ
NOI(2) – Financial statements	**86,685**	100,546	(13.8)
NOI(2) – Joint ventures	**2,393**	2,081	15.0
NOI – Cominar's proportionate share(2)	**89,078**	102,627	(13.2)

(1) Net operating income for the quarter ended March 31, 2018 includes results of 95 non-core properties sold for total consideration of $1.14 billion.
(2) Non-IFRS financial measure.

For the quarters ended March 31	2019 $	2018 $	%Δ
Same property portfolio – Financial statements	**86,061**	84,675	1.6
Same property portfolio – Joint ventures	**2,358**	2,113	11.6
Same property portfolio(1) – Cominar's proportionate share(2)	**88,419**	86,788	1.9

(1) The same property NOI includes the results of properties owned by Cominar as at December 31 2017, with the exception of results from the properties sold, acquired and under development in 2018 and 2019, as well as the rental income arising from the recognition of leases on a straight-line basis.
(2) Non-IFRS financial measure.

NOI by Property type and Geographic market

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 and pays particular attention to the performance of its same property portfolio. The same property NOI includes the results of properties owned by Cominar as at December 31 2017, with the exception of results from the properties sold, acquired and under development in 2018 and 2019, as well as the rental income arising from the recognition of leases on a straight-line basis.

Net Operating Income

For the quarters ended March 31	2019 $	2018(1) $	%Δ
Property type			
Office	**34,540**	42,246	(18.2)
Retail	**31,926**	37,109	(14.0)
Industrial and flex	**22,612**	23,272	(2.8)
NOI – Cominar's proportionate share(2)	**89,078**	102,627	(13.2)

(1) Net operating income for the quarter ended March 31, 2018 includes results of 95 non-core properties sold for total consideration of $1.14 billion.
(2) Non-IFRS financial measure.

The $13.2 million decrease in NOI on a proportionate basis resulted mainly from a $14.9 million decrease attributable to properties sold in 2018 and 2019 combined with growth of $1.6 million in the same property portfolio.

Same Property NOI by Property Type

For the quarters ended March 31	2019 $	2018 $	%Δ
Property type			
Office	**34,222**	33,498	2.2
Retail	**31,735**	32,484	(2.3)
Industrial and flex	**22,462**	20,806	8.0
Same property NOI – Cominar's proportionate share(1)	**88,419**	86,788	1.9

(1) Non-IFRS financial measure.

Weighting to Same Property NOI by Property Type

For the quarters ended March 31	2019	2018
Property type		
Office	**38.7%**	38.6%
Retail	**35.9%**	37.4%
Industrial and flex	**25.4%**	24.0%
Same property NOI – Cominar's proportionate share(1)	**100.0%**	100.0%

(1) Non-IFRS financial measure.

Year over year, Cominar's weighting to retail same property NOI decreased 150 basis points to 35.9% while industrial increased 140 basis points to 25.4% and office was essentially stable at 38.7%.

Same Property NOI by Geographic Market

For the quarters ended March 31	2019 $	2018 $	%Δ
Geographic market			
Montreal	**56,544**	55,738	1.4
Québec City	**26,215**	24,861	5.4
Ottawa(1)	**5,660**	6,189	(8.5)
Same property NOI – Cominar's proportionate share(2)	**88,419**	86,788	1.9

(1) For presentation purposes, the Gatineau area is included in the Ottawa geographic market.
(2) Non-IFRS financial measure.

Weighting to Same Property NOI by Geographic Market

For the quarters ended March 31	2019	2018
Geographic Market		
Montreal	**64.0%**	64.3%
Québec City	**29.6%**	28.6%
Ottawa(1)	**6.4%**	7.1%
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) Non-IFRS financial measure.

First quarter increase 1.9% in same property NOI according to Cominar's proportionate share is attributable to the increase, in all property types and in Montreal and Québec City geographic market, of the average in-place occupancy rate for the quarter ended March 31, 3019 when compared to the corresponding period of 2018. The increase in average in-place occupancy rate of the retail property type and Ottawa geographic market has been offset by the negative growth in average net rent of leases renewed in 2018, that were granted to maintain and increase occupancy rate in our mall and which have an impact on NOI in 2019.

Same Property In-Place Occupancy by Property Type

For the quarters ended March 31	2019	2018	Δ
Property type			
Office	**87.6%**	86.1%	1.5
Retail	**86.0%**	84.1%	1.9
Industrial and flex	**93.9%**	90.7%	3.2
Total	**89.8%**	87.5%	2.3

Same Property In-Place Occupancy by Geographic Market

For the quarters ended March 31	2019	2018	Δ
Geographic market			
Montreal	**90.0%**	87.4%	2.6
Québec City	**91.6%**	90.1%	1.5
Ottawa[(1)]	**80.0%**	77.9%	2.1
Total	**89.8%**	87.5%	2.3

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

Finance Charges

For the quarters ended March 31	2019 $	2018 $	%Δ
Interest on mortgages payable	**17,377**	23,229	(25.2)
Interest on debentures	**18,268**	18,270	(0.0)
Interest on bank borrowings	**2,186**	4,814	(54.6)
Amortization of deferred financing costs and other costs	**757**	733	3.3
Amortization of fair value adjustments on assumed indebtedness	**(66)**	(1,239)	(94.7)
Less: Capitalized interest[(1)]	**(1,771)**	(2,005)	(11.7)
Total finance charges – Financial statements	**36,751**	43,802	(16.1)
Percentage of operating revenues	**20.2%**	21.0%	
Weighted average interest rate on total debt	**4.13%**	4.05%	

(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 decrease in finance charges during the first quarter of 2019, compared with the corresponding quarter of 2018, is mainly due to the decrease in mortgages payable and bank borrowings following the $1.14 billion sale of a 95 property non-core portfolio in March 2018.

Trust Administrative Expenses

For the quarters ended March 31	2019 $	2018 $	%Δ
Salaries and other benefits	**3,924**	3,315	18.4
Compensation expense related to long-term incentive plan	**770**	638	20.7
Professional fees	**236**	249	(5.2)
Costs associated with public companies	**185**	136	36.0
Other fees	**338**	917	(63.1)
Total	**5,453**	5,255	3.8
Adjusted Trust administrative expenses[(1)(2)]	**4,410**	5,255	(16.1)

(1) Excludes severance allowances.
(2) Non-IFRS financial measure.

During the first quarter of 2019, Trust administrative expenses increased due to a $0.6 million increase in salaries and other benefits, attributable mainly to a $1.0 million severance allowance paid in 2019 following the departure of an executive officer. Excluding this severance allowance, Trust administrative expenses would have decreased $0.8 million, mainly due to decreases in salaries and other benefits, sponsorships and charitable donations.

Transaction Costs

For the quarters ended March 31	2019 $	2018 $	%Δ
Brokerage fees	**511**	5,700	(91.0)
Professional fees	**242**	2,374	(89.8)
Assumed head leases	**—**	4,201	(100.0)
Penalties on debt repayment	**—**	945	(100.0)
Closing adjustments	**586**	4,734	(87.6)
Others	**—**	600	(100.0)
Total	**1,339**	18,554	(92.8)

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

Net Income

For the quarters ended March 31	2019 $	2018(1) $	%Δ
Net income	**44,309**	29,977	47.8
Net income per unit (basic & diluted)	**0.24**	0.16	
Weighted average number of units outstanding (basic)	**182,102,616**	182,455,751	
Weighted average number of units outstanding (diluted)	**182,226,223**	182,660,682	

(1) Net income for the quarter ended March 31, 2018 includes results of 95 non-core properties sold for total consideration of $1.14 billion.

Net income for the first quarter of 2019 amounted to $44.3 million compared to $30.0 million in 2018. This reflects decreases of $7.1 million in finance charges, $17.3 million in transaction costs, and $4.1 million in changes in the fair value of investment properties, offset by a decrease of $13.8 million in NOI, mainly attributable to properties sold in 2018 and 2019.

Adjusted Net Income

Adjusted net income is not an IFRS financial measure. The calculation method used by Cominar may differ from those used by other entities. Cominar calculates an adjusted net income to eliminate the change in fair value of investment properties, which is non-monetary and have no impact on cash flows, as well as for a severance allowance and transaction costs which are unusual.

For the quarters ended March 31	2019 $	2018(1) $	%Δ
Net income	**44,309**	29,977	47.8
Change in fair value of investment properties(2)	**221**	4,331	(94.9)
Transaction costs	**1,339**	18,554	(92.8)
Severance allowance	**1,043**	—	100.0
Adjusted net income(3)	**46,912**	52,862	(11.3)
Adjusted net income per unit (diluted)(3)	**0.26**	0.29	(10.3)
Weighted average number of units outstanding (diluted)	**182,226,223**	182,660,682	

(1) Adjusted net income for the quarter ended March 31, 2018 includes results of 95 non-core properties sold for total consideration of $1.14 billion.
(2) Includes Cominar's proportionate share in joint ventures
(3) Non-IFRS financial measure.

The decrease in adjusted net income for the first quarter of 2019 was due mainly to a $14.3 million decrease in net operating income resulting from the sale of a portfolio of 95 non-core properties in March 2018, partially offset by a $7.1 million decrease in finance charges, a $1.6 million increase in same property NOI and a $0.8 million decrease in adjusted Trust administrative expenses.

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.

REALpac defines FFO 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, 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

For the quarters ended March 31	2019 $	2018[1] $	%Δ
Net income	**44,309**	29,977	47.8
Taxes on dispositions of properties	**—**	6,251	(100.0)
Deferred income taxes	**—**	(6,539)	(100.0)
Initial and re-leasing salary costs	**844**	1,009	(16.4)
Change in fair value of investment properties[2]	**221**	4,331	(94.9)
Capitalizable interest on properties under development – joint ventures	**174**	154	13.0
Transaction costs	**1,339**	18,554	(92.8)
FFO[2][3]	**46,887**	53,737	(12.7)
Provision for leasing costs	**(8,429)**	(7,153)	17.8
Recognition of leases on a straight-line basis[2]	**(163)**	(623)	(73.8)
Capital expenditures – maintenance of rental income generating capacity	**(4,768)**	(3,682)	29.5
AFFO[2][3]	**33,527**	42,279	(20.7)
Per unit information:			
FFO (FD)[3][4]	**0.26**	0.29	(10.3)
AFFO (FD)[3][4]	**0.18**	0.23	(21.7)
Weighted average number of units outstanding (FD)[4]	**182,226,223**	182,660,682	
Payout ratio of AFFO[3][4]	**100.0%**	108.7%	

(1) FFO and AFFO for the quarter ended March 31, 2018 include results of 95 non-core properties sold for total consideration of $1.14 billion.
(2) Including Cominar's proportionate share in joint ventures.
(3) Non-IFRS financial measure.
(4) Fully diluted.

FFO and AFFO for the quarter ended March 31, 2019 include a severance allowance paid following the departure of an executive officer. Excluding this allowance, FFO and AFFO would have been as follows:

For the quarters ended March 31	2019 $	2018[1] $	%Δ
FFO[2][3]	**46,887**	53,737	(12.7)
Severance allowance	**1,043**	—	100.0
FFO adjusted[2][3]	**47,930**	53,737	(10.8)
AFFO[2][3]	**33,527**	42,279	(20.7)
Severance allowance	**1,043**	—	100.0
AFFO adjusted[2][3]	**34,570**	42,279	(18.2)

(1) FFO and AFFO for the quarter ended March 31, 2018 include results of 95 non-core properties sold for total consideration of $1.14 billion.
(2) Including Cominar's proportionate share in joint ventures.
(3) Non-IFRS financial measure.

FFO for the first quarter of 2019 decreased from the corresponding quarter of 2018, due mainly to the decrease in net operating income resulting from the sale of a portfolio of 95 non-core properties in March 2018, partially offset by a $7.1 million decrease in finance charges. Excluding the severance allowance paid in 2019 following the departure of an executive officer, FFO would have been $47.9 million and FFO per unit would have been unchanged.

AFFO for the first quarter decreased from the corresponding quarter of 2019 due to the decrease in FFO and to a $1.3 million increase in the provision for leasing costs and a $1.1 million increase in capital expenditures to maintain rental income generating capacity. Excluding the severance allowance paid in 2019 following the departure of an executive officer, AFFO would have been $34.6 million, AFFO per unit would have been $0.19 and the AFFO payout ratio would have been 94.7%.

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 2019, the actual costs incurred by Cominar were $7.2 million in leasehold improvements and $2.1 million in initial direct costs, while the provision for leasing costs amounted to $8.4 million.

For the quarters ended March 31	2019 $	2018 $
Leasehold improvements	**7,193**	16,203
Initial direct costs	**2,133**	1,875
Actual leasing costs – Cominar's proportionate share(1)(2)	**9,326**	18,078
Provision for leasing costs in the calculation of AFFO(3)	**8,429**	7,153

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

Capital Expenditures – Maintenance of Rental Income Generating Capacity

The $4.8 million of capital expenditures related to maintenance of rental income generating capacity for the quarter ended March 31, 2019 ($3.7 million in 2018) corresponds to management's estimate of the non-income generating portion of actual expenditures 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 analyses 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 designed to create, improve or increase net operating income for 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.

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:

For the quarters ended March 31	2019 $	2018[1] $
Cash flows provided by operating activities as per the condensed interim consolidated financial statements	**23,451**	19,335
Adjustments – investments in joint ventures	**359**	1,116
Provision for leasing costs	**(8,429)**	(7,153)
Initial and re-leasing salary costs	**844**	1,009
Changes in adjusted non-cash working capital items[2]	**25,527**	10,490
Capital expenditures – maintenance of rental income generating capacity	**(4,768)**	(3,682)
Amortization of deferred financing costs and other costs	**(757)**	(733)
Amortization of fair value adjustments on assumed mortgages payable	**66**	1,239
Transaction costs	**1,339**	18,554
Capitalizable interest on properties under development – joint ventures	**174**	154
ACFO[3][4]	**37,806**	40,329
Per unit information:		
ACFO (FD)[4][5]	**0.21**	0.22
Weighted average number of units outstanding (FD)[5]	**182,226,223**	182,660,682
Payout ratio[4][5]	**85.7%**	113.6%

(1) Adjusted cash flow from operations for the quarter ended March 31, 2018 includes results of 95 non-core properties sold for total consideration of $1.14 billion.
(2) 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.
(3) Including Cominar's proportionate share in joint ventures.
(4) Non-IFRS financial measure.
(5) 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

For the quarters ended March 31	2019 $	2018 $	%Δ
Distributions to unitholders	**32,758**	45,483	(28.0)
Per unit distributions	**0.1800**	0.2500	

Distributions to unitholders for the first quarter of 2019 decreased from the corresponding quarter of 2018, due to the decrease in monthly distribution from $0.095 per unit to $0.06 per unit announced on March 7, 2018. This decrease in distributions enabled Cominar to reduce its AFFO distribution ratio from 108.7% for the quarter ended March 31, 2018, to 100.0% for the quarter ended March 31, 2019. Excluding the severance allowance paid in 2019 following the departure of an executive officer, the AFFO payout ratio would have been 94.7%.

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:

For the quarters ended March 31	2019 $	2018 $	2017 $
Net income	**44,309**	29,977	59,713
Cash flows provided by operating activities – Financial statements	**23,451**	19,335	35,753
Distributions to unitholders	**32,758**	45,483	67,646
Deficit of cash flows provided by operating activities compared with distributions to unitholders	**(9,307)**	(26,148)	(31,893)

For the three-month period ended March 31, 2019, cash flows provided by operating activities presented a $9.3 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 credit facility. Cominar expects that its cash flows provided by operating activities for fiscal 2019 will be higher than the distributions to unitholders.

Liquidity and Capital Resources

During the first quarter of 2019, Cominar generated $23.5 million in cash flows provided by operating activities (financial statements). Cominar foresees no difficulty in meeting its short-term obligations and its commitments, including the monthly payment of distributions and the repayment of debentures at maturity, using the funds from operations, asset sales, new mortgages payable and amounts available on its credit facility which stood at $359.6 million as at March 31, 2019.

Debt Management

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

As at March 31, 2019, Cominar's debt ratio stood at 54.7% consisting of mortgages, senior unsecured debentures and bank loans less cash and cash equivalents. Mortgages represented approximately 48.2% of total debt, senior unsecured debentures represented approximately 47.9%, while bank borrowings represented approximately 3.9%. As at March 31, 2019, the weighted average annual contractual rate for mortgages was 4.03% and the residual weighted average remaining term of the mortgages was 4.7 years. The weighted average contractual rate on senior unsecured debentures was 4.23%.

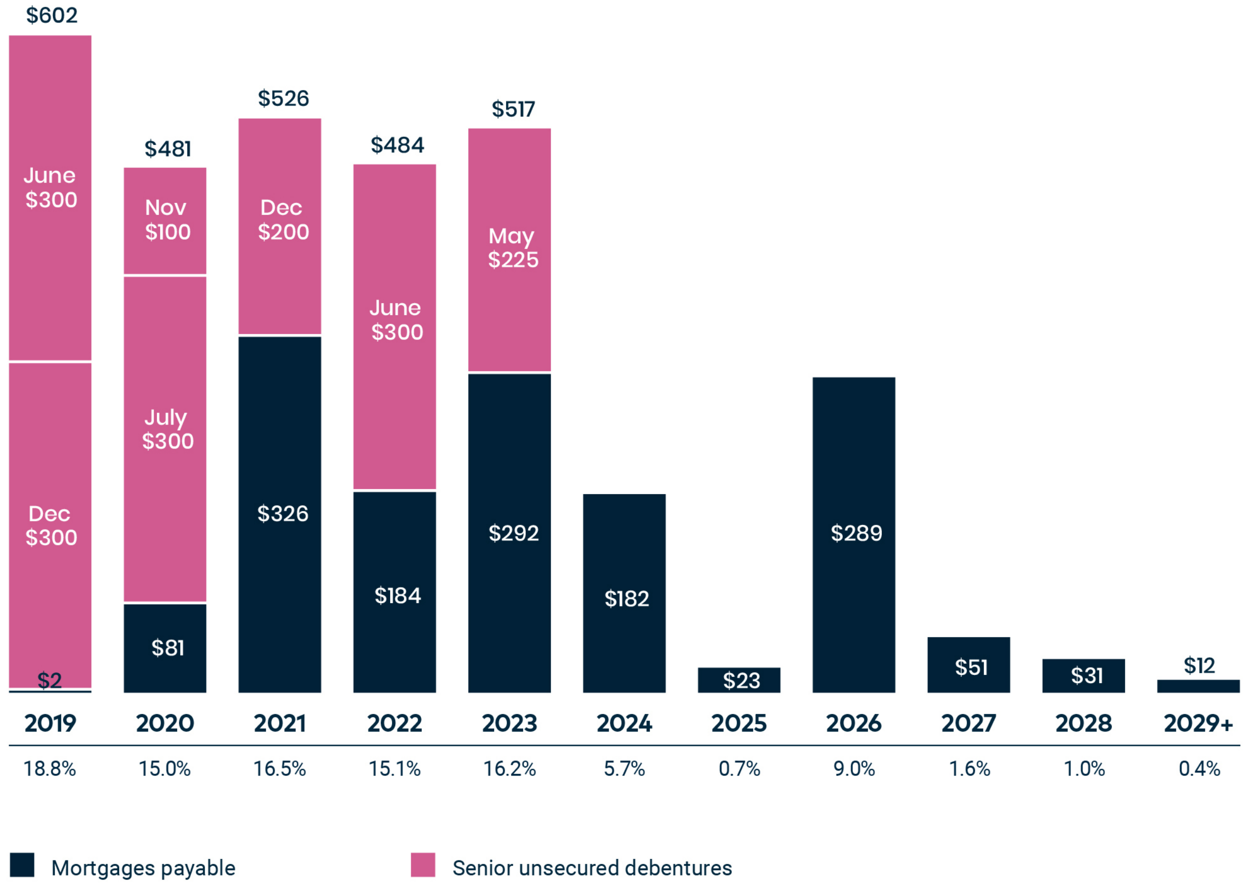
As at March 31, 2019, 94.8% of Cominar's total debt was fixed rate and 5.2% was variable rate.

Debt Summary

	As at March 31, 2019			As at December 31, 2018		
	$	Weighted average contractual rate	Residual weighted average term	$	Weighted average contractual rate	Residual weighted average term
Mortgages payable	**1,730,469**	**4.03%**	**4.7 years**	1,742,227	4.03%	5.0 years
Debentures	**1,722,838**	**4.23%**	**1.9 years**	1,722,586	4.23%	2.2 years
Bank borrowings	**140,353**	**4.08%**	**0.4 years**	152,950	4.40%	0.7 years
Total debt	**3,593,660**	**4.13%**	**3.2 years**	3,617,763	4.14%	3.5 years
Cash and cash equivalents	**(11,146)**	**1.70%**		(1,498)	1.70%	
Net debt	**3,582,514**			3,616,265		

Long term debt maturities

As at March 31, 2019



Mortgages Payable

As at March 31, 2019, the balance of mortgages payable was $1,730.5 million, down $11.7 million from $1,742.2 million as at December 31, 2018. This decrease is explained by monthly repayments of capital totalling $12.0 million for the quarter. As at March 31, 2019, the weighted average contractual rate was 4.03%, stable since December 31, 2018. As at March 31, 2019, the effective weighted average interest rate was 4.11%, stable since December 31, 2018.

Contractual Maturities of Mortgages Payable

For the years ending December 31	Repayment of principal $	Balances at maturity $	Total $	Weighted average contractual rate
2019 (Period from April 1 to December 31)	**36,341**	**2,143**	**38,484**	**6.61%**
2020	**50,129**	**80,974**	**131,103**	**4.34%**
2021	**44,365**	**326,177**	**370,542**	**4.26%**
2022	**37,174**	**184,248**	**221,422**	**3.35%**
2023	**33,251**	**292,489**	**325,740**	**4.60%**
2024	**24,842**	**181,733**	**206,575**	**4.08%**
2025	**17,864**	**23,234**	**41,098**	**3.58%**
2026	**6,914**	**288,510**	**295,424**	**3.52%**
2027	**5,064**	**50,968**	**56,032**	**3.85%**
2028	**1,743**	**30,836**	**32,579**	**4.48%**
2029 and thereafter	**5,297**	**11,649**	**16,946**	**4.40%**
Total	**262,984**	**1,472,961**	**1,735,945**	**4.03%**

Cominar's mortgages payable contractual maturities are staggered over a number of years to reduce risks related to renewal. As at March 31, 2019, the residual weighted average term of mortgages payable was 4.7 years, compared to 5.0 years as at December 31, 2018.

Senior Unsecured Debentures

	Date of issuance	Contractual interest rate	Effective interest rate	Dates of interest payments	Maturity date	Nominal value as at March 31, 2019 $
Series 2	**December 2012[(1)]**	**4.23%**	**4.37%**	**June 4 and December 4**	**December 2019**	**300,000**
Series 3	**May 2013**	**4.00%**	**4.24%**	**May 2 and November 2**	**November 2020**	**100,000**
Series 4	**July 2013[(2)]**	**4.941%**	**4.81%**	**July 27 and January 27**	**July 2020**	**300,000**
Series 7	**September 2014**	**3.62%**	**3.70%**	**December 21 and June 21**	**June 2019**	**300,000**
Series 8	**December 2014**	**4.25%**	**4.34%**	**June 8 and December 8**	**December 2021**	**200,000**
Series 9	**June 2015**	**4.164%**	**4.25%**	**June 1 and December 1**	**June 2022**	**300,000**
Series 10	**May 2016**	**4.247%**	**4.34%**	**May 23 and November 23**	**May 2023**	**225,000**
Weighted average interest rate		**4.23%**	**4.29%**			
Total						**1,725,000**

(1) Re-opened in February 2013 ($100.0 million).
(2) Re-opened in January 2014 ($100.0 million) and March 2014 ($100.0 million).

As at March 31, 2019, the residual weighted average term of senior unsecured debentures was 1.9 years. The Series 7 Senior Unsecured Debentures maturing on June 4, 2019 will be redeemed using the credit facility, new mortgages payable and net proceeds from dispositions of income properties held for sale.

Bank Borrowings

As at March 31, 2019, Cominar had an unsecured renewable credit facility of up to $500.0 million maturing in August 2019. During the first quarter of 2019, at Cominar's request, the maximum amount available under the credit facility was reduced from $700.0 million as at December 31, 2018 to $500.0 million. 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, 2019 and December 31, 2018. As at March 31, 2019, bank borrowings totalled $140.4 million and availability on the credit facility was $359.6 million.

Debt Ratio

	As at March 31, 2019 $	As at December 31, 2018 $
Cash and cash equivalents	**(11,146)**	(1,498)
Mortgages payable	**1,730,469**	1,742,227
Debentures	**1,722,838**	1,722,586
Bank borrowings	**140,353**	152,950
Total net debt	**3,582,514**	3,616,265
Total assets less cash and cash equivalents	**6,543,827**	6,542,213
Debt ratio[(1)(2)]	**54.7%**	55.3%

(1) The debt ratio is equal to the total of cash and cash equivalents, bank borrowings, mortgages payable and debentures, divided by total assets less cash and cash equivalents.
(2) This ratio is not defined by IFRS and may differ from similar measures presented by other entities.

The decrease in the debt ratio is due mainly to the use of the $74.4 million proceeds from the sale of properties during the first quarter of 2019 to repay debt.

Debt/EBITDA Ratio

The debt to earnings before interest, income taxes, depreciation and amortization ("EBITDA") ratio is 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, 2019 $	As at December 31, 2018 $
Mortgages payable	**1,730,469**	1,742,227
Debentures	**1,722,838**	1,722,586
Bank borrowings	**140,353**	152,950
Total debt	**3,593,660**	3,617,763
NOI (last 12 months)	**358,603**	372,464
Adjusted Trust administrative expenses (last 12 months)[(1)]	**(17,836)**	(18,681)
Recognition of leases on a straight-line basis (last 12 months)	**(1,555)**	(2,030)
EBITDA (last 12 months)	**339,212**	351,753
Debt/EBITDA ratio[(2)]	**10.6x**	10.3x

(1) Excludes severance allowances paid to executive officers and governance and strategic alternatives consulting fees.
(2) This ratio is not defined by IFRS and may differ from similar measures presented by other entities.

Interest Coverage Ratio

	As at March 31, 2019 $	As at December 31, 2018 $
NOI (last 12 months)	**358,603**	372,464
Adjusted Trust administrative expenses (last 12 months)[(1)]	**(17,836)**	(18,681)
	340,767	353,783
Finance charges (last 12 months)	**145,186**	152,237
Interest coverage ratio[(2)]	**2.35:1**	2.32:1

(1) Excludes the severance allowances paid to executive officers and governance and strategic alternatives consulting fees.
(2) This ratio is not defined by IFRS and may differ from similar measures presented by other entities.

Unencumbered Assets and Unsecured Debt

	As at March 31, 2019		As at December 31, 2018	
	Number of properties	Fair value of properties ($)	Number of properties	Fair value of properties ($)
Unencumbered income properties(1)	**231(5)**	**2,825,420**	291	2,864,637
Unencumbered assets to unsecured net debt ratio(2)(3)		**1.53 : 1**		1.53 : 1
Unsecured debts-to-net-debt ratio(3)(4)		**51.8%**		51.8%

(1) Includes investment properties held for sale.
(2) Fair value of unencumbered income properties divided by unsecured net debt.
(3) These ratios are not defined by IFRS and may differ from similar measures presented by other entities.
(4) Unsecured debt divided by net debt.
(5) During the first quarter of 2019, Cominar reassessed its number of properties by grouping individual addresses within the same plot of land or related plots of land as one property.

As at March 31, 2019, the unencumbered assets to unsecured net debt ratio stood at 1.53:1, well above the required ratio of 1.30:1 contained in the restrictive covenant of the outstanding debentures.

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, 2019 $	As at December 31, 2018 $	%Δ
Income properties – Cominar's proportionate share(1)	**6,246,268**	6,224,956	0.3
Properties under development and land held for future development – Cominar's proportionate share(1)	**146,809**	143,835	2.1
Investment properties held for sale	**134,821**	188,727	(28.6)
Number of income properties(2)(3)	**348**	428	
Leasable area (sq. ft.)(2)	**37,405,000**	38,127,000	

(1) Non-IFRS financial measure.
(2) Includes investment properties held for sale.
(3) During the first quarter of 2019, Cominar reassessed its number of properties by grouping individual addresses within the same plot of land or related plots of land as one property.

Summary by Property Type

	As at March 31, 2019		As at December 31, 2018	
	Number of properties(1)	Leasable area (sq. ft.)	Number of properties	Leasable area (sq. ft.)
Office	**84**	**11,344,000**	96	11,707,000
Retail	**70**	**10,515,000**	136	10,714,000
Industrial and flex	**194**	**15,546,000**	196	15,706,000
Total	**348**	**37,405,000**	428	38,127,000

(1) During the first quarter of 2019, Cominar reassessed its number of properties by grouping individual addresses within the same plot of land or related plots of land as one property.

Summary by Geographic Market

	As at March 31, 2019		As at December 31, 2018	
	Number of properties[(2)]	Leasable area (sq. ft.)	Number of properties	Leasable area (sq. ft.)
Montreal	**217**	**24,644,000**	281	25,327,000
Québec City	**111**	**10,225,000**	126	10,264,000
Ontario - Ottawa[(1)]	**19**	**2,476,000**	20	2,476,000
New Brunswick	**1**	**60,000**	1	60,000
Total	**348**	**37,405,000**	428	38,127,000

(1) For presentation purposes, the Gatineau area is included in the Ottawa geographic market.
(2) During the first quarter of 2019, Cominar reassessed its number of properties by grouping individual addresses within the same plot of land or related plots of land as one property.

Acquisitions, Investments and Dispositions

Investments in Income Properties, income Properties Held for Sale and Cominar's proportionate share in joint ventures

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 2019, Cominar incurred $18.0 million [$36.1 million in 2018] in capital expenditures specifically to increase the rental income generating capacity of its properties. These capital expenditures include, among others, investments of $6.2 million in revitalization and redevelopment, $0.3 million in property expansion, $11.3 million in structural work and $0.2 million in facade renovation. Cominar also incurred $4.8 million [3.7 million in 2018] 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 2019, Cominar made investments of $7.1 million in leasehold improvements and $2.1 million in leasing costs [$16.2 million in leasehold improvements and $1.9 million in leasing costs in 2018].

The following table shows the details of the capital expenditures and leasing costs reported in the financial statements with respect to our income properties, including investment properties held for sale:

For the quarters ended March 31	2019 $	2018 $	%Δ
Revitalization and redevelopment	**6,202**	6,635	(6.5)
Property expansion	**333**	904	(63.2)
Structural work for common areas, parking, preparation of base building, etc.	**11,262**	22,947	(50.9)
Facade renovation	**188**	1,736	(89.2)
Others	**—**	3,895	(100.0)
Capital expenditures – increase of rental income generating capacity	**17,985**	36,117	(50.2)
Capital expenditures – maintenance of rental income generating capacity	**4,768**	3,682	29.5
Leasehold improvements	**7,102**	16,203	(56.2)
Total Capital costs – Financial statements(1)	**29,855**	56,002	(46.7)
Change in initial direct costs – Financial statements(1)	**2,133**	1,875	13.8

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

Dispositions of Investment Properties Held for Sale

Address	Area	Property type	Leasable area sq. ft.	Transaction date	Selling price $
768-790, boulevard Décarie, Montreal, Quebec	Montreal	Office	35,000	January 11, 2019	4,100
4600, boulevard Sainte-Anne, Québec, Quebec	Quebec	Industrial and flex	39,000	January 14, 2019	1,200
170, boulevard Curé-Labelle, Rosemère, Quebec	Montreal	Retail	3,000	January 16, 2019	1,841
3773, boulevard de la Côte-Vertu, Montreal, Quebec	Montreal	Office	53,000	February 15, 2019	4,600
7405, autoroute Transcanadienne, Montreal, Quebec	Montreal	Office	82,000	February 15, 2019	8,350
3900, boulevard de la Côte-Vertu, Montreal, Quebec	Montreal	Office	29,000	February 15, 2019	2,000
3950, boulevard de la Côte-Vertu, Montreal, Quebec	Montreal	Office	24,000	February 15, 2019	2,000
7355, autoroute Transcanadienne, Montreal, Quebec	Montreal	Office	23,000	February 15, 2019	1,500
5101, rue Buchan, Montreal, Quebec	Montreal	Office	117,000	February 15, 2019	10,200
1059-1095, boulevard Jean-Baptiste-Rolland Ouest, Saint-Jérôme, Quebec	Montreal	Retail	78,000	February 15, 2019	3,150
1035-1049, boulevard Jean-Baptiste-Rolland Ouest, Saint-Jérôme, Quebec	Montreal	Retail	24,000	February 15, 2019	3,150
1105-1135, boulevard Jean-Baptiste-Rolland Ouest, Saint-Jérôme, Quebec	Montreal	Retail	77,000	February 15, 2019	3,150
1051-1055, boulevard Jean-Baptiste-Rolland Ouest, Saint-Jérôme, Quebec	Montreal	Retail	17,000	February 15, 2019	3,150
2400, autoroute Transcanadienne, Pointe-Claire, Quebec	Montreal	Industrial and flex	121,000	March 26, 2019	26,000
			722,000		**74,391**

Property type	Number of properties	Leasable area sq. ft	Fair value $
Office	7	363,000	32,750
Retail	5	199,000	14,441
Industrial and flex	2	160,000	27,200
Total	**14**	**722,000**	**74,391**

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, 2019, Cominar transferred 3 income properties having a value of $18.5 million to investment properties held for sale.

	For the quarter ended March 31, 2019				For the year ended December 31, 2018
	Office properties $	Retail properties $	Industrial and flex properties $	Total $	Total $
Investment properties					
Balance, beginning of period	**50,486**	**111,041**	**27,200**	**188,727**	1,143,500
Transfers from income properties	**17,700**	**750**	**—**	**18,450**	191,241
Capitalized costs	**2,153**	**62**	**—**	**2,215**	7,070
Change in fair value	**(119)**	**(61)**	**—**	**(180)**	(4,934)
Dispositions	**(32,750)**	**(14,441)**	**(27,200)**	**(74,391)**	(1,148,150)
Balance, end of period	**37,470**	**97,351**	**—**	**134,821**	188,727

The following table presents detailed information on the investment properties held for sale as at March 31, 2019:

Address	Area	Property type	Leasable area sq. ft.
375, boulevard Sir-Wilfrid-Laurier, Mont-Saint-Hilaire, Quebec	Montreal	Office	50,000
325, boulevard Honorius-Charbonneau, Mont-Saint-Hilaire, Quebec	Montreal	Office	19,000
1400, boulevard de la Rive-Sud, Lévis, Quebec	Québec	Office	77,000
1156, boulevard de la Rive-Sud, Lévis, Quebec	Québec	Office	33,000
1199 St-George Boulevard, Moncton, New Brunswick(1)	New Brunswick	Office	60,000
736, rue King Est, Sherbrooke, Quebec	Montreal	Retail	4,000
3005, rue King Ouest, Sherbrooke, Quebec	Montreal	Retail	6,000
1479-1481-1483-1485, boulevard Saint-Bruno, Saint-Bruno, Quebec	Montreal	Retail	13,000
1465, boulevard Saint-Bruno, Saint-Bruno, Quebec	Montreal	Retail	26,000
1475, boulevard Saint-Bruno, Saint-Bruno, Quebec	Montreal	Retail	153,000
1495, boulevard Saint-Bruno, Saint-Bruno, Quebec	Montreal	Retail	35,000
800, boulevard Claude-Jutras, Saint-Bruno, Quebec	Montreal	Retail	30,000
1011-1091, boulevard Saint-Bruno, Saint-Bruno, Quebec	Montreal	Retail	79,000
1101-1191, boulevard Saint-Bruno, Saint-Bruno, Quebec	Montreal	Retail	30,000
340-360, boulevard Sir-Wilfrid-Laurier, Mont-Saint-Hilaire, Quebec	Montreal	Retail	24,000
370-380, boulevard Sir-Wilfrid-Laurier, Mont-Saint-Hilaire, Quebec	Montreal	Retail	45,000
353-361, boulevard Sir-Wilfrid-Laurier, 345, boulevard Honorius-Charbonneau et 365, boulevard Sir-Wilfrid-Laurier, Mont-Saint-Hilaire, Quebec	Montreal	Retail	72,000
377-383, boulevard Sir-Wilfrid-Laurier, Mont-Saint-Hilaire, Quebec	Montreal	Retail	9,000
933, boulevard Armand Frappier, Sainte-Julie, Quebec	Montreal	Retail	14,000
484, 25e Avenue, Saint-Eustache, Quebec	Montreal	Retail	4,000
101, boulevard Arthur-Sauvé, Saint-Eustache, Quebec	Montreal	Retail	3,000
1200, Place Nobel, Boucherville, Quebec, Quebec	Montreal	Retail	64,000
324, boulevard Curé-Labelle, Sainte-Thérèse, Quebec	Montreal	Retail	4,000
255, boulevard Crémazie Ouest, Montreal, Quebec	Montreal	Retail	4,000
2986, boulevard Saint-Charles, Montreal, Quebec	Montreal	Retail	2,000
7, Place du Commerce, Montreal, Quebec	Montreal	Retail	17,000
4211-4219, rue Wellington, Montreal, Quebec	Montreal	Retail	7,000
1950, rue Léonard-De Vinci, Sainte-Julie, Quebec(1)	Montreal	Retail	4,000
950, boulevard Jutras Est, Victoriaville, Quebec	Quebec	Retail	4,000
			892,000

(1) Sold in April 2019.

Properties Under Construction and Development Projects

Société en commandite Bouvier-Bertrand (Québec City)

Cominar and Groupe Dallaire, each having a 50% ownership interest, are in joint venture for the purpose of developing retail land located on Highway 40, one of the main arteries of Québec City. It is expected that upon completion, this project, Espace Bouvier, will consist of an 80,000 square foot office building and five retail buildings totalling approximately 191,500 square feet with more than 900 parking spaces. The office building was transferred to income properties at the end of the previous fiscal year. Its committed occupancy rate is currently 99%. The first retail building, which totals 65,000 square feet and is 100% leased by a single tenant, was delivered in December 2015. The second retail building, which totals 25,000 square feet and is 100% leased by a single tenant, was delivered in May 2016. The third retail building, which totals 9,000 square feet and is 100% leased by a single tenant, was completed and delivered to the tenant at the end of 2016. The fourth retail building, which was completed during the first quarter of 2018 is 56% leased. Its total leasable area is 34,500 square feet and its construction cost was $4.9 million. It is expected that the fifth retail building to be constructed will have a total leasable area of approximately 58,000 square feet.

Address	Operating segment	Leasable area sq. ft.	Committed Occupancy rate
1020 Bouvier Street	Office	80,000	99%
1000 des Basses-Terres Street	Retail	65,000	100%
1033 des Rocailles Street	Retail	25,000	100%
1016 Bouvier Street	Retail	9,000	100%
4825 Pierre-Bertrand Boulevard	Retail	34,500	56%
To come	Retail/Office	58,000	N/A
		271,500	

Société en commandite Chaudière-Duplessis – Ilot Mendel

During the first quarter of 2017, Cominar commenced 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, Ilôt Mendel is located next to the Swedish banner IKEA, which occupies just over 1 million square feet, including the parking areas. IKEA is already a major attraction at the new site. As announced by the competent authorities, the site should eventually be served by the new public transit network (Tramway) according to the current route selected by the City of Québec. However, the federal and provincial governments have yet to fully commit funding required for the Tramway.

The first phase includes a 57,000 square feet Decathlon sporting goods store, with an expected opening in the fall of 2019. The Decathlon store is expected to cost approximately $12.6 million. A densification study is ongoing to evaluate the possibility of adding other uses at the site. Further development of this site will depend on market conditions, tenant demand and zoning changes, if necessary.

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.

Société en commandite Marais (Québec City)

Cominar and Groupe Dallaire are limited partners in Société en commandite Marais in which the REIT owns a 75% interest and Groupe Dallaire owns a 25% interest. The limited partnership was created to carry out the development of 1.5 million square feet of retail land in Québec City at the junction of the Robert-Bourassa and Félix-Leclerc highways. The development of this site will depend on market conditions and zoning changes, if required.

Real Estate Operations

Occupancy Rate

Occupancy Rate Track Record

	Committed		In-place			
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	December 31, 2018	December 31, 2017
Property Type						
Office	**92.3%**	90.0%	**87.8%**	84.9%	86.5%	84.4%
Retail	**93.5%**	93.0%	**85.4%**	83.5%	85.5%	87.3%
Industrial and flex	**95.0%**	95.1%	**94.0%**	90.5%	93.7%	91.4%
Portfolio total	**93.8%**	92.9%	**89.7%**	86.9%	89.2%	87.9%
Committed occupancy rate			**93.8%**	92.9%	93.6%	92.6%

As at March 31, 2019	Montreal		Québec City		Ottawa		Total	
	Committed	In-place	Committed	In-place	Committed	In-place	Committed	In-place
Property Type								
Office	**89.7%**	**85.6%**	**97.9%**	**95.0%**	**93.4%**	**85.4%**	**92.3%**	**87.8%**
Retail	**95.0%**	**87.7%**	**92.1%**	**85.1%**	**83.4%**	**53.7%**	**93.5%**	**85.4%**
Industrial and flex	**94.8%**	**93.8%**	**95.9%**	**94.7%**	**N/A**	**N/A**	**95.0%**	**94.0%**
Portfolio total	**93.5%**	**90.1%**	**95.0%**	**90.9%**	**92.3%**	**80.6%**	**93.8%**	**89.7%**

As at March 31, 2019	Numerator sq.ft. A	Denominator sq.ft B	Occupancy A/B
In-place occupancy	**33,552,000**	**37,405,000**	**89.7%**
Space under redevelopment	**—**	**(719,000)**	
Signed leases that will begin in the next few quarters	**856,000**	**—**	
Committed occupancy	**34,408,000**	**36,686,000**	**93.8%**

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

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

The spread between the committed occupancy rate and the in-place occupancy rate for the portfolio was 4.1% as at March 31, 2019. For the retail portfolio, this spread was 8.1% and consisted of several signed leases with a total area of approximately 198,000 square feet, of which 52% will come into force in the next two quarters and 705,000 square feet of space under redevelopment. For the office portfolio, this spread was 4.5% and represents signed leases of which approximately 74% will come into force in the next two quarters. As for the industrial and flex portfolio, the variance was 1.0%, representing 165,000 square feet of signed leases, which will come into force in the next two quarters.

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:

Signed leases that will begin in the next few quarters

	For the quarter ended March 31, 2019 sq. ft.
Balance, beginning of period	**950,000**
New signed leases	**324,000**
Leases that began in the period	**(418,000)**
Balance, end of period	**856,000**

The 0.9 million square feet of signed leases will commence during the next five quarters and will, in the end, contribute approximately $16.1 million to net operating income on an annualized basis. Of this amount, $11.6 million comes from the office segment, $3.2 million from the retail segment and $1.3 million from the industrial and flex segment. This contribution to net operating income will be partially offset over the coming quarters by expiring leases that will not be renewed as well as by unanticipated departures and rent reductions.

Leasing Activity

	Office	Retail	Industrial and flex	Total
Leases maturing in 2019				
Number of clients	211	510	191	912
Leasable area (sq. ft.)	1,528,000	1,696,000	1,852,000	5,076,000
Average minimum rent ($/sq. ft.)	19.17	18.52	7.30	14.62
Renewed leases				
Number of clients	84	107	58	249
Leasable area (sq. ft.)	718,000	815,000	970,000	2,503,000
Average minimum rent ($/sq. ft.)	19.44	14.64	7.01	13.06
Retention rate	**47.0%**	**48.1%**	**52.4%**	**49.3%**
New leases				
Number of clients	53	30	35	118
Leasable area (sq. ft.)	447,000	270,000	329,000	1,046,000
Average minimum rent ($/sq. ft.)	14.45	18.06	6.45	12.62
Unexpected departures				
Number of clients	5	16	11	32
Leasable area (sq. ft.)	19,000	24,000	95,000	138,000
Average minimum rent ($/sq. ft.)	25.19	26.21	5.15	11.59

During the quarter ended March 31, 2019, 49.3% [43.9% in 2018] of the leasable area maturing in 2019 was renewed. During the period, new leases were also signed, representing 1.0 million square feet of leasable area, while tenants whose leases were not expiring that left before the end of their lease, totaled leasable area of 0.1 million square feet.

Growth in the Average Net Rent of Renewed Leases

	For the quarter ended March 31, 2019	For the year ended December 31, 2018
Property Type		
Office	**2.1%**	0.3%
Retail	**0.4%**	(1.8%)
Industrial and flex	**8.6%**	5.6%
Growth in the average net rent of renewed leases	**3.0%**	0.6%

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 Québec City, Montreal and Ottawa markets increased by 2.4%, 2.4% and 0.6% respectively.

For the industrial and flex portfolio, the average net rent on renewed leases in the Québec City and Montreal markets increased by 9.6% and 8.7% respectively.

For the retail portfolio, the average net rent of renewed leases in the Québec City and Ottawa markets increased by 6.0% and 5.5% respectively, while the Montreal market decreased by 3.0%.

Sears Update

Location	Area (square feet) Leasable area	Signed leases	Area in advanced discussions	Area in preliminary discussions	Available area	Common area planned
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	14,000	—	71,852	16,125	26,063
Mail Champlain, Brossard	153,600	—	77,933	50,316	6,525	18,826
Galeries Rive Nord, Repentigny	125,471	—	52,883	49,167	7,387	16,034
Les Rivières shopping centre, Trois-Rivières(1)	144,398(1)	—	54,817	18,367	48,511	22,703
Pierre-Bertrand Boulevard, Québec City (industrial segment)	23,947	23,947	—	—	—	—
Total	**672,824**	**124,953**	**185,633**	**189,702**	**84,582**	**87,954**
	100.0%	18.6%	27.6%	28.2%	12.6%	13.0%

(1) Shadow tenant for which Cominar acquired the building during the second quarter of 2018.

As at March 31, 2019, the area previously occupied by Sears for which leases were signed or in advanced discussions was 46.2%.

Lease Maturities

For the years ending December 31	2020	2021	2022	2023	2024
Office					
Leasable area (sq. ft.)	1,409,000	1,368,000	973,000	1,068,000	1,033,000
Average minimum rent ($/sq. ft.)	17.76	18.41	17.54	19.99	18.87
% of portfolio – Office	12.4%	12.1%	8.6%	9.4%	9.1%
Retail					
Leasable area (sq. ft.)	1,407,000	1,010,000	1,015,000	1,056,000	784,000
Average minimum rent ($/sq. ft.)	21.07	21.50	20.13	15.79	18.79
% of portfolio – Retail	13.4%	9.6%	9.7%	10.0%	7.5%
Industrial and flex					
Leasable area (sq. ft.)	3,080,000	1,761,000	2,102,000	1,857,000	1,099,000
Average minimum rent ($/sq. ft.)	6.42	6.77	6.33	7.54	8.25
% of portfolio – Industrial and flex	19.8%	11.3%	13.5%	11.9%	7.1%
Portfolio total					
Leasable area (sq. ft.)	5,896,000	4,139,000	4,090,000	3,981,000	2,916,000
Average minimum rent ($/sq. ft.)	12.62	14.21	12.42	13.07	14.84
% of portfolio	15.8%	11.1%	10.9%	10.6%	7.8%

The following table summarizes information on leases as at March 31, 2019:

	Residual weighted average term (years)	Weighted average term of leases (years)	Average leased area per client (sq. ft.)	Minimum rent ($/sq. ft.)
Property Type				
Office	5.0	8.2	11,500	17.84
Retail	5.3	8.1	4,700	19.48
Industrial and flex	5.3	8.4	16,100	6.79
Weighted average of total portfolio	**5.2**	**8.2**	**9,100**	**13.46**

Cominar has a broad, highly diversified client base consisting of approximately 3,800 tenants occupying an average of 9,100 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%, 4.6% 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 14.5% of operating revenues come from government agencies, representing over 100 leases.

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	4.6%
Canadian National Railway Company	3.3%
Infra MTL Inc.(1)	2.1%
Desjardins Property Management	0.8%
Winners	0.7%
Marie-Claire Boutiques Inc.(2)	0.7%
Dollarama	0.7%
Société des alcools du Québec	0.7%
Shoppers Drug Mart	0.7%
Total	**20.2%**

(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.

	For the quarter ended March 31, 2019	For the year ended December 31, 2018
Units issued and outstanding, beginning of period	**181,956,349**	184,629,497
Repurchase of units under NCIB	**—**	(2,709,500)
Exercise of options, conversion of restricted units and deferred units	**34,478**	36,352
Units issued and outstanding, end of period	**181,990,827**	181,956,349

On November 9, 2018, Cominar announced the renewal of the NCIB for an additional year. Under this NCIB, Cominar will be entitled to repurchase up to a maximum of 18,112,182 Cominar units. As at March 31, 2019, no units had been repurchased under this NCIB.

Additional information	May 3, 2019
Issued and outstanding units	182,024,143
Outstanding unit options	7,523,700
Deferred units, restricted units and performance units	690,688

Long-Term Incentive Plan

				Unit options	
For the quarter ended March 31, 2019	Performance units	Deferred units	Restricted units	Quantity	Weighted average exercise price $
Outstanding, beginning of period	**164,425**	**315,435**	**2,946**	**8,689,400**	**14.86**
Granted	**174,972**	**91,172**	**—**	**—**	**—**
Converted	**—**	**(34,478)**	**—**	**—**	**—**
Forfeited or cancelled	**—**	**—**	**—**	**(1,017,500)**	**14.85**
Accrued distributions	**3,649**	**3,814**	**23**	**—**	**—**
Balance, end of period	**343,046**	**375,943**	**2,969**	**7,671,900**	**15.20**
Vested units/options, end of period	**—**	**172,025**	**1,755**	**5,687,900**	**15.20**

As at March 31, 2019, the maximum number of units that may be issued under the long-term incentive plan is 16,516,076 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.

Evaluations are performed regularly to assess the effectiveness of DC&P, including this Interim MD&A and the condensed interim consolidated financial statements. Based on these evaluations, the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer concluded that the DC&P were effective as at the end of the first quarter ended March 31, 2019, and that the current controls and procedures provide reasonable assurance that material information about Cominar, including its consolidated subsidiaries, is made known to them during the period in which these reports are being prepared.

Evaluations are also performed to assess the effectiveness of ICFR. Based on those evaluations, the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer of Cominar concluded that ICFR was effective as at the end of the the quarter ended March 31, 2019, and, more specifically, that the financial reporting is reliable and that the condensed interim consolidated financial statements have been prepared for financial reporting purposes in accordance with IFRS.

No changes were made to the Trust's internal controls over financial reporting during the first quarter of 2019 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, 2018, with the exception of IFRS 16 – "Leases", which came into effect on January 1, 2019 and for which Cominar has recorded a right-of-use asset in income properties and a corresponding lease liability in accounts payable and accrued liabilities as of that date. 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, 2018. There have been no changes to the critical accounting estimates and judgments during the three months period ended March 31, 2019.

c) New accounting policy

On January 1, 2019, Cominar adopted the following standard:

IFRS 16, "Leases"

Following the adoption of this new accounting standard, Cominar has recorded a right-of-use asset in income properties and a corresponding lease liability in accounts payable and accrued liabilities for emphyteutic leases on land held for income-producing properties using the modified retrospective approach. The accounting standard IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (lessee) and the supplier (lessor). IFRS 16 cancels and replaces the previous standard, IAS 17, "Leases", and related interpretations.

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

To obtain a complete description of the risks and uncertainties identified by Cominar, the reader is referred to our 2018 Annual Report, as well as our 2018 Annual Information Form.

Condensed Interim Consolidated Financial Statements

Cominar Real Estate Investment Trust

Quarter ended March 31, 2019
Unaudited

Consolidated Balance Sheets

[unaudited, in thousands of Canadian dollars]

	Note	March 31, 2019 $	December 31, 2018 $
Assets			
Investment properties			
Income properties	4	**6,079,423**	6,058,191
Properties under development	5	**35,836**	34,293
Land held for future development	5	**95,055**	93,750
		6,210,314	6,186,234
Investment properties held for sale	6	**134,821**	188,727
Investments in joint ventures	7	**93,031**	92,468
Goodwill		**15,721**	15,721
Accounts receivable		**44,858**	41,162
Prepaid expenses and other assets		**45,082**	17,901
Cash and cash equivalents		**11,146**	1,498
Total assets		**6,554,973**	6,543,711
Liabilities			
Mortgages payable	8	**1,730,469**	1,742,104
Mortgages payable related to investment properties held for sale	6, 8	**—**	123
Debentures		**1,722,838**	1,722,586
Bank borrowings	9	**140,353**	152,950
Accounts payable and accrued liabilities		**122,242**	103,347
Deferred tax liabilities		**142**	142
Current tax liabilities		**—**	6,763
Distributions payable to unitholders		**10,919**	—
Total liabilities		**3,726,963**	3,728,015
Unitholders' equity			
Unitholders' equity		**2,828,010**	2,815,696
Total liabilities and unitholders' equity		**6,554,973**	6,543,711

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, 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	10	—	—	(32,758)	—	(32,758)
Unit issuances	10	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**

	Note	Unitholders' contributions $	Cumulative net income $	Cumulative distributions $	Contributed surplus $	Total $
Balance as at January 1, 2018		3,265,995	1,861,029	(1,922,212)	3,949	3,208,761
Net income and comprehensive income		—	29,977	—	—	29,977
Distributions to unitholders	10	—	—	(45,483)	—	(45,483)
Unit issuances	10	204	—	—	(67)	137
Repurchase of units under NCIB	10	(39,530)	—	—	—	(39,530)
Long-term incentive plan		—	19	—	619	638
Balance as at March 31, 2018		3,226,669	1,891,025	(1,967,695)	4,501	3,154,500

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	2019 $	2018 $
Operating revenues			
Rental revenue from investment properties	11	**181,944**	208,865
Operating expenses			
Operating costs		**(45,871)**	(53,895)
Realty taxes and services		**(45,157)**	(50,018)
Property management expenses		**(4,231)**	(4,406)
		(95,259)	(108,319)
Net operating income		**86,685**	100,546
Finance charges	12	**(36,751)**	(43,802)
Trust administrative expenses	13	**(5,453)**	(5,255)
Change in fair value of investment properties	4, 5, 6	**(221)**	(4,331)
Share in joint ventures' net income	7	**1,388**	1,085
Transaction costs	14	**(1,339)**	(18,554)
Net income before income taxes		**44,309**	29,689
Income taxes			
Current		**—**	(6,251)
Deferred		**—**	6,539
		—	288
Net income and comprehensive income		**44,309**	29,977
Basic and diluted net income per unit	15	**0.24**	0.16

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	2019 $	2018 $
Operating activities			
Net income		**44,309**	29,977
Adjustments for:			
Excess of share of net income over distributions received from the joint ventures	7	**(563)**	(1,085)
Change in fair value of investment properties	4, 5, 6	**221**	4,331
Depreciation and amortization		**1,082**	(117)
Compensation expense related to long-term incentive plan		**770**	638
Deferred income taxes		**—**	(6,539)
Recognition of leases on a straight-line basis	4, 6	**(179)**	(654)
Changes in non-cash working capital items	16	**(22,189)**	(7,216)
Cash flows provided by operating activities		**23,451**	19,335
Investing activities			
Acquisitions and investments in income properties	4, 16	**(37,786)**	(58,414)
Acquisitions and investments in properties under development and land held for future development	5, 16	**(2,814)**	(8,949)
Net proceeds from the sale of investment properties	3, 6	**74,391**	1,026,430
Contributions to the capital of the joint ventures	7	**—**	(800)
Change in other assets		**(1,105)**	81
Cash flows provided by investing activities		**32,686**	958,348
Financing activities			
Cash distributions to unitholders	10	**(21,839)**	(34,567)
Bank borrowings		**(12,597)**	(264,366)
Mortgages payable	8	**—**	135,423
Unit issuance net proceeds		**(7)**	137
Repurchase of units under NCIB		**—**	(39,530)
Repayments of mortgages payable	8	**—**	(292,635)
Monthly repayments of mortgages payable	8	**(12,046)**	(14,106)
Cash flows used in financing activities		**(46,489)**	(509,644)
Net change in cash and cash equivalents		**9,648**	468,039
Cash and cash equivalents, beginning of period		**1,498**	6,928
Cash and cash equivalents, end of period		**11,146**	474,967
Other information			
Interest paid		**27,007**	35,580
Cash distributed by a joint venture	7	**825**	—

See accompanying notes to the condensed interim consolidated financial statements.

Notes to Condensed Interim Consolidated Financial Statements

For the quarters ended March 31, 2019 and 2018
[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, 2019, Cominar owned and managed a real estate portfolio of 348 high-quality properties that covered a total area of 37.4 million square feet in the Province of Quebec, in Ottawa and in New Brunswick.

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 3, 2019.

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, with the exception of IFRS 16 – “Leases”, which came into effect on January 1, 2019 and for which Cominar has recorded a right-of-use asset in income properties and a corresponding lease liability in accounts payable and accrued liabilities as of that date. 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, 2018.

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, 2018. There have been no changes to the critical accounting estimates and judgments during the three months period ended March 31, 2019.

c) New accounting policy

On January 1, 2019, Cominar adopted the following standard:

IFRS 16, “Leases”
Following the adoption of this new accounting standard, Cominar has recorded a right-of-use asset in income properties and a corresponding lease liability in accounts payable and accrued liabilities for emphyteutic leases on land held for income-producing properties using modified retrospective approach. The accounting standard IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (lessee) and the supplier (lessor). IFRS 16 cancels and replaces the previous standard, IAS 17, “Leases”, and related interpretations.

3) Dispositions

Dispositions of Income Properties in Q1 2019

On January 11, 2019, Cominar completed the sale of an office property located in the Montréal area, for a total selling price of $4,100.

On January 14, 2019, Cominar completed the sale of an industrial and flex property located in the Québec City area, for a total selling price of $1,200.

On January 16, 2019, Cominar completed the sale of a retail property located in the Montréal area, for a total selling price of $1,841.

On February 15, 2019, Cominar completed the sale of a 10 property portfolio located in the Montréal area, for a total selling price of $41,250.

On March 26, 2019, Cominar completed the sale of an industrial and flex property located in the Montréal area, for a total selling price of $26,000.

4) Income Properties

	Note	For the quarter ended March 31, 2019 $	For the year ended December 31, 2018 $
Balance, beginning of period		**6,058,191**	6,239,383
Acquisitions and related costs		**—**	39,710
Change in fair value		**(41)**	(242,307)
Right-of-use asset		**9,757**	—
Capital costs		**27,662**	204,325
Dispositions		**—**	(3,014)
Transfers to investment properties held for sale	6	**(18,450)**	(191,241)
Change in initial direct costs		**2,133**	9,819
Recognition of leases on a straight-line basis		**171**	1,516
Balance, end of period		**6,079,423**	6,058,191

5) Properties Under Development and Land Held for Future Development

	For the quarter ended March 31, 2019 $	For the year ended December 31, 2018 $
Balance, beginning of period	**128,043**	129,272
Change in fair value	**—**	(19,857)
Capital costs	**1,323**	15,382
Disposition of a portion of land	**—**	(2,400)
Capitalized interests	**1,525**	5,546
Change in initial direct costs	**—**	100
Balance, end of period	**130,891**	128,043
Breakdown:		
Properties under development	**35,836**	34,293
Land held for future development	**95,055**	93,750

6) Investment Properties Held for Sale

During the quarter ended March 31, 2019, Cominar transferred 3 income properties having a value of $18,450 to investment properties held for sale.

		For the quarter ended March 31, 2019				For the year ended December 31, 2018
	Note	Office properties $	Retail properties $	Industrial and flex properties $	Total $	Total $
Investment properties held for sale and goodwill						
Balance, beginning of period		**50,486**	**111,041**	**27,200**	**188,727**	1,143,500
Transfers from income properties	4	**17,700**	**750**	**—**	**18,450**	191,241
Capitalized costs[1]		**2,153**	**62**	**—**	**2,215**	7,070
Change in fair value		**(119)**	**(61)**	**—**	**(180)**	(4,934)
Dispositions	3	**(32,750)**	**(14,441)**	**(27,200)**	**(74,391)**	(1,148,150)
Transfer of goodwill		**—**	**—**	**—**	**—**	3,872
Derecognition of goodwill		**—**	**—**	**—**	**—**	(3,872)
Balance, end of period		**37,470**	**97,351**	**—**	**134,821**	188,727

(1) Includes $8 of recognition of leases on a straight-line basis.

		For the quarter ended March 31, 2019				For the year ended December 31, 2018
	Note	Office properties $	Retail properties $	Industrial and flex properties $	Total $	Total $
Mortgages payable related to the investment properties held for sale						
Balance, beginning of period		**123**	**—**	**—**	**123**	276,350
Monthly repayments of principal		**(123)**	**—**	**—**	**(123)**	(2,400)
Repayments of balances		**—**	**—**	**—**	**—**	(167,958)
Mortgages payable assumed by the purchaser	8	**—**	**—**	**—**	**—**	(105,992)
Transfer of mortgages payable related to investment properties held for sale		**—**	**—**	**—**	**—**	123
Balance, end of period		**—**	**—**	**—**	**—**	123

7) Joint Ventures

As at March 31			2019	2018
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:

	For the quarter ended March 31, 2019 $	For the year ended December 31, 2018 $
Investments in joint ventures, beginning of period	**92,468**	86,299
Contributions to the capital of the joint ventures	**—**	1,931
Share of joint ventures' net income and comprehensive income	**1,388**	5,176
Cash distributions by a joint venture	**(825)**	(938)
Investments in joint ventures, end of period	**93,031**	92,468

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, 2019 $	As at December 31, 2018 $	As at March 31, 2019 $	As at December 31, 2018 $
Income properties	**237,539**	237,400	**166,845**	166,765
Properties under development	**15,034**	14,782	**7,517**	7,392
Land held for future development	**11,202**	11,200	**8,401**	8,400
Other assets	**1,397**	1,481	**833**	983
Mortgages payable	**(122,827)**	(123,762)	**(84,893)**	(85,534)
Bank borrowings(1)	**(8,001)**	(8,000)	**(4,001)**	(4,000)
Other liabilities	**(2,737)**	(2,412)	**(1,671)**	(1,538)
Net assets of joint ventures	**131,607**	130,689	**93,031**	92,468

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

	Joint ventures		Cominar's proportionate share	
For the quarters ended March 31	2019 $	2018 $	2019 $	2018 $
Operating revenues	**6,180**	5,765	**4,300**	4,014
Operating expenses	**(2,717)**	(2,768)	**(1,907)**	(1,933)
Net operating income	**3,463**	2,997	**2,393**	2,081
Finance charges	**(1,419)**	(1,397)	**(992)**	(989)
Administrative expenses	**(25)**	(15)	**(13)**	(7)
Net income	**2,019**	**1,585**	**1,388**	**1,085**

8) Mortgages Payable

		For the quarter ended March 31, 2019		For the year ended December 31, 2018	
	Note	$	Weighted average contractual rate	$	Weighted average contractual rate
Balance, beginning of period		**1,747,991**	**4.03%**	2,153,896	4.22%
Mortgages payable contracted		**—**	**—**	347,500	4.02%
Monthly repayments of principal		**(12,046)**	**—**	(50,805)	—
Repayments of balances		**—**	**—**	(596,608)	4.66%
Mortgages payable assigned	6	**—**	**—**	(105,992)	3.72%
		1,735,945	**4.03%**	1,747,991	4.03%
Plus: Fair value adjustments on assumed mortgages payable		**661**		727	
Less: Deferred financing costs		**(6,137)**		(6,491)	
Balance, end of period(1)		**1,730,469**		1,742,227	

(1) As at December 31, 2018, includes $123 in mortgages payable related to the properties held for sale at that date.

Mortgages payable are secured by immovable hypothecs on investment properties with a book value of $3 379 051 [$3,505,827 as at December 31, 2018]. They bear annual contractual interest rates ranging from 3.00% to 6.61% as at March 31, 2019 [2.52% to 6.94% as at December 31, 2018], representing a weighted average contractual rate of 4.03% as at March 31, 2019 [4.03% as at December 31, 2018], and mature at various dates from July 2019 to April 2034. As at March 31, 2019, the weighted average effective interest rate was 4.11% [4.11% as at December 31, 2018].

As at March 31, 2019, 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, 2019 and December 31, 2018.

9) Bank Borrowings

As at March 31, 2019, Cominar had an unsecured renewable operating and acquisition credit facility of up to $500,000 maturing in August 2019. During the first quarter of 2019, at Cominar’s request, the maximum amount available under the credit facility was reduced from $700,000 as at December 31, 2018 to $500,000. 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, 2019 and December 31, 2018. As at March 31, 2019, bank borrowings totalled $140,353 and availability was $359,647.

10) Issued and Outstanding Units

	For the quarter ended March 31, 2019		For the year ended December 31, 2018	
	Units	$	Units	$
Units issued and outstanding, beginning of period	**181,956,349**	**3,226,929**	184,629,497	3,265,995
Repurchase of units under NCIB	**—**	**—**	(2,709,500)	(39,530)
Exercise of options, conversion of restricted units and deferred units	**34,478**	**442**	36,352	464
Units issued and outstanding, end of period	**181,990,827**	**3,227,371**	181,956,349	3,226,929

Long Term Incentive Plan

For the quarter ended March 31, 2019	Performance units	Deferred units	Restricted units	Unit options Quantity	Unit options Weighted average exercise price $
Outstanding, beginning of period	164,425	315,435	2,946	8,689,400	14.86
Granted	174,972	91,172	—	—	—
Converted	—	(34,478)	—	—	—
Forfeited or cancelled	—	—	—	(1,017,500)	14.85
Accrued distributions	3,649	3,814	23	—	—
Balance, end of period	**343,046**	**375,943**	**2,969**	**7,671,900**	**14.86**
Vested units/options, end of period	**—**	**172,025**	**1,755**	**5,687,900**	**15.20**

As at March 31, 2019, the maximum number of units that may be issued under the long-term incentive plan is 16,516,076 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.

For the quarters ended March 31	2019 $	2018 $
Distributions to unitholders	**32,758**	45,483
Distributions per unit	**0.1800**	0.2500

On March 7, 2018, Cominar decreased the monthly distribution from $0.095 per unit to $0.06 per unit, beginning with the distribution of March 2018 paid in April 2018.

11) Operating Revenues

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

For the 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**

For the quarter ended March 31, 2018	Office properties $	Retail properties $	Industrial and flex properties $	Total of operating revenues $
Lease revenues	74,332	69,476	41,148	184,956
Parking revenues	5,261	132	10	5,403
Revenues from other services	8,294	7,625	2,587	18,506
Total	87,887	77,233	43,745	208,865

12) Finance Charges

For the quarters ended March 31	2019 $	2018 $
Interest on mortgages payable	**17,377**	23,229
Interest on debentures	**18,268**	18,270
Interest on bank borrowings	**2,186**	4,814
Net amortization of premium and discount on debenture issues	**(130)**	(130)
Amortization of deferred financing costs and other costs	**887**	863
Amortization of fair value adjustments on assumed borrowings	**(66)**	(1,239)
Less: Capitalized interest[(1)]	**(1,771)**	(2,005)
Total	**36,751**	43,802

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 2019 was 4.24% [4.00% in 2018].*

13) Trust Administrative Expenses

For the quarters ended March 31	2019 $	2018 $
Salaries and other benefits	**3,924**	3,315
Compensation related to the long-term incentive plan	**770**	638
Professional fees	**236**	249
Public company costs	**185**	136
Other expenses	**338**	917
Total	**5,453**	5,255

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

14) Transaction Costs

For the quarters ended March 31	2019 $	2018 $
Brokerage fees	**511**	5,700
Professional fees	**242**	2,374
Assumed head leases	**—**	4,201
Penalties on debt repayment	**—**	945
Closing adjustments	**586**	4,734
Others	**—**	600
Total	**1,339**	18,554

15) Per Unit Calculation Basis

For the quarters ended March 31	2019 Units	2018 Units
Weighted average number of units outstanding – basic	**182,102,616**	182,455,751
Dilutive effect related to the long-term incentive plan	**123,607**	204,931
Weighted average number of units outstanding – diluted	**182,226,223**	182,660,682

The calculation of the diluted weighted average number of units outstanding does not take into account the effect of the conversion into units of 8,220,078 options and unvested performance units, deferred units and restricted units outstanding at the end of the quarter ended March 31, 2019 [12,777,516 in 2018], 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.

16) Supplemental Cash Flow Information

For the quarters ended March 31	2019 $	2018 $
Accounts receivable	**(3,696)**	1,386
Prepaid expenses	**(25,919)**	(29,888)
Accounts payable and accrued liabilities	**14,189**	15,035
Current tax liabilities	**(6,763)**	6,251
Changes in non-cash working capital items	**(22,189)**	(7,216)
Other information		
Accounts payable and accrued liabilities relating to investing activities	**(8,023)**	(11,331)
Accounts receivable relating to investing activities	**4,014**	11,814

17) Fair Value

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

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

Cominar's policy is to recognize transfers between hierarchy levels on the date of changes in circumstances that caused the transfer. There were no transfers made between hierarchy levels during the first quarter of 2019 and fiscal year 2018.

The fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, 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, 2019		As at December 31, 2018	
	Level	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Recurring valuations of non-financial assets					
Income properties	3	**6,079,423**	**6,079,423**	6,058,191	6,058,191
Investment properties held for sale	3	**134,821**	**134,821**	188,727	188,727
Land held for future development	3	**95,055**	**95,055**	93,750	93,750
Financial liabilities					
Mortgages payable	2	**1,730,469**	**1,781,678**	1,742,227	1,764,084
Debentures	2	**1,722,838**	**1,765,191**	1,722,586	1,703,866

18) Segmented Information

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

For the quarter ended March 31, 2019	Office Properties $	Retail Properties $	Industrial and flex properties $	Cominar's proportionate share $	Joint ventures $	Condensed interim consolidated financial statements $
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**
For the quarter ended March 31, 2018	$	$	$	$	$	$
Rental revenue from investment properties	91,497	77,636	43,746	212,879	(4,014)	208,865
Change in fair value of investment properties	(3,132)	(643)	(556)	(4,331)	—	(4,331)
Net operating income	42,246	37,109	23,272	102,627	(2,081)	100,546
Share of joint ventures' net income	—	—	—	—	1,085	1,085

As at March 31, 2019	Office Properties $	Retail Properties $	Industrial and flex properties $	Cominar's proportionate share $	Joint ventures $	Condensed interim consolidated financial statements $
Income properties	**2,454,686**	**2,354,145**	**1,437,437**	**6,246,268**	**(166,845)**	**6,079,423**
Investment properties held for sale	**37,470**	**97,351**	**—**	**134,821**	**—**	**134,821**
Investments in joint ventures	**—**	**—**	**—**	**—**	**93,031**	**93,031**
As at December 31, 2018	$	$	$	$	$	$
Income properties	2,452,567	2,340,041	1,432,348	6,224,956	(166,765)	6,058,191
Investment properties held for sale	50,486	111,041	27,200	188,727	—	188,727
Investments in joint ventures	—	—	—	—	92,468	92,468

19) Subsequent Events

On April 15, 2019, Cominar declared a monthly distribution of $0.06 per unit.

On April 18, 2019, Cominar completed the sale of an office property located in Moncton, New Brunswick, for an amount of $8,020.

On April 29, 2019, Cominar completed the sale of a retail property located in the Montréal area, for an amount of $750.

On May 1st, 2019, Cominar entered into a 10-year mortgage of $100,000 at an interest rate of 3.70%.

Corporate Information

Board of Trustees

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Nomination and Governance Committee
(4) Member of the Investment Committee
(5) Systematically attends all committee meeting

Key Officers

Unitholders Information

Cominar Real Estate Investment Trust

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Email: info@cominar.com
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Listing

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

Transfer Agent

Computershare Trust Company of Canada
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Montreal, Quebec, Canada H3A 3S8

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

Taxability of Distributions

In 2018, 51.23% 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 15, 2019 at 10:30 a.m.
Centre Rockland
2305 Rockland Road
Mount Royal (Quebec)

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 temporarily 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