Cominar Real Estate Investment Trust

Interim Report

Quarter ended September 30, 2019

Unaudited

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Interim Management's Discussion and Analysis

The following Interim Management's Discussion and Analysis ("MD&A") is provided to enable the reader to assess the results of operations of Cominar Real Estate Investment Trust ("Cominar," the "Trust" or the "REIT") for the quarter ended September 30, 2019, in comparison with the corresponding quarter of 2018, as well as its financial position as at that date and its outlook. Dated November 7, 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

We are pleased with the continued progress we have made in the third quarter toward our objectives of improving our organic growth, strengthening and de-risking our balance sheet, optimizing our portfolio and setting the path to create value through intensification opportunities. Our unrelenting focus on execution of our strategic plan is delivering meaningful results and while there is still more work to do, it is clear that we have hit an inflection point. The team is excited about the prospects for the remainder of 2019 and for the potential to build on our momentum in 2020.

Although we have sold $210 million of assets YTD, we delivered FFO per unit excluding restructuring costs of $0.29, unchanged from the corresponding period in 2018, which is a reflection of the positive impact of our strategic initiatives on our bottom line. Our same property NOI growth for the third quarter was 3.8%, with positive organic growth coming from each of our asset classes and each of our portfolio geographies. Industrial continued to lead performance at 8.1%, office delivered 4.1% and retail delivered its first positive quarter since the second quarter of 2014 at 0.6%. In-place occupancy increased to 90.3% and our committed occupancy rate reached 94.4% as a result of a more concerted leasing approach.

Financing activity remained active in the third quarter and we continue to pursue additional initiatives to strengthen our balance sheet and improve financial flexibility. In addition, a stronger balance sheet also provides greater flexibility to execute on our portfolio and asset management strategies. Year to date we have originated $1.3 billion of new debt including a $400 million unsecured revolving line of credit, a $300 million secured line of credit, $200 million of unsecured debentures and $381 million of secured mortgage financings. We are exploring opportunities to early-repay high interest rate, low LTV mortgages in order to reduce interest costs, enhance our unencumbered asset test ratio and extend mortgage terms. The current interest rate environment positions us well to refinance debt in support of FFO growth.

Year to date we have sold $210 million of non-core assets at an average cap rate of 5.9% with proceeds redeployed to debt reduction. Our dispositions improve portfolio quality, enhance our growth outlook and allow us to focus on areas of our portfolio where we see the most potential for cash flow growth and value creation. We have reduced our 2019 disposition target to $250 million by year-end, down from our original target of $300 million. We have begun a detailed asset management review of each of our over 300 properties starting with our top 20 assets and industrial clusters which accounts for 64% of our portfolio value, the result of which will be specific business plans and value creation strategies for each asset including hold/sell/recapitalize decisions.

We have approximately 9,500 units of estimated residential intensification potential within the portfolio and near-term we are focused on two key projects, CN Central Station in Montreal and Mail Champlain in Brossard. We are currently working with advisors to explore value creation alternatives at CN Central Station which we view as a highly strategic development site which will benefit from construction of the REM. Mail Champlain and adjacent properties have the potential to add up to an estimated 2,300 residential units in close proximity to the Panama REM station, subject to zoning.

We are confident that our new strategic direction, which is structured to deliver operating efficiencies, accelerate NOI growth and crystallize untapped portfolio value will create short and long-term value for unitholders. The initiatives we have put in place through 2019 are having a notable impact on our performance and we are committed to continuing to seek out opportunities to drive enhance operations and optimize our portfolio in order to create value for unitholders.

René Tremblay
Chairman of the Board of Trustees

Sylvain Cossette
President and Chief Executive Officer

November 7, 2019

Highlights

Quarter ended September 30, 2019

Growth in same property net operating income[1] (nine-month period: 2.7%)

3.8%

Growth in the average net rent of renewed leases

2.4%

Increase in the committed occupancy rate from 93.6% to

94.4%

Retention rate

66.0%

Reduction in leverage[1] from 55.3% to

53.8%

AFFO[1] **payout ratio**

85.7%

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

Subsequent Event

On October 16, 2019, Cominar declared a monthly distribution of $0.06 per unit, payable on November 15, 2019.

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

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

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

Non-IFRS Performance Indicators

- **Cominar's proportionate share**: Cominar accounts for investments in joint ventures and associates as equity accounted investments in accordance with IFRS. Cominar's proportionate share is a non-IFRS measure that adjusts Cominar's financial statements to reflect Cominar's equity accounted investments and its share of net income (loss) from equity accounted investments on a proportionately consolidated basis at Cominar's ownership interest of the applicable investment. Management believes this measure is important for investors as it is consistent with how Cominar reviews and assesses operating performance of its entire portfolio. Throughout this MD&A, the balances at Cominar's proportionate share have been reconciled back to relevant IFRS measures.
- **Net operating income ("NOI")**: NOI is a measure presented in the statement of comprehensive income in Cominar's consolidated financial statements, which is calculated as revenues less property operating expenses such as utilities, repairs and maintenance and realty taxes. NOI does not include charges for interest or other expenses not specific to the day-to-day operation of Cominar's properties. Management considers NOI to be a valuable measure for evaluating the operating performance of its properties ;
- **Same property NOI**: Same property NOI is a non-IFRS measure used by Cominar to provide an indication of the period-over-period operating profitability of the same property portfolio, that is, Cominar's ability to increase revenues, manage costs, and generate organic growth. 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 that is a non-cash item and which, by excluding it, will allow this measure to present the impact of actual rents collected by Cominar;
- **Funds from operations ("FFO")**: FFO is a non-IFRS measure which represents a standard real estate benchmark used to measure an entity's performance, and is calculated by Cominar as defined by REALpac as net income (calculated in accordance with IFRS) adjusted for, among other things, changes in the fair value of investment properties, deferred taxes and income taxes related to a disposition of properties, derecognition and impairment of goodwill, initial and re-leasing salary costs, adjustments relating to the accounting of joint ventures and transaction costs incurred upon a business combination or a disposition of properties. Management believes FFO to be a useful earnings measure as it adjusts net income for items that are not related to the trend in occupancy levels, rental rates and property operating costs;
- **Adjusted funds from operations ("AFFO")**: AFFO is a non-IFRS measure which, by excluding from the calculation of FFO the rental income arising from the recognition of leases on a straight-line basis, the investments needed to maintain the property portfolio's capacity to generate rental income and a provision for leasing costs is calculated as defined by REALpac. Management believes AFFO provides a meaningful measure of Cominar's capacity to generate steady profits;
- **Adjusted cash flow from operations ("ACFO")**: ACFO is a non-IFRS measure that is derived from the operating cash flows provided by operating activities (in accordance with IFRS) and is calculated by Cominar as defined by REALpac and provides a helpful real estate benchmark to measure Cominar's ability to generate stable cash flows;
- **Debt ratio**: Debt ratio is a non-IFRS measure used by management to assess the financial balance essential to the prudent running of an organization. Debt ratio is calculated by adding mortgages payable, debentures, bank borrowings less cash and cash equivalents divided by the total assets minus cash and cash equivalent. Cominar's Declaration of Trust limits the indebtedness of Cominar to a maximum of 65% of its total assets;
- **Debt to earnings before interest, income taxes, depreciation and amortization ("EBITDA") ratio**: Debt to EBITDA is a non-IFRS measure widely used in the real estate industry and is used by management to assess Cominar's ability to pay down its debts. Cominar defines EBITDA as net operating income minus adjusted Trust administrative expenses and recognition of lease on a straight-line basis;
- **Interest coverage ratio**: Interest coverage ratio is a non-IFRS measure used by management to assess Cominar's ability to pay interest on its debt from operating revenues and is calculated using net operating income minus adjusted Trust administrative expenses, divided by adjusted finance charges;

Other Performance Indicators

- **Committed occupancy rate**: Committed occupancy is a measure used by management to give an indication of the future economic health of the geographical regions and sectors in which Cominar owns properties by taking the leasable area occupied by clients to which is added the leasable area of the leases signed but which have not already started, divided by the leasable area of our real estate portfolio excluding the areas currently under redevelopment;
- **In-place occupancy rate**: In-place occupancy is a measure used by management to give an indication of the current economic health of the geographical regions and sectors in which Cominar owns properties by taking the leasable area occupied by clients, divided by the leasable area of our real estate portfolio;
- **Retention rate**: Retention rate is a measure used by management to assess client satisfaction and loyalty;
- **Growth in the average net rent on renewed leases**: Growth in the average net rent on renewed leases is a measure used by management that gives an indication of Cominar's capacity to increase its rental income.

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

Financial and Operational Highlights

For the periods ended September 30	Quarter 2019 $	Quarter 2018 $	%Δ	Year-to-date (nine months) 2019 $	Year-to-date (nine months) 2018[1] $	%Δ	Page
Financial performance							
Operating revenues – Financial statements	**171,539**	172,665	(0.7)	**530,110**	558,577	(5.1)	17
Operating revenues – Cominar's proportionate share[2]	**175,884**	176,820	(0.5)	**543,074**	570,979	(4.9)	17
NOI - Financial statements	**91,438**	90,977	0.5	**267,106**	281,336	(5.1)	19
NOI - Cominar's proportionate share[2]	**93,914**	93,548	0.4	**274,460**	288,431	(4.8)	19
Same property NOI[2]	**92,720**	89,284	3.8	**269,246**	262,117	2.7	19
Changes in fair value of investment properties – Financial statements	**(2,559)**	13,393	(119.1)	**5,511**	9,062	(39.2)	23
Net income	**47,456**	64,649	(26.6)	**143,239**	141,071	1.5	23
Adjusted net income[2]	**51,688**	51,850	(0.3)	**148,850**	156,113	(4.7)	23
Funds from operations (FFO)[2][3]	**51,802**	52,733	(1.8)	**145,962**	155,533	(6.2)	24
Adjusted funds from operations (AFFO)[2][3]	**38,370**	41,249	(7.0)	**105,338**	121,104	(13.0)	24
Cash flows provided by operating activities – Financial Statements	**74,579**	88,049	(15.3)	**112,156**	108,821	3.1	26
Adjusted cash flows from operations (ACFO)[2][3]	**36,599**	41,453	(11.7)	**114,902**	116,109	(1.0)	26
Distributions	**32,769**	32,749	0.1	**98,295**	110,981	(11.4)	27
Total assets				**6,521,592**	6,938,319	(6.0)	14
Per unit financial performance							
Net income (basic)	**0.26**	0.36	(27.8)	**0.79**	0.77	2.6	23
Net income (diluted)	**0.26**	0.35	(25.7)	**0.79**	0.77	2.6	23
Adjusted net income (diluted)[2]	**0.28**	0.28	—	**0.82**	0.86	(4.7)	24
Funds from operations (FFO)(FD)[2][3][4]	**0.28**	0.29	(3.4)	**0.80**	0.85	(5.9)	24
Adjusted funds from operations (AFFO)(FD)[2][3][4]	**0.21**	0.23	(8.7)	**0.58**	0.66	(12.1)	24
Adjusted cash flows from operations (ACFO)(FD)[2][3][4]	**0.20**	0.23	(13.0)	**0.63**	0.64	(1.6)	27
Distributions	**0.18**	0.18	—	**0.54**	0.61	(11.5)	27
Payout ratio of adjusted cash flows from operations (ACFO)[2][3][4]	**90.0 %**	78.3 %	14.9	**85.7 %**	92.4 %	(7.3)	30
Payout ratio of adjusted funds from operations (AFFO)[2][3][4]	**85.7 %**	78.3 %	9.5	**93.1 %**	89.7 %	3.8	24
Financing							
Debt ratio[2][5]				**53.8%**	51.9%		30
Debt/EBITDA ratio[2]				**10.3x**	9.7x		30
Interest coverage ratio[2][6]				**2.34: 1**	2.35: 1		31
Weighted average interest rate on total debt				**4.12%**	4.11%		28
Residual weighted average term of total debt (years)				**3.9**	3.7		28
Unsecured debts-to-total-debt ratio[7]				**40.9%**	49.7%		31
Unencumbered income properties				**2,152,170**	2,817,704		311
Unencumbered assets to unsecured debt ratio[8]				**1.50: 1**	1.57: 1		31
Operational data							
Number of investment properties[9]				**331**	429		311
Leasable area (in thousands of sq. ft.)				**36,525**	38,220		311
Committed occupancy rate				**94.4%**	93.3%		366
In-place occupancy rate				**90.3%**	87.3%		366
Retention rate				**66.0%**	64.6%		388
Growth in the average net rent of renewed leases				**2.4%**	0.9%		388
Development activities							
Properties under development – Cominar's proportionate share[2]				**48,923**	59,259		14

(1) The nine-month period ended September 30, 2018 includes results of 95 non-core properties sold for total consideration of $1.14 billion during the first quarter of 2018.
(2) Refer to section "Non-IFRS Financial Measures".
(3) Includes $1.0 million from the settlement approved by the court between Target Canada and its creditors, $1.1 million of debenture redemption costs and $0.9 million of restructuring costs in Q3-2019, $3.9 million of restructuring costs in Q2-2019 and a $1.0 million severance allowance paid in Q1-2019 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 total 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	Sept. 30, 2019 $	June 30, 2019 $	March 31, 2019 $	Dec. 31, 2018 $	Sept. 30, 2018 $	June 30, 2018 $	March 31, 2018[(1)] $	Dec. 31, 2017[(1)] $
Operating revenues – Financial statements	**171,539**	176,627	181,944	176,073	172,665	177,047	208,865	207,418
Operating revenues – Cominar's proportionate share[(2)]	**175,884**	180,946	186,244	180,116	176,820	181,280	212,879	211,197
NOI – Financial statements	**91,438**	88,983	86,685	91,128	90,977	89,813	100,546	110,487
NOI – Cominar's proportionate share[(2)]	**93,914**	91,468	89,078	93,526	93,548	92,256	102,627	112,654
Changes in fair value of investment properties – Financial statements	**(2,559)**	8,291	(221)	(276,160)	13,393	—	(4,331)	(616,354)
Adjustments to Goodwill - Financial statements	**—**	—	—	(120,389)	—	—	—	—
Net income (net loss)	**47,456**	51,474	44,309	(353,353)	64,649	46,445	29,977	(581,256)
Adjusted net income[(2)]	**51,688**	50,250	46,912	50,684	51,850	51,401	52,862	68,551
FFO[(2)]	**51,802**[(3)]	47,273[(4)]	46,887[(5)]	50,883	52,733	49,063	53,737	58,492
AFFO[(2)]	**38,370**[(3)]	33,441[(4)]	33,527[(5)]	39,047	41,249	37,576	42,279	46,228
Cash flows provided by operating activities – Financial statements	**74,579**	14,126	23,451	74,118	88,049	1,437	19,335	81,471
ACFO[(2)]	**36,599**	40,497	37,806	38,372	41,453	34,327	40,329	46,717
Distributions	**32,769**	32,768	32,758	32,749	32,749	32,749	45,483	52,792
Per unit								
Net income (net loss) (basic)	**0.26**	0.28	0.24	(1.94)	0.36	0.26	0.16	(3.14)
Net income (net loss) (diluted)	**0.26**	0.28	0.24	(1.94)	0.35	0.25	0.16	(3.14)
Adjusted net income (diluted)[(2)]	**0.28**	0.28	0.26	0.28	0.28	0.28	0.29	0.37
FFO (FD)[(2)(6)]	**0.28**[(3)]	0.26[(4)]	0.26[(5)]	0.28	0.29	0.27	0.29	0.32
AFFO (FD)[(2)(6)]	**0.21**[(3)]	0.18[(4)]	0.18[(5)]	0.21	0.23	0.21	0.23	0.25
ACFO (FD)[(2)(6)]	**0.20**	0.22	0.21	0.21	0.23	0.19	0.22	0.25
Distributions	**0.1800**	0.1800	0.1800	0.1800	0.1800	0.1800	0.2500	0.2850

(1) Quarters ended March 31, 2018 and prior include results of 95 non-core properties sold for total consideration of $1.14 billion.
(2) Refer to section "Non-IFRS Financial Measures".
(3) Includes $1.0 million from the settlement approved by the court between Target Canada and its creditors, $1.1 million of debenture redemption costs and $0.9 million of restructuring costs.
(4) Includes $3.9 million of restructuring costs.
(5) Includes a $1.0 million severance allowance paid in 2019 following the departure of an executive officer.
(6) Fully diluted.

General Business Overview

Cominar Real Estate Investment Trust is one of the largest property owners and managers in the Province of Quebec. As at September 30, 2019, Cominar owned a diversified portfolio of 331[(1)] properties, composed of office, retail and industrial and flex buildings, of which 201 were located in the Montreal area, 111 in the Québec City area and 19 in the Ottawa area. Cominar's portfolio consisted of approximately 11.2 million square feet of office space, 9.9 million square feet of retail space and 15.4 million square feet of industrial and flex space, representing total leasable area of 36.5 million square feet.

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

Real Estate Portfolio Summary As At September 30, 2019

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

Property type	Number of properties[(1)]	Leasable area (sq. ft.)	Committed occupancy rate	In-place occupancy rate
Office	83	11,215,000	92.1%	88.7%
Retail	56	9,918,000	94.0%	85.4%
Industrial and flex	192	15,392,000	96.4%	94.5%
Total	**331**	**36,525,000**	**94.4%**	**90.3%**

Geographic market	Number of properties[(1)]	Leasable area (sq. ft.)	Committed occupancy rate	In-place occupancy rate
Montreal	201	23,777,000	93.9%	90.3%
Québec City	111	10,272,000	95.6%	91.7%
Ottawa	19	2,476,000	93.8%	83.9%
Total	**331**	**36,525,000**	**94.4%**	**90.3%**

(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 currently implementing numerous initiatives to 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 September 30, 2019, the debt ratio was 53.8%, 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.

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 $250.0 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.

Overview of the Third Quarter of 2019

Net income: Net income for the third quarter of 2019 amounted to $47.5 million compared to $64.6 million in 2018. This reflects increase of $0.9 million in restructuring costs and decreases of $0.5 million in trust administrative expenses and $16.0 million in change in fair value of investment properties.

Adjusted Net Income[(1)]: For the quarter ended September 30, 2019, Cominar generated adjusted net income of $51.7 million compared to $51.9 million for the quarter ended September 30, 2018. It is noteworthy that this solid performance was achieved despite the sale of $218.6 million of properties year over year which decreased the NOI.

FFO[(1)]: Fully diluted funds from operations ("FFO") for the quarter ended September 30, 2019 was $0.28 compared to $0.29 for the previous year comparable period due to an increase of $0.9 million in restructuring costs. Excluding these costs, FFO would have been stable at $0.29 per unit compared to previous year comparable period.

AFFO[(1)]: Fully diluted adjusted funds from operations ("AFFO") for the quarter ended September 30, 2019 was $0.21 per unit compared to $0.23 for the previous year comparable period. AFFO decreased due to a $0.9 million increase in restructuring costs, a $0.8 million increase in the provision for leasing costs and a $1.6 million increase in maintenance capital expenditures. Excluding restructuring costs, AFFO would have been $0.22 per unit, $0.01 short of previous year comparable period.

Same Property NOI[(1)]: Same property NOI ("SPNOI") increased 3.8% for the quarter ended September 30, 2019. The increase reflected growth of 4.1% in the office portfolio, 8.1% in the industrial and flex portfolio and 0.6% 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 all geographic markets.

Occupancy: As at September 30, 2019, Cominar's in-place occupancy was 90.3% compared to 89.2% at year-end 2018 and 87.9% at September 30, 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 September 30, 2019 the committed occupancy rate was 94.4%, up 80 basis points from 93.6% at year-end 2018 and up 110 basis points from 93.3% at September 30, 2018.

Leasing Activity: The retention rate for the nine-month period ended September 30, 2019 was 66.0%, up from 64.6% for the nine-month period ended September 30, 2018. Average net rent on 3.4 million sq.ft. of lease renewals increased 2.4% (2.1% for the office portfolio, (2.7%) for the retail portfolio and 10.6% for the industrial portfolio). New leasing totalled 1.9 million sq.ft. at an average minimum rental rate of $11.74. New and renewal leasing for the nine-month period ended September 30, 2019 represented 102.3% of 2019 lease maturities.

Disposition Activity: For the quarter ended September 30, 2019, Cominar completed asset sales totalling $20.3 million ($3.4 million office, $2.9 million retail and $14.0 million industrial) at pricing in line with our IFRS values. Cominar is currently targeting approximately $250 million of dispositions by the end of 2019.

Balance Sheet: As at September 30, 2019, Cominar's debt ratio was 53.8%, down from 55.3% at year-end 2018 and up from 51.9% as at September 30, 2018. The year over year increase in debt ratio reflects writedowns in assets value of $387.5 million taken in 2018. The debt to EBITDA ratio at the end of the third quarter of 2019 was 10.3x, stable from December 31, 2018 and up from 9.7x at September 30, 2018. As at September 30, 2019 our unencumbered asset pool totaled $2.2 billion and our unencumbered asset ratio was 1.50x, down from 1.53x at year-end 2018 and down from 1.57x at September 30, 2018.

Our available liquidity of $598.2 million consisted of $282.1 million of availability under our unsecured credit facility, $300.0 million of availability under our secured credit facility and $16.1 million of cash and cash equivalents at September 30, 2019.

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

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 September 30, 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	**6,100,884**	**167,378**	**6,268,262**	6,058,191	166,765	6,224,956
Properties under development	**41,118**	**7,805**	**48,923**	34,293	7,392	41,685
Land held for future development	**92,472**	**8,532**	**101,004**	93,750	8,400	102,150
	6,234,474	**183,715**	**6,418,189**	6,186,234	182,557	6,368,791
Investment properties held for sale	**66,511**	**—**	**66,511**	188,727	—	188,727
Investments in joint ventures	**95,871**	**(95,871)**	**—**	92,468	(92,468)	—
Goodwill	**15,721**	**—**	**15,721**	15,721	—	15,721
Accounts receivable	**37,661**	**46**	**37,707**	41,162	424	41,586
Prepaid expenses and other assets	**55,236**	**1,005**	**56,241**	17,901	97	17,998
Cash and cash equivalents	**16,118**	**431**	**16,549**	1,498	461	1,959
Total assets	**6,521,592**	**89,326**	**6,610,918**	6,543,711	91,071	6,634,782
Liabilities						
Mortgages payable	**2,080,665**	**83,626**	**2,164,291**	1,742,104	85,534	1,827,638
Mortgages payable related to the investment properties held for sale	**—**	**—**	**—**	123	—	123
Debentures	**1,320,712**	**—**	**1,320,712**	1,722,586	—	1,722,586
Bank borrowings	**117,856**	**4,200**	**122,056**	152,950	4,000	156,950
Accounts payable and accrued liabilities	**128,529**	**1,500**	**130,029**	103,347	1,537	104,884
Deferred tax liabilities	**142**	**—**	**142**	142	—	142
Current tax liabilities	**—**	**—**	**—**	6,763	—	6,763
Distributions payable to unitholders	**10,923**	**—**	**10,923**	—	—	—
Total liabilities	**3,658,827**	**89,326**	**3,748,153**	3,728,015	91,071	3,819,086
Unitholders' equity						
Unitholders' equity	**2,862,765**	**—**	**2,862,765**	2,815,696	—	2,815,696
Total liabilities and unitholders' equity	**6,521,592**	**89,326**	**6,610,918**	6,543,711	91,071	6,634,782

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

For the quarters ended September 30	2019 Condensed interim consolidated financial statements $	2019 Joint ventures $	2019 Cominar's proportionate share[1] $	2018 Condensed interim consolidated financial statements $	2018 Joint ventures $	2018 Cominar's proportionate share[1] $
Operating revenues	**171,539**	**4,345**	**175,884**	172,665	4,155	176,820
Operating expenses	**(80,101)**	**(1,869)**	**(81,970)**	(81,688)	(1,584)	(83,272)
NOI	**91,438**	**2,476**	**93,914**	90,977	2,571	93,548
Finance charges	**(37,486)**	**(987)**	**(38,473)**	(36,373)	(992)	(37,365)
Trust administrative expenses	**(3,818)**	**(2)**	**(3,820)**	(4,314)	(19)	(4,333)
Change in fair value of investment properties	**(2,559)**	**—**	**(2,559)**	13,393	—	13,393
Share of joint ventures' net income	**1,487**	**(1,487)**	**—**	1,560	(1,560)	—
Transaction costs	**(748)**	**—**	**(748)**	—	—	—
Restructuring costs	**(858)**	**—**	**(858)**	—	—	—
Derecognition of goodwill	—	—	—	(594)	—	(594)
Net income before income taxes	**47,456**	**—**	**47,456**	64,649	—	64,649
Income taxes						
Current	**—**	**—**	**—**	—	—	—
Deferred	**—**	**—**	**—**	—	—	—
	—	**—**	**—**	—	—	—
Net income and comprehensive income	**47,456**	**—**	**47,456**	64,649	—	64,649

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

For the nine-month periods ended September 30	2019 Condensed interim consolidated financial statements $	2019 Joint ventures $	2019 Cominar's proportionate share[2] $	2018[1] Condensed interim consolidated financial statements $	2018[1] Joint ventures $	2018[1] Cominar's proportionate share[2] $
Operating revenues	**530,110**	**12,964**	**543,074**	558,577	12,402	570,979
Operating expenses	**(263,004)**	**(5,610)**	**(268,614)**	(277,241)	(5,307)	(282,548)
NOI	**267,106**	**7,354**	**274,460**	281,336	7,095	288,431
Finance charges	**(110,635)**	**(2,974)**	**(113,609)**	(115,844)	(2,965)	(118,809)
Trust administrative expenses	**(13,109)**	**(2)**	**(13,111)**	(17,149)	(37)	(17,186)
Change in fair value of investment properties	**5,511**	**—**	**5,511**	9,062	—	9,062
Share of joint ventures' net income	**4,378**	**(4,378)**	**—**	4,093	(4,093)	—
Transaction costs	**(5,238)**	**—**	**(5,238)**	(19,981)	—	(19,981)
Restructuring costs	**(4,774)**	**—**	**(4,774)**	—	—	—
Derecognition of goodwill	**—**	**—**	**—**	(594)	—	(594)
Net income before income taxes	**143,239**	**—**	**143,239**	140,923	—	140,923
Income taxes						
Current	**—**	**—**	**—**	(6,391)	—	(6,391)
Deferred	**—**	**—**	**—**	6,539	—	6,539
	—	**—**	**—**	148	—	148
Net income and comprehensive income	**143,239**	**—**	**143,239**	141,071	—	141,071

(1) The nine-month period ended September 30, 2018 includes results of 95 non-core properties sold for a total consideration of $1.14 billion during the first quartier of 2018.
(2) Refer to section "Non-IFRS Financial Measures".

Performance Analysis

FINANCIAL POSITION

The following table indicates the changes in assets and liabilities as well as in unitholders’ equity as at September 30, 2019, and December 31, 2018, as shown in our condensed interim consolidated financial statements:

	As at September 30, 2019 $	As at December 31, 2018 $	$Δ	%Δ
Assets				
Investment properties				
Income properties	**6,100,884**	6,058,191	42,693	0.7
Properties under development	**41,118**	34,293	6,825	19.9
Land held for future development	**92,472**	93,750	(1,278)	(1.4)
	6,234,474	6,186,234	48,240	0.8
Investment properties held for sale	**66,511**	188,727	(122,216)	(64.8)
Investments in joint ventures	**95,871**	92,468	3,403	3.7
Goodwill	**15,721**	15,721	—	—
Accounts receivable	**37,661**	41,162	(3,501)	(8.5)
Prepaid expenses and other assets	**55,236**	17,901	37,335	208.6
Cash and cash equivalents	**16,118**	1,498	14,620	976.0
Total assets	**6,521,592**	6,543,711	(22,119)	(0.3)
Liabilities				
Mortgages payable	**2,080,665**	1,742,104	338,561	19.4
Mortgages payable related to the investment properties held for sale	**—**	123	(123)	(100.0)
Debentures	**1,320,712**	1,722,586	(401,874)	(23.3)
Bank borrowings	**117,856**	152,950	(35,094)	(22.9)
Accounts payable and accrued liabilities	**128,529**	103,347	25,182	24.4
Deferred tax liabilities	**142**	142	—	—
Current tax liabilities	**—**	6,763	(6,763)	(100.0)
Distributions payable to unitholders	**10,923**	—	10,923	100.0
Total liabilities	**3,658,827**	3,728,015	(69,188)	(1.9)
Unitholders' equity				
Unitholders' equity	**2,862,765**	2,815,696	47,069	1.7
Total liabilities and unitholders' equity	**6,521,592**	6,543,711	(22,119)	(0.3)

Results of Operations

The following table highlights our results of operations for the periods ended September 30, 2019 and 2018, as shown in our condensed interim consolidated financial statements:

	Quarter			Year-to-date (nine months)		
For the periods ended September 30	2019 $	2018 $	%Δ	2019 $	2018[1] $	%Δ
Operating revenues	**171,539**	172,665	(0.7)	**530,110**	558,577	(5.1)
Operating expenses	**(80,101)**	(81,688)	(1.9)	**(263,004)**	(277,241)	(5.1)
NOI	**91,438**	90,977	0.5	**267,106**	281,336	(5.1)
Finance charges	**(37,486)**	(36,373)	3.1	**(110,635)**	(115,844)	(4.5)
Trust administrative expenses	**(3,818)**	(4,314)	(11.5)	**(13,109)**	(17,149)	(23.6)
Change in fair value of investment properties	**(2,559)**	13,393	(119.1)	**5,511**	9,062	(39.2)
Share of joint ventures' net income	**1,487**	1,560	(4.7)	**4,378**	4,093	7.0
Transaction costs	**(748)**	—	(100.0)	**(5,238)**	(19,981)	(73.8)
Restructuring costs	**(858)**	—	(100.0)	**(4,774)**	—	(100.0)
Derecognition of goodwill	**—**	(594)	100.0	**—**	(594)	100.0
Net income before income taxes	**47,456**	64,649	(26.6)	**143,239**	140,923	1.6
Income taxes						
Current	**—**	—	—	**—**	(6,391)	100.0
Deferred	**—**	—	—	**—**	6,539	(100.0)
	—	—	—	**—**	148	(100.0)
Net income and comprehensive income	**47,456**	64,649	(26.6)	**143,239**	141,071	1.5

(1) The nine-month period ended September 30, 2018 includes results of 95 non-core properties sold to Slate for total consideration of $1.14 billion during the first quarter of 2018.

Operating Revenues

	Quarter			Year-to-date (nine months)		
For the periods ended September 30	2019 $	2018 $	%Δ	2019 $	2018[1] $	%Δ
Operating revenues – Financial statements	**171,539**	172,665	(0.7)	**530,110**	558,577	(5.1)
Operating revenues – Joint ventures	**4,345**	4,155	4.6	**12,964**	12,402	4.5
Operating revenues – Cominar's proportionate share[2]	**175,884**	176,820	(0.5)	**543,074**	570,979	(4.9)
Acquisitions, developments and dispositions - Cominar's proportionate share[2]	**(1,251)**	(7,081)	(82.3)	**(9,808)**	(50,588)	(80.6)
Same property Operating Revenues – Cominar's proportionate share[2]	**174,633**	169,739	2.9	**533,266**	520,391	2.5

(1) Operating revenues for the nine-month period ended September 30, 2018 includes results of 95 non-core properties sold for total consideration of $1.14 billion during the first quarter of 2018.
(2) Refer to section "Non-IFRS Financial Measures".

	Quarter			Year-to-date (nine months)		
For the periods ended September 30	2019 $	2018 $	%Δ	2019 $	2018 $	%Δ
Same property portfolio – Financial statements	**170,376**	165,694	2.8	**520,566**	508,055	2.5
Same property portfolio – Joint ventures	**4,257**	4,045	5.2	**12,700**	12,336	3.0
Same property portfolio[1] – Cominar's proportionate share[2]	**174,633**	169,739	2.9	**533,266**	520,391	2.5

(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) Refer to section "Non-IFRS Financial Measures".

The third quarter decrease of $1.1 million in operating revenues according to the condensed interim consolidated financial statements resulted mainly from a $6.0 million decrease attributable to properties sold in 2018 and 2019 and $4.9 million of growth in same property operating revenues.

The third quarter increase of $4.7 million in same property operating revenues according to the financial statements compared with the corresponding quarter of 2018 is mainly due to a $1.5 million increase in the office portfolio, a $2.3 million increase in the industrial and flex portfolio and a $0.9 million increase in the retail portfolio attributable to an increase in the average in-place occupancy rate in all portfolios.

Operating revenues by Property Type and Geographic Market

Operating Revenues by Property Type

	Quarter			Year-to-date (nine months)		
For the periods ended September 30	2019 $	2018 $	%Δ	2019 $	2018[1] $	%Δ
Property type						
Office	**74,540**	74,495	0.1	**225,778**	242,679	(7.0)
Retail	**63,084**	64,997	(2.9)	**196,063**	208,475	(6.0)
Industrial and flex	**38,260**	37,328	2.5	**121,233**	119,825	1.2
Operating Revenues – Cominar's proportionate share[2]	**175,884**	176,820	(0.5)	**543,074**	570,979	(4.9)

(1) Operating revenues for the nine-month period ended September 30, 2018 includes results of 95 non-core properties sold for total consideration of $1.14 billion during the first quarter of 2018.
(2) Refer to section "Non-IFRS Financial Measures".

Same Property Operating Revenues by Property Type

	Quarter			Year-to-date (nine months)		
For the periods ended September 30	2019 $	2018 $	%Δ	2019 $	2018 $	%Δ
Property type						
Office	**74,866**	73,282	2.2	**224,837**	220,003	2.2
Retail	**61,638**	60,583	1.7	**188,803**	187,408	0.7
Industrial and flex	**38,129**	35,874	6.3	**119,626**	112,980	5.9
Same property Operating Revenues – Cominar's proportionate share[1]	**174,633**	169,739	2.9	**533,266**	520,391	2.5

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

Same Property Operating Revenues by Geographic Market

	Quarter			Year-to-date (nine months)		
For the periods ended September 30	2019 $	2018 $	%Δ	2019 $	2018 $	%Δ
Geographic market						
Montreal	**108,195**	106,689	1.4	**333,066**	326,582	2.0
Québec City	**52,335**	49,759	5.2	**158,812**	152,641	4.0
Ottawa[1]	**14,103**	13,291	6.1	**41,388**	41,168	0.5
Same property Operating Revenues – Cominar's proportionate share[2]	**174,633**	169,739	2.9	**533,266**	520,391	2.5

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

Net Operating Income

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

Cominar analyzes its segmented results of operations taking into account the proportionate share of its joint ventures to assess the operating performance of its investment properties and pays particular attention to the performance of its same property portfolio. 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.

	Quarter			Year-to-date (nine months)		
For the periods ended September 30	2019 $	2018 $	%Δ	2019 $	2018(1) $	%Δ
NOI – Financial statements	**91,438**	90,977	0.5	**267,106**	281,336	(5.1)
NOI – Joint ventures	**2,476**	2,571	(3.7)	**7,354**	7,095	3.7
NOI – Cominar's proportionate share(2)	**93,914**	93,548	0.4	**274,460**	288,431	(4.8)
Acquisitions, developments and dispositions - Cominar's proportionate share(2)	**(1,194)**	(4,264)	(72.0)	**(5,214)**	(26,314)	(80.2)
Same property NOI – Cominar's proportionate share(2)	**92,720**	89,284	3.8	**269,246**	262,117	2.7

(1) Net operating income for the nine-month period ended September 30, 2018 includes results of 95 non-core properties sold for total consideration of $1.14 billion during the first quarter of 2018.
(2) Refer to section "Non-IFRS Financial Measures".

	Quarter			Year-to-date (nine months)		
For the periods ended September 30	2019 $	2018 $	%Δ	2019 $	2018 $	%Δ
Same property portfolio – Financial statements	**90,299**	86,798	4.0	**262,058**	255,056	2.7
Same property portfolio – Joint ventures	**2,421**	2,486	(2.6)	**7,188**	7,061	1.8
Same property portfolio(1) – Cominar's proportionate share(2)	**92,720**	89,284	3.8	**269,246**	262,117	2.7

(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) Refer to section "Non-IFRS Financial Measures".

NOI by Property Type and Geographic Market

Net Operating Income by Property Type

	Quarter			Year-to-date (nine months)		
For the periods ended September 30	2019 $	2018 $	%Δ	2019 $	2018(1) $	%Δ
Property type						
Office	**37,281**	36,002	3.6	**108,590**	115,291	(5.8)
Retail	**32,805**	34,492	(4.9)	**96,431**	104,747	(7.9)
Industrial and flex	**23,828**	23,054	3.4	**69,439**	68,393	1.5
NOI – Cominar's proportionate share(2)	**93,914**	93,548	0.4	**274,460**	288,431	(4.8)

(1) Net operating income for the nine-month period ended September 30, 2018 includes results of 95 non-core properties sold for total consideration of $1.14 billion during the first quarter of 2018.
(2) Refer to section "Non-IFRS Financial Measures".

The third quarter increase of $0.4 million in NOI on a proportionate basis resulted mainly from a growth of $3.4 million in the same property portfolio combined with a $3.0 million decrease attributable to properties sold in 2018 and 2019.

Same Property NOI by Property type

For the periods ended September 30	Quarter			Year-to-date (nine months)		
	2019 $	2018 $	%Δ	2018 $	2018 $	%Δ
Property type						
Office	**37,415**	35,950	4.1	**108,480**	105,131	3.2
Retail	**31,599**	31,396	0.6	**92,012**	92,938	(1.0)
Industrial and flex	**23,706**	21,938	8.1	**68,754**	64,048	7.3
Same property NOI – Cominar's proportionate share[(1)]	**92,720**	89,284	3.8	**269,246**	262,117	2.7

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

Weighting to same property NOI by Property type

For the periods ended September 30	Quarter		Year-to-date (nine months)	
	2019	2018	2019	2018
Property type				
Office	**40.3%**	40.2%	**40.3%**	40.1%
Retail	**34.1%**	35.2%	**34.2%**	35.5%
Industrial and flex	**25.6%**	24.6%	**25.5%**	24.4%
Same property NOI – Cominar's proportionate share[(1)]	**100.0%**	100.0%	**100.0%**	100.0%

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

Year over year, Cominar's weighting to retail same property NOI decreased 110 basis points to 34.1% while industrial increased 100 basis points to 25.6% and office was essentially stable at 40.3%.

Same property NOI by Geographic market

For the periods ended September 30	Quarter			Year-to-date (nine months)		
	2019 $	2018 $	%Δ	2019 $	2018 $	%Δ
Geographic market						
Montreal	**57,779**	56,127	2.9	**167,861**	165,339	1.5
Québec City	**28,264**	26,771	5.6	**82,572**	77,782	6.2
Ottawa[(1)]	**6,677**	6,386	4.6	**18,813**	18,996	(1.0)
Same property NOI – Cominar's proportionate share[(2)]	**92,720**	89,284	3.8	**269,246**	262,117	2.7

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

Weighting to same property NOI by Geographic market

For the periods ended September 30	Quarter		Year-to-date (nine months)	
	2019	2018	2019	2018
Geographic Market				
Montreal	**62.3%**	62.9%	**62.3%**	63.1%
Québec City	**30.5%**	30.0%	**30.7%**	29.7%
Ottawa[(1)]	**7.2%**	7.1%	**7.0%**	7.2%
Same property NOI – Cominar's proportionate share[(2)]	**100.0%**	100.0%	**100.0%**	100.0%

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

Third quarter increase of 3.8% in same property NOI according to Cominar's proportionate share is attributable to the increase, in all property types and in all geographic markets, of the average in-place occupancy rate for the quarter ended September 30, 3019 when compared to the corresponding period of 2018.

Same Property average in-place occupancy by Property type

For the periods ended September 30	Quarter			Year-to-date (nine months)		
	2019	2018	Δ	2019	2018	Δ
Property type						
Office	**88.7%**	87.1%	1.6	**88.4%**	87.0%	1.4
Retail	**85.7%**	84.7%	1.0	**85.7%**	84.0%	1.7
Industrial and flex	**94.4%**	90.9%	3.5	**94.1%**	91.4%	2.7
Total	**90.3%**	88.1%	2.2	**90.1%**	88.1%	2.0

Same Property average in-place occupancy by Geographic market

For the periods ended September 30	Quarter			Year-to-date (nine months)		
	2019	2018	Δ	2019	2018	Δ
Geographic market						
Montreal	**90.2%**	88.0%	2.2	**90.1%**	88.0%	2.1
Québec City	**92.1%**	90.6%	1.5	**92.0%**	90.6%	1.4
Ottawa(1)	**83.9%**	77.8%	6.1	**81.8%**	78.4%	3.4
Total	**90.3%**	88.1%	2.2	**90.1%**	88.1%	2.0

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

Finance Charges

For the periods ended September 30	Quarter			Year-to-date (nine months)		
	2019 $	2018 $	%Δ	2019 $	2018 $	%Δ
Interest on mortgages payable	**19,898**	18,291	8.8	**55,194**	59,603	(7.4)
Interest on debentures	**18,700**	18,270	2.4	**56,053**	54,809	2.3
Interest (interest revenue) on bank borrowings (cash and cash equivalents)	**(65)**	1,079	(106.0)	**2,627**	6,379	(58.8)
Amortization of deferred financing costs and other costs	**1,008**	757	33.2	**2,645**	2,243	17.9
Amortization of fair value adjustments on assumed indebtedness	**(66)**	(68)	(2.9)	**(198)**	(1,372)	(85.6)
Less: Capitalized interest(1)	**(1,989)**	(1,956)	1.7	**(5,686)**	(5,818)	(2.3)
Total finance charges – Financial statements	**37,486**	36,373	3.1	**110,635**	115,844	(4.5)
Adjusted finance charges(2)	**36,391**	36,373	—	**109,540**	115,844	(5.4)
Percentage of operating revenues	**21.9%**	21.1%		**20.9%**	20.7%	
Weighted average interest rate on total debt				**4.12%**	4.11%	

(1) Includes capitalized interest on properties under development and on major revitalization projects for income properties that take place over a substantial period of time.
(2) Excludes yield maintenance fees and costs paid in relation to the Series 2 senior unsecured debenture redemption.

The increase in finance charges during the third quarter of 2019, compared with the corresponding quarter of 2018, is mainly due to $1.1 million associated to the yield maintenance fees and other costs paid in connection with the Series 2 senior unsecured debenture redemption. Excluding these costs, finance charges would have been stable year over year.

Trust Administrative Expenses

	Quarter			Year-to-date (nine months)		
For the periods ended September 30	2019 $	2018 $	%Δ	2019 $	2018 $	%Δ
Salaries and other benefits	**2,397**	2,515	(4.7)	**8,776**	8,564	2.5
Compensation expense related to long-term incentive plan	**661**	540	22.4	**2,141**	1,687	26.9
Professional fees	**104**	166	(37.3)	**479**	579	(17.3)
Costs associated with public companies	**244**	187	30.5	**583**	491	18.7
Governance and strategic alternatives consulting fees	**—**	—	—	**—**	3,529	(100.0)
Other fees	**412**	906	(54.5)	**1,130**	2,299	(50.8)
Total Trust administrative expenses – Financial statements	**3,818**	4,314	(11.5)	**13,109**	17,149	(23.6)
Adjusted Trust administrative expenses(1)	**3,818**	4,314	(11.5)	**12,066**	13,620	(11.4)

(1) Excludes severance allowances and governance and strategic alternatives consulting fees.

During the third quarter of 2019, Trust administrative expenses decreased $0.5 million. Salaries and other benefits for the nine-month period ended September 30, 2019 include $1.0 million associated with the departure of an executive.

Transaction Costs

	Quarter			Year-to-date (nine months)		
For the periods ended September 30	2019 $	2018 $	%Δ	2019 $	2018 $	%Δ
Brokerage fees	**110**	—	100.0	**1,607**	5,700	(71.8)
Professional fees	**—**	—	—	**263**	2,374	(88.9)
Assumed head leases	**—**	—	—	**217**	4,201	(94.8)
Penalties on debt repayment	**—**	—	—	**—**	945	(100.0)
Closing adjustments	**601**	—	100.0	**3,114**	6,161	(49.5)
Others	**37**	—	100.0	**37**	600	(93.8)
Total	**748**	—	100.0	**5,238**	19,981	(73.8)

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

Restructuring Costs

During the quarter ended June 30, 2019, Cominar announced an organizational restructuring to streamline and enhance the effectiveness of operations which will have the effect of reducing its workforce, among other outcomes. During the quarter ended June 30, 2019, Cominar recorded a provision of $3.9 million related to this organizational restructuring, primarily related to severance benefits. An additional provision of $0.9 million was recorded during the quarter ended September 30, 2019 to include the second phase of the organizational restructuring. Up to September 30, 2019, $2.1 million ($1.8 million as at June 30, 2019) has been paid since the beginning of the restructuring.

Net Income

For the periods ended September 30	Quarter			Year-to-date (nine months)		
	2019 $	2018 $	%Δ	2019 $	2018[(1)] $	%Δ
Net income	**47,456**	64,649	(26.6)	**143,239**	141,071	1.5
Net income per unit (basic)	**0.26**	0.36	(27.8)	**0.79**	0.77	2.6
Net income per unit (diluted)	**0.26**	0.35	(25.7)	**0.79**	0.77	2.6
Weighted average number of units outstanding (basic)	**182,197,545**	182,055,805		**182,164,182**	182,186,824	
Weighted average number of units outstanding (diluted)	**182,405,977**	182,230,018		**182,321,925**	182,361,216	

(1) Net income for the nine-month period ended September 30, 2018 includes results of 95 non-core properties sold to Slate for total consideration of $1.14 billion during the first quarter of 2018.

Net income for the third quarter of 2019 amounted to $47.5 million compared to $64.6 million in 2018. This reflects an increase of $0.9 million in restructuring costs, a decrease of $0.5 million in trust administrative expenses and a $16.0 million change in the fair value of investment properties.

Adjusted Net Income

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

For the periods ended September 30	Quarter			Year-to-date (nine months)		
	2019 $	2018 $	%Δ	2019 $	2018[(1)] $	%Δ
Net income	**47,456**	64,649	(26.6)	**143,239**	141,071	1.5
Change in fair value of investment properties[(2)]	**2,559**	(13,393)	(119.1)	**(5,511)**	(9,062)	(39.2)
Transaction costs	**748**	—	100.0	**5,238**	19,981	(73.8)
Severance allowance	**—**	—	—	**1,043**	—	100.0
Restructuring costs	**858**	—	100.0	**4,774**	—	100.0
Target settlement	**(1,028)**	—	(100.0)	**(1,028)**	—	(100.0)
Debentures redemption costs	**1,095**	—	100.0	**1,095**	—	100.0
Governance and strategic alternatives consulting fees	**—**	—	—	**—**	3,529	(100.0)
Derecognition of goodwill	**—**	594	(100.0)	**—**	594	(100.0)
Adjusted net income[(3)]	**51,688**	51,850	(0.3)	**148,850**	156,113	(4.7)
Adjusted net income per unit (diluted)[(3)]	**0.28**	0.28	—	**0.82**	0.86	(4.7)
Weighted average number of units outstanding (diluted)	**182,405,977**	182,230,018		**182,321,925**	182,361,216	

(1) Adjusted net income for the nine-month period ended September 30, 2018 includes results of 95 non-core properties sold to Slate for total consideration of $1.14 billion during the first quarter of 2018.
(2) Includes Cominar's proportionate share in joint ventures
(3) Refer to section "Non-IFRS Financial Measures".

The decrease in adjusted net income for the third quarter of 2019 was due mainly to a decrease in net operating income resulting from the sale of properties in 2018 and 2019 partially offset by a $3.4 million increase in same property NOI and a $0.5 million decrease in 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 as it adjusts net income for items that are not related to the trend in occupancy levels, rental rates and property operating costs.

REALpac defines FFO as net income (calculated in accordance with IFRS), adjusted for, among other things, 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

	Quarter			Year-to-date (nine months)		
For the periods ended September 30	2019 $	2018 $	%Δ	2019 $	2018[1] $	%Δ
Net income	**47,456**	64,649	(26.6)	**143,239**	141,071	1.5
Taxes on dispositions of properties	**—**	—	—	**—**	6,391	(100.0)
Deferred income taxes	**—**	—	—	**—**	(6,539)	100.0
Initial and re-leasing salary costs	**879**	729	20.6	**2,481**	2,635	(5.8)
Change in fair value of investment properties[2]	**2,559**	(13,393)	(119.1)	**(5,511)**	(9,062)	(39.2)
Capitalizable interest on properties under development – joint ventures	**160**	154	3.9	**515**	462	11.5
Transaction costs	**748**	—	100.0	**5,238**	19,981	(73.8)
Derecognition of goodwill	**—**	594	(100.0)	**—**	594	(100.0)
FFO[2][3]	**51,802**	52,733	(1.8)	**145,962**	155,533	(6.2)
Provision for leasing costs	**(8,075)**	(7,306)	10.5	**(24,524)**	(21,612)	13.5
Recognition of leases on a straight-line basis[2]	**254**	(159)	(259.7)	**128**	(1,016)	(112.6)
Capital expenditures – maintenance of rental income generating capacity	**(5,611)**	(4,019)	39.6	**(16,228)**	(11,801)	37.5
AFFO[2][3]	**38,370**	41,249	(7.0)	**105,338**	121,104	(13.0)
Per unit information:						
FFO (FD)[3][4]	**0.28**	0.29	(3.4)	**0.80**	0.85	(5.9)
AFFO (FD)[3][4]	**0.21**	0.23	(8.7)	**0.58**	0.66	(12.1)
Weighted average number of units outstanding (FD)[4]	**182,405,977**	182,230,018		**182,321,925**	182,361,216	
Payout ratio of AFFO[3][4]	**85.7%**	78.3%		**93.1%**	89.7%	

(1) *FFO and AFFO for the nine-month period ended September 30, 2018 include results of 95 non-core properties sold for total consideration of $1.14 billion during the first quarter of 2018.*

(2) *Including Cominar's proportionate share in joint ventures.*

(3) *Refer to section "Non-IFRS Financial Measures".*

(4) *Fully diluted.*

FFO and AFFO for the nine-month period ended September 30, 2019 include, among others, a severance allowance paid following the departure of an executive officer, debenture redemption costs, restructuring costs and a settlement from Target Canada. Excluding these adjustments, FFO adjusted and AFFO adjusted would have been as follows:

	Quarter			Year-to-date (nine months)		
For the periods ended September 30	2019 $	2018 $	%Δ	2019 $	2018[1] $	%Δ
FFO[2][3]	**51,802**	52,733	(1.8)	**145,962**	155,533	(6.2)
Severance allowance	**—**	—	—	**1,043**	—	100.0
Restructuring costs	**858**	—	100.0	**4,774**	—	100.0
Target settlement	**(1,028)**	—	(100.0)	**(1,028)**	—	(100.0)
Debentures redemption costs	**1,095**	—	100.0	**1,095**	—	100.0
Governance and strategic alternatives consulting fees	**—**	—	—	**—**	3,529	(100.0)
FFO adjusted[2][3]	**52,727**	52,733	—	**151,846**	159,062	(4.5)
AFFO[2][3]	**38,370**	41,249	(7.0)	**105,338**	121,104	(13.0)
Severance allowance	**—**	—	—	**1,043**	—	100.0
Restructuring costs	**858**	—	100.0	**4,774**	—	100.0
Target settlement	**(1,028)**	—	(100.0)	**(1,028)**	—	(100.0)
Debentures redemption costs	**1,095**	—	100.0	**1,095**	—	100.0
Governance and strategic alternatives consulting fees	**—**	—	—	**—**	3,529	(100.0)
AFFO adjusted[2][3]	**39,295**	41,249	(4.7)	**111,222**	124,633	(10.8)

(1) FFO and AFFO for the nine-month period ended September 30, 2018 include results of 95 non-core properties sold for total consideration of $1.14 billion during the first quarter of 2018.
(2) Including Cominar's proportionate share in joint ventures.
(3) Refer to section "Non-IFRS Financial Measures".

FFO for the third quarter of 2019 decreased from the corresponding quarter of 2018 due to a $0.9 million increase in restructuring costs. Excluding these costs, FFO per unit would have remained stable at $0.29 compared to the corresponding quarter of 2018.

AFFO for the third quarter decreased from the corresponding quarter of 2018 due to the decrease in FFO, to a $0.8 million increase in the provision for leasing costs and a $1.6 million increase in capital expenditures to maintain rental income generating capacity. Excluding the restructuring costs, AFFO per unit would have been $0.22, $0.01 short of previous year comparable period.

Provision for Leasing Costs

The provision for leasing costs which Cominar deducts in computing the AFFO represents the amortization, over the terms of the leases, of leasehold improvements and initial direct costs, which include brokerage fees incurred when negotiating and preparing leases. This allows for better reconciliation of the investments made with the operating revenues generated over the terms of the leases. During the third quarter of 2019, the actual costs incurred by Cominar were $7.3 million in leasehold improvements and $1.8 million in initial direct costs, while the provision for leasing costs amounted to $8.1 million.

	Quarter		Year-to-date (nine months)	
For the periods ended September 30	2019 $	2018 $	2019 $	2018 $
Leasehold improvements	**7,306**	5,291	**24,098**	40,169
Initial direct costs	**1,776**	2,536	**6,518**	7,811
Actual leasing costs – Cominar's proportionate share[1][2]	**9,082**	7,827	**30,616**	47,980
Provision for leasing costs in the calculation of AFFO[3]	**8,075**	7,306	**24,524**	21,612

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

Capital Expenditures – Maintenance of Rental Income Generating Capacity

The $5.6 million of capital expenditures related to maintenance of rental income generating capacity for the quarter ended September 30, 2019 ($4.0 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 analyzes the work carried out according to its nature (common areas, roofing, parking, equipment, etc.), the age and location of the properties, the property type, market conditions as well as historical data. Capital expenditures related to maintenance of rental income generating capacity do not include current repair and maintenance costs, as they are already included in determining NOI.

Capital expenditures incurred 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:

	Quarter		Year-to-date (nine months)	
For the periods ended September 30	2019 $	2018 $	2019 $	2018[1] $
Cash flows provided by operating activities as per the condensed interim consolidated financial statements	**74,579**	88,049	**112,156**	108,821
Adjustments – investments in joint ventures	**1,491**	1,536	**3,272**	4,095
Provision for leasing costs	**(8,075)**	(7,306)	**(24,524)**	(21,612)
Initial and re-leasing salary costs	**879**	729	**2,481**	2,635
Changes in adjusted non-cash working capital items[2]	**(26,630)**	(37,000)	**34,439**	14,400
Capital expenditures – maintenance of rental income generating capacity	**(5,611)**	(4,019)	**(16,228)**	(11,801)
Amortization of deferred financing costs and other costs	**(1,008)**	(758)	**(2,645)**	(2,244)
Amortization of fair value adjustments on assumed mortgages payable	**66**	68	**198**	1,372
Transaction costs	**748**	—	**5,238**	19,981
Capitalizable interest on properties under development – joint ventures	**160**	154	**515**	462
ACFO[3][4]	**36,599**	41,453	**114,902**	116,109
Per unit information:				
ACFO (FD)[4][5]	**0.20**	0.23	**0.63**	0.64
Weighted average number of units outstanding (FD)[5]	**182,405,977**	182,230,018	**182,321,925**	182,361,216
Payout ratio[4][5]	**90.0 %**	78.3 %	**85.7 %**	92.4 %

(1) Adjusted cash flow from operations for the nine-month period ended September 30, 2018 includes results of 95 non-core properties sold for total consideration of $1.14 billion during the first quarter of 2018.

(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) Refer to section "Non-IFRS Financial Measures".

(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

	Quarter			Year-to-date (nine months)		
For the periods ended September 30	2019 $	2018 $	%Δ	2019 $	2018 $	%Δ
Distributions to unitholders	**32,769**	32,749	0.1	**98,295**	110,981	(11.4)
Per unit distributions	**0.18**	0.18		**0.54**	0.61	

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 periods ended September 30	2019 (three months) $	2019 (nine months) $	2018 (nine months) $	2017 (nine months) $
Net income	**47,456**	143,239	141,071	189,531
Cash flows provided by operating activities – Financial statements	**74,579**	112,156	108,821	151,754
Distributions to unitholders	**32,769**	98,295	110,981	193,731
Surplus (deficit) of cash flows provided by operating activities compared with distributions to unitholders	**41,810**	13,861	(2,160)	(41,977)

For the three-month and nine-month periods ended September 30, 2019, cash flows provided by operating activities presented a $41.8 million and a $13.9 million surplus, respectively, over distributions to unitholders. 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 third quarter of 2019, Cominar generated $74.6 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 funds from operations, asset sales, proceeds from new mortgages payable and amounts available on its unsecured credit facility and its secured credit facility which stood at $582.1 million as at September 30, 2019.

Debt Management

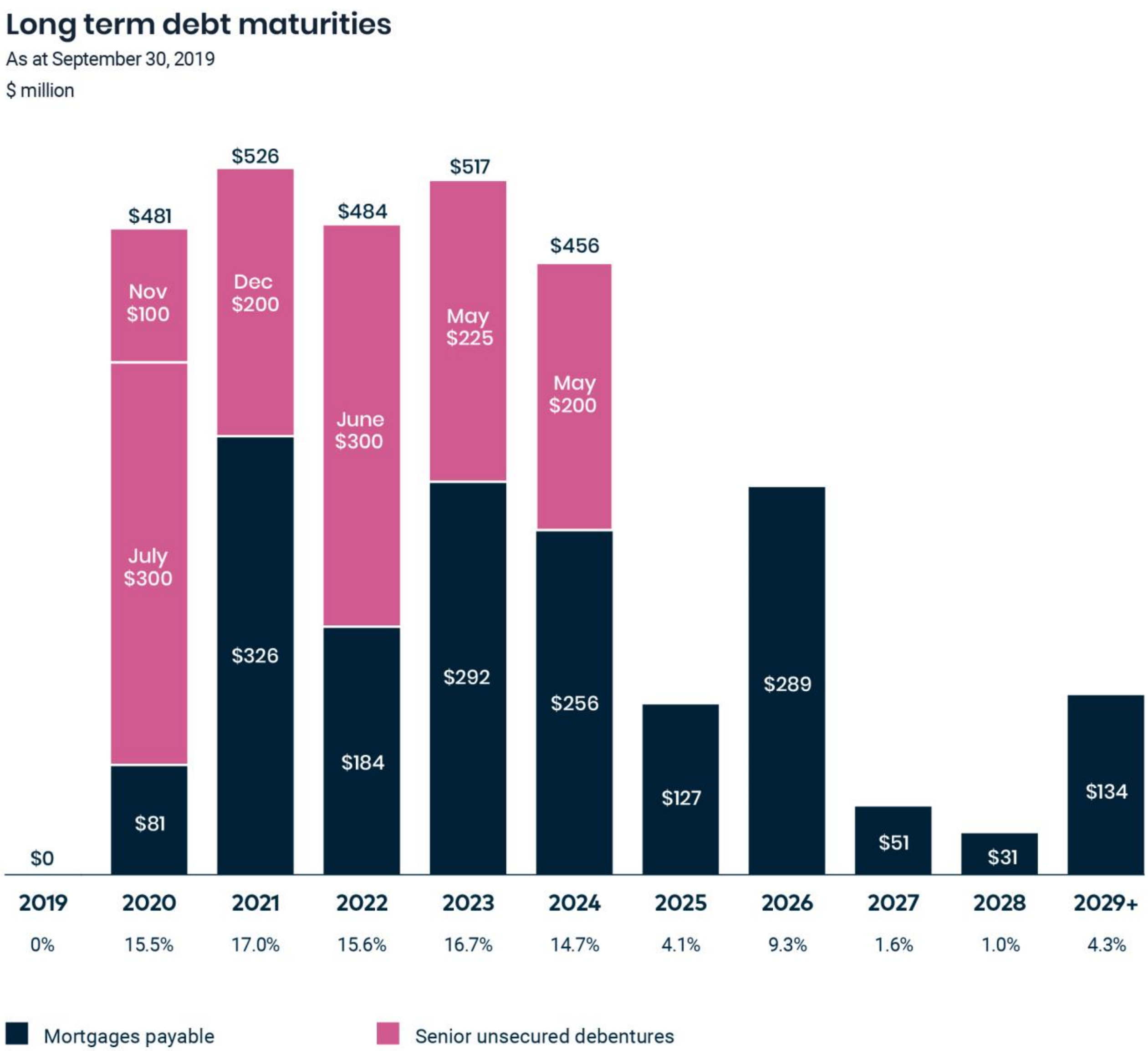
Cominar spreads the maturities of its debt instruments over a number of years to manage interest rate and refinancing risk, and to provide flexibility in maintaining the overall debt level of the portfolio, taking into account availability of financing, market conditions, as well as the financial terms 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 September 30, 2019, Cominar's debt ratio stood at 53.8% consisting of mortgages, senior unsecured debentures and bank loans less cash and cash equivalents. Mortgages represented approximately 59.1% of total debt, senior unsecured debentures represented approximately 37.5%, while bank borrowings represented approximately 3.4%. As at September 30, 2019, the weighted average annual contractual rate was 4.12% and the residual weighted average remaining term was 3.9 years.

As at September 30, 2019, 95.4% of Cominar's total debt was fixed rate and 4.6% was variable rate.

Debt Summary

	As at September 30, 2019			As at December 31, 2018		
	$	Weighted average contractual rate	Residual weighted average term	$	Weighted average contractual rate	Residual weighted average term
Mortgages payable	**2,080,665**	**3.94%**	**4.8 years**	1,742,227	4.03%	5.0 years
Debentures	**1,320,712**	**4.41%**	**2.6 years**	1,722,586	4.23%	2.2 years
Bank borrowings	**117,856**	**4.05%**	**1.9 year**	152,950	4.40%	0.7 years
Total debt	**3,519,233**	**4.12%**	**3.9 years**	3,617,763	4.14%	3.5 years
Cash and cash equivalents	**(16,118)**	**1.70%**		(1,498)	1.70%	
Net debt	**3,503,115**			3,616,265		



Mortgages Payable

As at September 30, 2019, the balance of mortgages payable was $2,080.7 million, up $338.5 million from $1,742.2 million as at December 31, 2018. This increase is explained by new mortgages payable contracted of $381.2 million, offset by monthly repayments of capital totalling $39.6 million for the period. As at September 30, 2019, the weighted average contractual rate was 3.94%, down 9 basis points from 4.03% as at December 31, 2018. As at September 30, 2019, the effective weighted average interest rate was 4.05%, down 6 basis points 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 October 1 to December 31)	**14,592**	**—**	**14,592**	**—**
2020	**59,797**	**80,974**	**140,771**	**4.34%**
2021	**54,374**	**326,177**	**380,551**	**4.25%**
2022	**47,537**	**184,248**	**231,785**	**3.35%**
2023	**43,980**	**292,489**	**336,469**	**4.61%**
2024	**34,995**	**255,750**	**290,745**	**3.91%**
2025	**25,102**	**127,490**	**152,592**	**3.47%**
2026	**12,095**	**288,510**	**300,605**	**3.52%**
2027	**10,431**	**50,968**	**61,399**	**3.85%**
2028	**7,304**	**30,836**	**38,140**	**4.48%**
2029 and thereafter	**8,120**	**133,783**	**141,903**	**3.77%**
Total	**318,327**	**1,771,225**	**2,089,552**	**3.94%**

Cominar's mortgages payable contractual maturities are staggered over a number of years to reduce risks related to renewal. As at September 30, 2019, the residual weighted average term of mortgages payable was 4.8 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 September 30, 2019 $
Series 3	**May 2013**	**4.00%**	**4.24%**	**May 2 and November 2**	**November 2020**	**100,000**
Series 4	**July 2013(1)**	**4.941%**	**4.81%**	**July 27 and January 27**	**July 2020**	**300,000**
Series 8	**December 2014**	**4.25%**	**4.34%**	**June 8 and December 8**	**December 2021**	**200,000**
Series 9	**June 2015**	**4.164%**	**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**
Series 11	**May 2019**	**4.50%**	**4.82%**	**May 15 and November 15**	**May 2024**	**200,000**
Weighted average interest rate		**4.41%**	**4.49%**			
Total						**1,325,000**

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

As at September 30, 2019, the residual weighted average term of senior unsecured debentures was 2.6 years.

On May 15, 2019, Cominar issued $200.0 million in Series 11 senior unsecured debentures bearing interest at a rate of 4.5% and maturing in May 2024.

On June 21, 2019, Cominar reimbursed at maturity its Series 7 senior unsecured debentures totalling $300.0 millions and bearing interest at 3.62% using available cash and its credit facility.

On September 26, 2019, Cominar redeemed $300.0 million in aggregate principal amount of the 4.23% Series 2 senior unsecured debentures using available cash and its unsecured credit facility. In addition to paying accrued interest of $4.0 million, Cominar paid a yield maintenance fee of $1.0 million.

Bank Borrowings

As at September 30, 2019, Cominar had an unsecured renewable credit facility of up to $400.0 million maturing in July 2021. This credit facility bears interest at the prime rate plus 110 basis points or at the bankers' acceptance rate plus 210 basis points. This credit facility contains certain restrictive covenants, with which Cominar was in compliance as at September 30, 2019. As at September 30, 2019, bank borrowings totalled $117.9 million and availability was $282.1 million.

On September 20, 2019, Cominar entered into a 4-year agreement for a new secured credit facility of up to $300.0 million maturing in September 2023. This new credit facility bears interest at the prime rate plus 70 basis points or at the bankers' acceptance rate plus 170 basis points. As at September 30, 2019, $0 was drawn under this credit facility and availability was $300.0 million.

Debt Ratio

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

	As at September 30, 2019 $	As at December 31, 2018 $
Cash and cash equivalents	**(16,118)**	(1,498)
Mortgages payable	**2,080,665**	1,742,227
Debentures	**1,320,712**	1,722,586
Bank borrowings	**117,856**	152,950
Total net debt	**3,503,115**	3,616,265
Total assets less cash and cash equivalents	**6,505,474**	6,542,213
Debt ratio(1)(2)	**53.8%**	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) Refer to section "Non-IFRS Financial Measures".

The decrease in the debt ratio is due mainly to the use of the $210.5 million proceeds from the sale of properties during the first nine months of 2019 to repay debt.

Debt/EBITDA Ratio

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

	As at September 30, 2019 $	As at December 31, 2018 $
Mortgages payable	**2,080,665**	1,742,227
Debentures	**1,320,712**	1,722,586
Bank borrowings	**117,856**	152,950
Total debt	**3,519,233**	3,617,763
NOI (last 12 months)	**358,234**	372,464
Adjusted Trust administrative expenses (last 12 months)(1)	**(17,127)**	(18,681)
Recognition of leases on a straight-line basis (last 12 months)	**(904)**	(2,030)
EBITDA (last 12 months)(2)	**340,203**	351,753
Debt/EBITDA ratio(2)	**10.3x**	10.3x

(1) Excludes severance allowances paid to executive officers and governance and strategic alternatives consulting fees.
(2) Refer to section "Non-IFRS Financial Measures".

Interest Coverage Ratio

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

	As at September 30, 2019 $	As at December 31, 2018 $
NOI (last 12 months)	**358,234**	372,464
Adjusted Trust administrative expenses (last 12 months)(1)	**(17,127)**	(18,681)
	341,107	353,783
Adjusted finance charges (last 12 months)(2)	**145,933**	152,237
Interest coverage ratio(3)	**2.34:1**	2.32:1

(1) Excludes the severance allowances paid to executive officers and governance and strategic alternatives consulting fees.
(2) Excludes the yield maintenance fees and costs paid in relation to the redemption of the Series 2 senior unsecured debentures redemption.
(3) Refer to section "Non-IFRS Financial Measures".

Unencumbered Assets and Unsecured Debt

	As at September 30, 2019		As at December 31, 2018	
	Number of properties	Fair value of properties ($)	Number of properties	Fair value of properties ($)
Unencumbered income properties(1)	**165(5)**	**2,152,170**	291	2,864,637
Unencumbered assets to unsecured net debt ratio(2)(3)		**1.50: 1**		1.53: 1
Unsecured debts-to-total debt ratio(3)(4)		**40.9%**		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 total 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 September 30, 2019, the unencumbered assets to unsecured net debt ratio stood at 1.50:1, well above the required ratios of 1.30:1 and 1.35:1 contained in the restrictive covenant of the outstanding debentures and the credit facility, respectively.

Off-Balance Sheet Arrangements and Contractual Commitments

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

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

Property Portfolio

	As at September 30, 2019 $	As at December 31, 2018 $	%Δ
Income properties – Cominar's proportionate share(1)	**6,268,262**	6,224,956	0.7
Properties under development and land held for future development – Cominar's proportionate share(1)	**149,927**	143,835	4.2
Investment properties held for sale	**66,511**	188,727	(64.8)
Number of income properties(2)(3)	**331**	428	
Leasable area (sq. ft.)(2)	**36,525,000**	38,127,000	

(1) Refer to section "Non-IFRS Financial Measures".
(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 September 30, 2019		As at December 31, 2018	
	Number of properties(1)	Leasable area (sq. ft.)	Number of properties	Leasable area (sq. ft.)
Office	**83**	**11,215,000**	96	11,707,000
Retail	**56**	**9,918,000**	136	10,714,000
Industrial and flex	**192**	**15,392,000**	196	15,706,000
Total	**331**	**36,525,000**	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 September 30, 2019		As at December 31, 2018	
	Number of properties(2)	Leasable area (sq. ft.)	Number of properties	Leasable area (sq. ft.)
Montreal	**201**	**23,777,000**	281	25,327,000
Québec City	**111**	**10,272,000**	126	10,264,000
Ontario - Ottawa(1)	**19**	**2,476,000**	20	2,476,000
New Brunswick	**—**	**—**	1	60,000
Total	**331**	**36,525,000**	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 and Investment Properties Held for Sale

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

During the third quarter of 2019, Cominar incurred $17.2 million [$35.3 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 $4.5 million in revitalization and redevelopment, $0.2 million in property expansion, $12.3 million in structural work and $0.2 million in facade renovation. Cominar also incurred $5.3 million [$4.0 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 third quarter of 2019, Cominar made investments of $7.3 million in leasehold improvements and $1.8 million in leasing costs [$5.3 million in leasehold improvements and $2.5 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 and Cominar's proportionate share in joint ventures:

	Quarter			Year-to-date (nine months)		
For the periods ended September 30	2019 $	2018 $	%Δ	2019 $	2018 $	Δ %
Capital expenditures – increase of rental income generating capacity						
Revitalization and redevelopment	**4,526**	12,381	(63.4)	**16,465**	38,138	(56.8)
Property expansion	**181**	115	57.4	**955**	1,259	(24.1)
Work for common areas, roofing, parking, base building, etc.	**12,297**	15,723	(21.8)	**30,326**	53,406	(43.2)
Facade renovation	**170**	3,312	(94.9)	**899**	6,477	(86.1)
Other	**—**	3,727	(100.0)	**—**	8,970	(100.0)
Capital expenditures – maintenance of rental income generating capacity	**5,303**	3,983	33.1	**15,920**	11,914	33.6
Total capital expenditures (1)	**22,477**	39,241	(42.7)	**64,565**	120,164	(46.3)
Leasehold improvements	**7,306**	5,291	38.1	**24,098**	40,169	(40.0)
Leasing costs	**1,776**	2,536	(30.0)	**6,518**	7,811	(16.6)
Total - Financial statement (1)	**31,559**	47,068	(33.0)	**95,181**	168,144	(43.4)
Capital costs – Properties under development - Financial statement	**12,154**	2,379	410.9	**21,181**	12,519	69.2
Total capital expenditures	**43,713**	49,447	(11.6)	**116,362**	180,663	(35.6)

(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
1199 St-George Boulevard, Moncton , New-Brunswick	New-Brunswick	Office	60,000	April 18, 2019	8,020
1950, rue Léonard-De Vinci, Sainte-Julie, Quebec	Montreal	Retail	4,000	April 29, 2019	750
933, boulevard Armand Frappier, Sainte-Julie, Quebec	Montreal	Retail	14,000	May 30, 2019	4,135
484, 25e Avenue, Saint-Eustache, Quebec	Montreal	Retail	4,000	May 30, 2019	1,725
101, boulevard Arthur-Sauvé, Saint-Eustache, Quebec	Montreal	Retail	3,000	May 30, 2019	925
1200, Place Nobel, Boucherville, Quebec, Quebec	Montreal	Retail	64,000	May 30, 2019	10,435
324, boulevard Curé-Labelle, Sainte-Thérèse, Quebec	Montreal	Retail	4,000	May 30, 2019	1,870
255, boulevard Crémazie Ouest, Montreal, Quebec	Montreal	Retail	4,000	May 30, 2019	1,255
2986, boulevard Saint-Charles, Montreal, Quebec	Montreal	Retail	2,000	May 30, 2019	1,175
7, Place du Commerce, Montreal, Quebec	Montreal	Retail	17,000	May 30, 2019	5,505
4211-4219, rue Wellington, Montreal, Quebec	Montreal	Retail	7,000	May 30, 2019	975
3005, rue King Ouest, Sherbrooke, Quebec	Montreal	Retail	6,000	June 6, 2019	850
1479-1481-1483-1485, boulevard Saint-Bruno, Saint-Bruno, Quebec	Montreal	Retail	566,000	June 20, 2019	76,324
19701, avenue Clark-Graham, Baie-d'Urfe, Quebec	Montreal	Industrial and flex	145,000	July 19, 2019	14,000
920, rue Douglas, St-Jean-sur-Richelieu , Quebec	Montreal	Retail	4,000	September 13, 2019	1,450
1837, chemin Gascon, Terrebonne, Quebec	Montreal	Retail	4,000	September 13, 2019	1,450
325, boulevard Honorius-Charbonneau, Mont Saint-Hilaire, Quebec	Montreal	Office	19,000	September 26, 2019	3,425
			1,649,000		**208,660**

Property type	Number of properties	Leasable area sq. ft	Fair value $
Office	9	442,000	53,161
Retail	19	902,000	114,299
Industrial and flex	3	305,000	41,200
Total	**31**	**1,649,000**	**208,660**

Disposition of Income Property

On June 14, 2019, Cominar completed the sale of an indusial and flex property located in Québec City, for a total selling price of $1.8 million

Transfer to Income Properties in 2019

At the end of the third quarter of 2019, Cominar transferred a property from properties under development to income properties. The retail building was valued at $16.2 million at the time of the transfer, has a leasable area of 56,000 square feet and is located in Québec City.

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.

During the quarter ended June 30, 2019, Cominar transferred 4 income properties and 2 land parcels held for future development having a value of $24.2 million to investment properties held for sale.

During the quarter ended September 30, 2019, Cominar transferred 12 income properties having a value of $40.1 million to investment properties held for sale.

During the nine-month period ended September 30, 2019, Cominar sold 31 investment properties held for sale for a total selling price of $208.7 million.

	For the nine-month period ended September 30, 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	**21,280**	**37,068**	**17,586**	**75,934**	191,241
Transfers from properties under development and land held for future development	**—**	**6,840**	**—**	**6,840**	—
Capitalized costs	**3,606**	**240**	**—**	**3,846**	7,070
Change in fair value	**(931)**	**755**	**—**	**(176)**	(4,934)
Dispositions	**(53,161)**	**(114,299)**	**(41,200)**	**(208,660)**	(1,148,150)
Balance, end of period	**21,280**	**41,645**	**3,586**	**66,511**	188,727

The following table presents detailed information on the investment properties held for sale as at September 30, 2019:

Address	Area	Property type	Leasable area sq. ft.
1400, boulevard Guillaume-Couture, Levis, Quebec	Quebec	Office	77,000
1156, boulevard Guillaume-Couture, Levis, Quebec	Quebec	Office	33,000
736, rue King Est, Sherbrooke, Quebec	Montreal	Retail	4,000
670, rue Principale, Sainte-Agathe-des-monts, Quebec	Montreal	Retail	4,000
950, boulevard Jutras Est, Victoriaville, Quebec	Quebec	Retail	4,000
4635, 1re Avenue, Quebec	Quebec	Office	41,000
320, chemin de la Canardière, Quebec	Quebec	Retail	13,000
280, rue Racine, Quebec, Quebec	Quebec	Retail	16,000
5, rue d'Orleans, Quebec, Quebec	Quebec	Retail	6,000
100, rue Chabot, Quebec, Quebec	Quebec	Industrial and flex	60,000
2195, boul. Guillaume-Couture, Levis, Quebec	Quebec	Retail	6,000
2160, boul. Guillaume-Couture, Levis, Quebec	Quebec	Retail	73,000
329, rue Seigneuriale, Quebec, Quebec	Quebec	Retail	4,000
5150-5200, boulevard de l'Ormière, Quebec, Quebec	Quebec	Retail	159,000
50, boulevard Lionel-Groulx , Sherbrooke, Quebec	Montreal	Retail	5,000
1331-1363, rue Belvedère Sud, Sherbrooke, Quebec	Montreal	Retail	16,000
Vacant land on the Centropolis property, Laval, Quebec	Montreal	Retail	—
120, boulevard de l'Hôpital, Gatineau, Ontario	Ottawa	Retail	66,000
			587,000

Properties Under Construction and Development Projects

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

Société en commandite Chaudière-Duplessis – Ilot Mendel
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, Ilot 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. The first phase includes a 57,000 square feet Decathlon sporting goods store, which opened in Q3-2019. The Decathlon store construction cost was $12.6 million. As announced by the competent authorities, the site will eventually be served by the new public transit network (Tramway) with a station on site.

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

Real Estate Operations

Occupancy Rate

Occupancy Rate Track Record

	Committed		In-place			
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	December 31, 2018	December 31, 2017
Property Type						
Office	**92.1%**	90.8%	**88.7%**	85.5%	86.5%	84.4%
Retail	**94.0%**	93.3%	**85.4%**	84.1%	85.5%	87.3%
Industrial and flex	**96.4%**	95.2%	**94.5%**	90.9%	93.7%	91.4%
Portfolio total	**94.4%**	93.3%	**90.3%**	87.9%	89.2%	87.9%
Committed occupancy rate			**94.4%**	93.3%	93.6%	92.6%

As at September 30, 2019	Montreal Committed	Montreal In-place	Québec City Committed	Québec City In-place	Ottawa Committed	Ottawa In-place	Total Committed	Total In-place
Property Type								
Office	**89.2%**	**85.9%**	**97.7%**	**95.5%**	**94.3%**	**89.0%**	**92.1%**	**88.7%**
Retail	**95.0%**	**86.9%**	**92.9%**	**86.3%**	**89.7%**	**55.5%**	**94.0%**	**85.4%**
Industrial and flex	**96.1%**	**94.2%**	**97.2%**	**95.4%**	**N/A**	**N/A**	**96.4%**	**94.5%**
Portfolio total	**93.9%**	**90.3%**	**95.6%**	**91.7%**	**93.8%**	**83.9%**	**94.4%**	**90.3%**

As at September 30, 2019	Numerator sq.ft. A	Denominator sq.ft B	Occupancy A/B
In-place occupancy	**32,914,000**	**36,465,000**	**90.3%**
Space under redevelopment	**—**	**(685,000)**	
Signed leases that will begin in the next few quarters	**866,000**	**—**	
Committed occupancy	**33,780,000**	**35,780,000**	**94.4%**

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 September 30, 2019. For the retail portfolio, this spread was 8.6% and consisted of several signed leases with a total area of approximately 213,000 square feet, of which 84% will come into force in the next two quarters and 636,000 square feet of space under redevelopment. For the office portfolio, this spread was 3.4% and represents signed leases of which approximately 100% will come into force in the next two quarters. As for the industrial and flex portfolio, the variance was 1.9%, representing 284,000 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 during the next few quarters

	For the nine-month period ended September 30, 2019 sq. ft.
Balance, beginning of period	**950,000**
New signed leases	**1,047,000**
Leases that began in the period	**(1,131,000)**
Balance, end of period	**866,000**

The 0.9 million square feet of signed leases will commence during the next three quarters and will, in the end, contribute approximately $15.2 million to net operating income on an annualized basis. Of this amount, $6.7 million comes from the office segment, $5.4 million from the retail segment and $3.1 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	216	526	195	937
Leasable area (sq. ft.)	1,579,000	1,651,000	1,915,000	5,145,000
Renewed leases				
Number of clients	123	231	113	467
Leasable area (sq. ft.)	910,000	1,094,000	1,390,000	3,394,000
Retention rate	**57.6%**	**66.3%**	**72.6%**	**66.0%**
New leases				
Number of clients	68	62	74	204
Leasable area (sq. ft.)	611,000	383,000	874,000	1,868,000
Unexpected departures				
Number of clients	17	30	21	68
Leasable area (sq. ft.)	91,000	46,000	197,000	334,000

During the nine-month period ended September 30, 2019, 66.0% [64.6% in 2018] of the leasable area maturing in 2019 was renewed. During the period, new leases were also signed, representing 1.9 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 0.3 million square feet.

Growth in the Average Net Rent of Renewed Leases

	For the nine-month period ended September 30, 2019	For the year ended December 31, 2018
Property Type		
Office	**2.1%**	0.3%
Retail	**(2.7%)**	(1.8%)
Industrial and flex	**10.6%**	5.6%
Growth in the average net rent of renewed leases	**2.4%**	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 Montreal, Québec City and Ottawa markets increased by 1.8%, 2.9% and 2.1% respectively.

For the industrial and flex portfolio, the average net rent on renewed leases in the Montreal and Québec City markets increased by 11.2% and 8.8% respectively.

For the retail portfolio, the average net rent of renewed leases in the Ottawa market increased by 5.5%, while the Montreal and Québec City markets decreased by 4.8% and 0.4% respectively.

Sears Update

Location	Leasable area	Signed leases	Area in advanced discussions	Area in preliminary discussions	Available area	Common area planned
	Area (square feet)					
Quartier Laval, Laval	43,147	43,147	—	—	—	—
Carrefour Saint-Georges, Saint-Georges	54,221	43,859	—	—	6,034	4,328
Galeries de Hull, Gatineau	128,040	31,903	50,022	10,142	8,513	27,460
Mail Champlain, Brossard	153,600	48,511	70,560	—	11,000	23,529
Galeries Rive Nord, Repentigny	125,471	38,817	33,995	—	34,026	18,633
Les Rivières shopping centre, Trois-Rivières(1)	144,398(1)	—	87,035	11,909	14,992	30,462
Pierre-Bertrand Boulevard, Québec City (industrial segment)	23,947	23,947	—	—	—	—
Total	**672,824**	**230,184**	**241,612**	**22,051**	**74,565**	**104,412**
	100.0%	34.2%	35.9%	3.3%	11.1%	15.5%

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

As at September 30, 2019, the area previously occupied by Sears for which leases were signed or in advanced discussions was 70.2%, an increase of 9.5% since June 30, 2019.

Lease Maturities

For the years ending December 31	2020	2021	2022	2023	2024
Office					
Leasable area (sq. ft.)	1,522,000	1,381,000	892,000	1,136,000	1,167,000
Average minimum rent ($/sq. ft.)	17.62	18.56	17.14	19.83	18.35
% of portfolio – Office	13.6%	12.3%	8.0%	10.1%	10.4%
Retail					
Leasable area (sq. ft.)	1,549,000	986,000	810,000	924,000	927,000
Average minimum rent ($/sq. ft.)	20.10	21.77	23.19	16.43	19.32
% of portfolio – Retail	15.6%	9.9%	8.2%	9.3%	9.3%
Industrial and flex					
Leasable area (sq. ft.)	3,104,000	1,872,000	2,199,000	1,888,000	1,458,000
Average minimum rent ($/sq. ft.)	6.67	6.72	6.49	7.58	8.08
% of portfolio – Industrial and flex	20.2%	12.2%	14.3%	12.3%	9.5%
Portfolio total					
Leasable area (sq. ft.)	6,175,000	4,239,000	3,902,000	3,949,000	3,551,000
Average minimum rent ($/sq. ft.)	12.74	14.07	12.39	13.18	14.39
% of portfolio	16.9%	11.6%	10.7%	10.8%	9.7%

The following table summarizes information on leases as at September 30, 2019:

	Residual weighted average term (years)	Weighted average term of leases (years)	Average leased area per client (sq. ft.)	Average minimum rent ($/sq. ft.)
Property Type				
Office	5.0	8.2	11,400	18.04
Retail	5.2	8.0	4,600	20.01
Industrial and flex	5.1	7.7	16,200	6.92
Weighted average of total portfolio	**5.1**	**7.9**	**9,100**	**13.56**

Cominar has a broad, highly diversified client base consisting of approximately 3,700 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 6.0%, 4.6% and 3.4% 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 14.7% of operating revenues come from government agencies, representing over 100 leases.

Top 10 clients

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

Client	% of operating revenues
Société québécoise des infrastructures	6.0%
Public Works Canada	4.6%
Canadian National Railway Company	3.4%
Infra MTL Inc.(1)	2.2%
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	**20.5%**

(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 nine-month period ended September 30, 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	**90,338**	36,352
Units issued and outstanding, end of period	**182,046,687**	181,956,349

On November 9, 2018, Cominar announced the renewal of the NCIB for an additional year. Under its NCIB, Cominar will be entitled to repurchase up to a maximum of 18,112,182 Cominar units. As at September 30, 2019, no units had been repurchased under its NCIB.

Additional information	November 7, 2019
Issued and outstanding units	182,047,194
Outstanding unit options	6,787,800
Deferred units, restricted units and performance units	689,074

Long-Term Incentive Plan

				Unit options	
For the nine-month period ended September 30, 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	100,359	—	—	—
Converted	—	(90,338)	—	—	—
Forfeited or cancelled	(7,775)	(3,315)	—	(1,800,300)	14.82
Expired	—	(2,024)	(224)	—	—
Accrued distributions	13,675	13,259	74	—	—
Balance, end of period	**345,297**	**333,376**	**2,796**	**6,889,100**	**14.87**
Vested units/options, end of period	**—**	**150,314**	**1,545**	**5,787,400**	**15.01**

As at September 30, 2019, the maximum number of units that may be issued under the long-term incentive plan is 16,460,216 units.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

The President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer of Cominar are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in Canadian Securities Administrators' Multilateral Instrument 52-109.

No changes were made to the Trust's internal controls over financial reporting during the quarter ended September 30, 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 nine-month period ended September 30, 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 September 30, 2019

Unaudited

Consolidated Balance Sheets

[unaudited, in thousands of Canadian dollars]

	Note	September 30, 2019 $	December 31, 2018 $
Assets			
Investment properties			
Income properties	4	**6,100,884**	6,058,191
Properties under development	5	**41,118**	34,293
Land held for future development	5	**92,472**	93,750
		6,234,474	6,186,234
Investment properties held for sale	6	**66,511**	188,727
Investments in joint ventures	7	**95,871**	92,468
Goodwill		**15,721**	15,721
Accounts receivable		**37,661**	41,162
Prepaid expenses and other assets		**55,236**	17,901
Cash and cash equivalents		**16,118**	1,498
Total assets		**6,521,592**	6,543,711
Liabilities			
Mortgages payable	8	**2,080,665**	1,742,104
Mortgages payable related to investment properties held for sale	6, 8	**—**	123
Debentures	9	**1,320,712**	1,722,586
Bank borrowings	10	**117,856**	152,950
Accounts payable and accrued liabilities		**128,529**	103,347
Deferred tax liabilities		**142**	142
Current tax liabilities		**—**	6,763
Distributions payable to unitholders		**10,923**	—
Total liabilities		**3,658,827**	3,728,015
Unitholders' equity			
Unitholders' equity		**2,862,765**	2,815,696
Total liabilities and unitholders' equity		**6,521,592**	6,543,711

See accompanying notes to the condensed interim consolidated financial statements.

Interim Consolidated Statements of Unitholders' Equity

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

	Note	Unitholders' contributions $	Cumulative net income $	Cumulative distributions $	Contributed surplus $	Total $
Balance as at January 1, 2019		3,226,929	1,649,516	(2,065,942)	5,193	2,815,696
Net income and comprehensive income		—	143,239	—	—	143,239
Distributions to unitholders	11	—	—	(98,295)	—	(98,295)
Unit issuances	11	1,119	—	—	(1,135)	(16)
Long-term incentive plan		—	264	—	1,877	2,141
Balance as at September 30, 2019		**3,228,048**	**1,793,019**	**(2,164,237)**	**5,935**	**2,862,765**

	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		—	141,071	—	—	141,071
Distributions to unitholders	11	—	—	(110,981)	—	(110,981)
Unit issuances		268	—	—	(150)	118
Repurchase of units under NCIB	11	(39,530)	—	—	—	(39,530)
Long-term incentive plan		—	142	—	1,546	1,688
Balance as at September 30, 2018		3,226,733	2,002,242	(2,033,193)	5,345	3,201,127

See accompanying notes to the condensed interim consolidated financial statements.

Interim Consolidated Statements of Comprehensive Income

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

		Quarter		Year-to-date (nine months)	
	Note	2019 $	2018 $	2019 $	2018 $
Operating revenues					
Rental revenue from investment properties	12	**171,539**	172,665	**530,110**	558,577
Operating expenses					
Operating costs		**(35,849)**	(36,787)	**(120,982)**	(129,648)
Realty taxes and services		**(40,571)**	(41,177)	**(130,338)**	(135,850)
Property management expenses		**(3,681)**	(3,724)	**(11,684)**	(11,743)
		(80,101)	(81,688)	**(263,004)**	(277,241)
Net operating income		**91,438**	90,977	**267,106**	281,336
Finance charges	13	**(37,486)**	(36,373)	**(110,635)**	(115,844)
Trust administrative expenses	14	**(3,818)**	(4,314)	**(13,109)**	(17,149)
Change in fair value of investment properties	4, 5, 6	**(2,559)**	13,393	**5,511**	9,062
Share in joint ventures' net income	7	**1,487**	1,560	**4,378**	4,093
Transaction costs	15	**(748)**	—	**(5,238)**	(19,981)
Restructuring costs	16	**(858)**	—	**(4,774)**	—
Derecognition of goodwill		**—**	(594)	**—**	(594)
Net income before income taxes		**47,456**	64,649	**143,239**	140,923
Income taxes					
Current		**—**	—	**—**	(6,391)
Deferred		**—**	—	**—**	6,539
		—	—	**—**	148
Net income and comprehensive income		**47,456**	64,649	**143,239**	141,071
Basic net income per unit	17	**0.26**	0.36	**0.79**	0.77
Diluted net income per unit	17	**0.26**	0.35	**0.79**	0.77

See accompanying notes to the condensed interim consolidated financial statements.

Interim Consolidated Statements of Cash Flows

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

	Note	Quarter		Year-to-date (nine months)	
		2019 $	2018 $	2019 $	2018 $
Operating activities					
Net income		**47,456**	64,649	**143,239**	141,071
Adjustments for:					
Excess of share of net income over distributions received from the joint ventures	7	**(1,487)**	(1,560)	**(3,253)**	(4,093)
Change in fair value of investment properties	4, 5, 6	**2,559**	(13,393)	**(5,511)**	(9,062)
Depreciation and amortization		**1,265**	1,070	**3,509**	1,993
Compensation expense related to long-term incentive plan		**661**	541	**2,141**	1,688
Deferred income taxes		**—**	—	**—**	(6,539)
Derecognition of goodwill		**—**	594	**—**	594
Recognition of leases on a straight-line basis	4, 6	**249**	(135)	**108**	(1,018)
Changes in non-cash working capital items	18	**23,876**	36,283	**(28,077)**	(15,813)
Cash flows provided by operating activities		**74,579**	88,049	**112,156**	108,821
Investing activities					
Acquisitions and investments in income properties	4, 18	**(31,421)**	(83,212)	**(100,678)**	(200,066)
Acquisitions and investments in properties under development and land held for future development	5, 18	**(10,455)**	(5,184)	**(18,410)**	(19,035)
Refund of costs related to properties under development and land held for future development	18	**—**	7,800	**—**	7,800
Net proceeds from the sale of investment properties	3, 6	**20,325**	2,850	**210,485**	1,029,280
Contributions to the capital of a joint venture	7	**—**	(131)	**(150)**	(1,931)
Change in other assets		**175**	(445)	**(879)**	(907)
Cash flows provided (used in) by investing activities		**(21,376)**	(78,322)	**90,368**	815,141
Financing activities					
Cash distributions to unitholders	11	**(32,769)**	(32,749)	**(87,372)**	(100,065)
Bank borrowings		**41,803**	37,926	**(35,094)**	(552,413)
Mortgages payable	8	**259,147**	(73)	**377,059**	135,056
Net proceeds from issuance of debentures	9	**(17)**	—	**197,158**	—
Unit issuance net proceeds		**(3)**	(2)	**(16)**	118
Repurchase of units under NCIB	11	**—**	—	**—**	(39,530)
Repayment of debentures at maturity	9	**(300,000)**	—	**(600,000)**	—
Repayments of mortgages payable	8	**—**	—	**—**	(329,294)
Monthly repayments of mortgages payable	8	**(15,390)**	(12,155)	**(39,639)**	(38,631)
Cash flows provided (used in) financing activities		**(47,229)**	(7,053)	**(187,904)**	(924,759)
Net change in cash and cash equivalents		**5,974**	2,674	**14,620**	(797)
Cash and cash equivalents, beginning of period		**10,144**	3,457	**1,498**	6,928
Cash and cash equivalents, end of period		**16,118**	6,131	**16,118**	6,131
Other information					
Interest paid		**30,525**	26,744	**104,646**	109,463
Cash distributed by a joint venture	7	**—**	—	**1,125**	—

See accompanying notes to the condensed interim consolidated financial statements.

Notes to Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 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 September 30, 2019, Cominar owned and managed a real estate portfolio of 331 high-quality properties that covered a total area of 36.5 million square feet in the Province of Quebec and in Ottawa.

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

The Board of Trustees approved Cominar’s condensed interim consolidated financial statements on November 7, 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 nine-month period ended September 30, 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 lands 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 and transfer to income properties

Dispositions of Investment Properties Held for Sale for the nine-month period ended September 30, 2019

Date	Property type	Number of properties	Geographic market	Total selling price $
January 11, 2019	Office	1	Montreal	4,100
January 14, 2019	Industrial and flex	1	Québec City	1,200
January 16, 2019	Retail	1	Montreal	1,841
February 15, 2019	Office and Retail	10	Montreal	41,250
March 26, 2019	Industrial and flex	1	Montreal	26,000
April 18, 2019	Office	1	Moncton, New Brunswick	8,020
April 29, 2019	Retail	1	Montreal	750
May 30, 2019	Retail	9	Montreal	28,000
June 6, 2019	Retail	1	Montreal	850
June 20, 2019	Retail	1	Montreal	76,324
July 19, 2019	Industrial and flex	1	Montreal	14,000
September 13, 2019	Retail	2	Montreal	2,900
September 26, 2019	Office	1	Montreal	3,425
		31		208,660

Disposition of an Income Property

On June 14, 2019, Cominar completed the sale of an industrial and flex property located in Québec City, for a total selling price of $1,825.

Transfer to Income Properties

At the end of the third quarter of 2019, Cominar transferred a property from properties under development to income properties. The retail building was valued at $16,249 at the time of the transfer has a leasable area of 56,000 square feet and is located in Québec City.

4) Income Properties

	Note	For the nine-month period ended September 30, 2019 $	For the year ended December 31, 2018 $
Balance, beginning of period		**6,058,191**	6,239,383
Acquisitions and related costs		**539**	39,710
Change in fair value		**4,569**	(242,307)
Right-of-use assets		**9,757**	—
Capital costs		**84,218**	204,325
Dispositions	3	**(1,825)**	(3,014)
Transfers to investment properties held for sale	6	**(75,934)**	(191,241)
Net transfers from properties under development and land held for future development	5	**14,932**	—
Change in initial direct costs		**6,518**	9,819
Recognition of leases on a straight-line basis		**(81)**	1,516
Balance, end of period		**6,100,884**	6,058,191

5) Properties Under Development and Land Held for Future Development

	Note	For the nine-month period ended September 30, 2019 $	For the year ended December 31, 2018 $
Balance, beginning of period		**128,043**	129,272
Change in fair value		**1,118**	(19,857)
Capital costs		**21,181**	15,382
Disposition of a portion of land		**—**	(2,400)
Net transfers to Income Properties	4	**(14,932)**	—
Transfer to investment properties held for sale	6	**(6,840)**	—
Capitalized interests		**4,827**	5,546
Change in initial direct costs		**193**	100
Balance, end of period		**133,590**	128,043
Breakdown:			
Properties under development		**41,118**	34,293
Land held for future development		**92,472**	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.

During the quarter ended June 30, 2019, Cominar transferred 4 income properties and 2 land held for future development having a value of $24,203 to investment properties held for sale.

During the quarter ended September 30, 2019, Cominar transferred 12 income properties having a value of $40,121 to investment properties held for sale.

During the nine-month period ended September 30, 2019, Cominar sold 31 investment properties held for sale for a total selling price of $208,660.

		For the nine-month period ended September 30, 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	**21,280**	**37,068**	**17,586**	**75,934**	191,241
Transfers from properties under development and land held for future development	5	**—**	**6,840**	**—**	**6,840**	—
Capitalized costs[(1)]		**3,606**	**240**	**—**	**3,846**	7,070
Change in fair value		**(931)**	**755**	**—**	**(176)**	(4,934)
Dispositions	3	**(53,161)**	**(114,299)**	**(41,200)**	**(208,660)**	(1,148,150)
Transfer of goodwill		**—**	**—**	**—**	**—**	3,872
Derecognition of goodwill		**—**	**—**	**—**	**—**	(3,872)
Balance, end of period		**21,280**	**41,645**	**3,586**	**66,511**	188,727

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

		For the nine-month period ended September 30, 2019				For the year ended December 31, 2018
	Note	Office properties $	Retail properties $	Industrial and flex properties $	Total $	Total $
Mortgages payable related to 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 September 30			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 nine-month period ended September 30, 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	**150**	1,931
Share of joint ventures' net income and comprehensive income	**4,378**	5,176
Cash distributions by a joint venture	**(1,125)**	(938)
Investments in joint ventures, end of period	**95,871**	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 September 30, 2019 $	As at December 31, 2018 $	As at September 30, 2019 $	As at December 31, 2018 $
Income properties	**238,501**	237,400	**167,378**	166,765
Properties under development	**15,610**	14,782	**7,805**	7,392
Land held for future development	**11,393**	11,200	**8,532**	8,400
Other assets	**2,102**	1,481	**1,482**	983
Mortgages payable	**(121,001)**	(123,762)	**(83,626)**	(85,534)
Bank borrowings(1)	**(8,400)**	(8,000)	**(4,200)**	(4,000)
Other liabilities	**(2,430)**	(2,412)	**(1,500)**	(1,538)
Net assets of joint ventures	**135,775**	130,689	**95,871**	92,468

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

For the periods ended September 30	Quarter				Year-to-date (nine months)			
	Joint Ventures		Cominar's proportionate share		Joint Ventures		Cominar's proportionate share	
	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $
Operating revenues	**6,316**	5,893	**4,345**	4,155	**18,707**	17,731	**12,964**	12,402
Operating expenses	**(2,725)**	(2,191)	**(1,869)**	(1,584)	**(8,053)**	(7,530)	**(5,610)**	(5,307)
Net operating income	**3,591**	3,702	**2,476**	2,571	**10,654**	10,201	**7,354**	7,095
Finance charges	**(1,418)**	(1,411)	**(987)**	(992)	**(4,264)**	(4,196)	**(2,974)**	(2,965)
Administrative expenses	**(4)**	(34)	**(2)**	(19)	**(4)**	(71)	**(2)**	(37)
Net income	**2,169**	2,257	**1,487**	1,560	**6,386**	5,934	**4,378**	4,093

8) Mortgages Payable

		For the nine-month period ended September 30, 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		**381,200**	**3.50%**	347,500	4.02%
Monthly repayments of principal		**(39,639)**	**—**	(50,805)	—
Repayments of balances		**—**	**—**	(596,608)	4.66%
Mortgages payable assigned	6	**—**	**—**	(105,992)	3.72%
		2,089,552	**3.94%**	1,747,991	4.03%
Plus: Fair value adjustments on assumed mortgages payable		**529**		727	
Less: Deferred financing costs		**(9,416)**		(6,491)	
Balance, end of period[1]		**2,080,665**		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 $4,016,072 [$3,505,827 as at December 31, 2018]. They bear annual contractual interest rates ranging from 3.00% to 6.61% as at September 30, 2019 [2.52% to 6.94% as at December 31, 2018], representing a weighted average contractual rate of 3.94% as at September 30, 2019 [4.03% as at December 31, 2018], and mature at various dates from July 2020 to April 2034. As at September 30, 2019, the weighted average effective interest rate was 4.05% [4.11% as at December 31, 2018].

As at September 30, 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 September 30, 2019, and December 31, 2018.

9) Debentures

	For the nine-month period ended September 30, 2019		For the year ended December 31, 2018	
	$	Weighted average contractual rate	$	Weighted average contractual rate
Balance, beginning of period	**1,725,000**	**4.23%**	1,725,000	4.23%
Issuance	**200,000**	**4.50%**	–	–
Repayment	**(600,000)**	**3.93%**	–	–
	1,325,000	**4.41%**	1,725,000	4.23%
Less: Deferred financing costs	**(4,837)**		(3,350)	
Plus: Net premium and discount on issuance	**549**		936	
Balance, end of period	**1,320,712**		1,722,586	

On May 15, 2019, Cominar issued $200,000 in Series 11 senior unsecured debentures bearing interest at a rate of 4.5% and maturing in May 2024.

On June 21, 2019, Cominar reimbursed at maturity its Series 7 senior unsecured debentures totalling $300,000 and bearing interest at 3.62% using available cash and its unsecured renewable operating and acquisition credit facility.

On September 26, 2019, Cominar redeemed $300,000 aggregate principal of 4.23% Series 2 senior unsecured debentures using available cash and its unsecured renewable operating and acquisition credit facility. In addition to paying accrued interest of $3,964, Cominar paid a yield maintenance fee of $1,008.

The following table presents characteristics of outstanding debentures as at September 30, 2019:

	Date of issuance	Contractual interest rate	Effective interest rate	Maturity date	Par value as at September 30, 2019 $
Series 3	May 2013	4.00%	4.24%	November 2020	**100,000**
Series 4	July 2013(1)	4.941%	4.81%	July 2020	**300,000**
Series 8	December 2014	4.25%	4.34%	December 2021	**200,000**
Series 9	June 2015	4.164%	4.25%	June 2022	**300,000**
Series 10	May 2016	4.247%	4.34%	May 2023	**225,000**
Series 11	May 2019	4.50%	4.82%	May 2024	**200,000**
		4.41%	**4.49%**		**1,325,000**

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

10) Bank Borrowings

As at September 30, 2019, Cominar had an unsecured renewable operating and acquisition credit facility of up to $400,000 maturing in July 2021. This credit facility bears interest at the prime rate plus 110 basis points or at the bankers' acceptance rate plus 210 basis points. This credit facility contains certain restrictive covenants, with which Cominar was in compliance as at September 30, 2019. As at September 30, 2019, bank borrowings totalled $117,856 and availability was $282,144.

On September 20, 2019, Cominar entered into a 4-year agreement for a new secured credit facility of up to $300,000 maturing in September 2023. This new credit facility bears interest at the prime rate plus 70 basis points or at the bankers' acceptance rate plus 170 basis points. As at September 30, 2019, $0 was drawn under this credit facility and availability was $300,000.

11) Issued and Outstanding Units

	For the nine-month period ended September 30, 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	**90,338**	**1,119**	36,352	464
Units issued and outstanding, end of period	**182,046,687**	**3,228,048**	181,956,349	3,226,929

Long Term Incentive Plan

For the nine-month period ended September 30, 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	100,359	—	—	—
Converted	—	(90,338)	—	—	—
Forfeited or cancelled	(7,775)	(3,315)	—	(1,800,300)	14.82
Expired	—	(2,024)	(224)	—	—
Accrued distributions	13,675	13,259	74	—	—
Outstanding, end of period	**345,297**	**333,376**	**2,796**	**6,889,100**	**14.87**
Vested units/options, end of period	**—**	**150,314**	**1,545**	**5,787,400**	**15.01**

As at September 30, 2019, the maximum number of units that may be issued under the long-term incentive plan is 16,460,216 units.

Distributions to Unitholders

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

	Quarter		Year-to-date (nine months)	
For the periods ended September 30	2019 $	2018 $	2019 $	2018 $
Distributions to unitholders	**32,769**	32,749	**98,295**	110,981
Distributions per unit	**0.18**	0.18	**0.54**	0.61

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.

12) Operating Revenues

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

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

For the periods ended September 30, 2018	Quarter				Year-to-date (nine months)			
	Office properties $	Retail properties $	Industrial and flex properties $	Total of operating revenues $	Office properties $	Retail properties $	Industrial and flex properties $	Total of operating revenues $
Lease revenues	60,413	60,226	36,249	156,888	196,735	190,479	114,307	501,521
Parking revenues	4,872	96	2	4,970	14,919	333	15	15,267
Revenues from other services	5,472	4,280	1,055	10,807	19,398	16,774	5,617	41,789
Total	70,757	64,602	37,306	172,665	231,052	207,586	119,939	558,577

13) Finance Charges

For the periods ended September 30	Quarter		Year-to-date (nine months)	
	2019 $	2018 $	2019 $	2018 $
Interest on mortgages payable	**19,898**	18,291	**55,194**	59,603
Interest on debentures	**18,700**	18,270	**56,053**	54,809
Interest (interest revenue) on bank borrowings (cash and cash equivalents)	**(65)**	1,079	**2,627**	6,379
Net amortization of premium and discount on debenture issues	**(130)**	(130)	**(390)**	(390)
Amortization of deferred financing costs and other costs	**1,138**	887	**3,035**	2,633
Amortization of fair value adjustments on assumed borrowings	**(66)**	(68)	**(198)**	(1,372)
Less: Capitalized interest(1)	**(1,989)**	(1,956)	**(5,686)**	(5,818)
Total	**37,486**	36,373	**110,635**	115,844

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 4.31% [4.16% in 2018].*

Interest on debentures for the periods ended September 30, 2019 includes $1,008 associated to the yield maintenance fee paid for the Series 2 senior unsecured debentures redemption. Finance charges also include $87 of costs related to that transaction.

14) Trust Administrative Expenses

For the periods ended September 30	Quarter 2019 $	Quarter 2018 $	Year-to-date (nine months) 2019 $	Year-to-date (nine months) 2018 $
Salaries and other benefits	**2,397**	2,515	**8,776**	8,564
Compensation related to the long-term incentive plan	**661**	540	**2,141**	1,687
Professional fees	**104**	166	**479**	579
Public company costs	**244**	187	**583**	491
Governance and strategic alternatives consulting fees	**—**	—	**—**	3,529
Other expenses	**412**	906	**1,130**	2,299
Total	**3,818**	4,314	**13,109**	17,149

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

15) Transaction Costs

For the periods ended September 30	Quarter 2019 $	Quarter 2018 $	Year-to-date (nine months) 2019 $	Year-to-date (nine months) 2018 $
Brokerage fees	**110**	—	**1,607**	5,700
Professional fees	**—**	—	**263**	2,374
Assumed head leases	**—**	—	**217**	4,201
Penalties on debt repayment	**—**	—	**—**	945
Closing adjustments	**601**	—	**3,114**	6,161
Others	**37**	—	**37**	600
Total	**748**	—	**5,238**	19,981

16) Restructuring costs

During the quarter ended June 30, 2019, Cominar announced an organizational restructuring to streamline and enhance the effectiveness of operations which the outcome, among others, will be the reduction of its workforce. During the quarter ended June 30, 2019, Cominar recorded a provision of $3,916 related to this organizational restructuring, primarily related to severance benefits. An additional provision of $858 has been recorded during the quarter ended September 30, 2019 to include the second phase of the organizational restructuring. Up to September 30, 2019, $2,148 ($1,845 as at June 30, 2019) were paid since the beginning of the restructuring.

17) Per Unit Calculation Basis

For the periods ended September 30	Quarter 2019 Parts	Quarter 2018 Parts	Year-to-date (nine months) 2019 Parts	Year-to-date (nine months) 2018 Parts
Weighted average number of units outstanding – basic	**182,197,545**	182,055,805	**182,164,182**	182,186,824
Dilutive effect related to the long-term incentive plan	**208,432**	174,213	**157,743**	174,392
Weighted average number of units outstanding – diluted	**182,405,977**	182,230,018	**182,321,925**	182,361,216

The calculation of the diluted weighted average number of units outstanding does not take into account the effect of the conversion into units of 7,418,700 options and unvested performance units, deferred units and restricted units outstanding at the end of the quarter ended September 30, 2019 [11,924,738 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.

18) Supplemental Cash Flow Information

For the periods ended September 30	Quarter 2019 $	Quarter 2018 $	Year-to-date (nine months) 2019 $	Year-to-date (nine months) 2018 $
Accounts receivable	**4,589**	5,584	**3,501**	6,670
Prepaid expenses	**10,101**	22,896	**(37,279)**	(36,110)
Accounts payable and accrued liabilities	**9,186**	7,803	**12,464**	7,236
Current tax liabilities	**—**	—	**(6,763)**	6,391
Changes in non-cash working capital items	**23,876**	36,283	**(28,077)**	(15,813)
Other information				
Accounts payable and accrued liabilities relating to investing activities	**15,864**	15,655	**15,864**	15,655
Accounts receivable relating to investing activities	**4,014**	4,014	**4,014**	4,014

19) Fair Value

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

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

Cominar's policy is to recognize transfers between hierarchy levels on the date of changes in circumstances that caused the transfer. There were no transfers made between hierarchy levels during the nine-month period ended September 30, 2019 and fiscal year 2018.

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

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

Classification

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

	Level	As at September 30, 2019 Carrying amount $	As at September 30, 2019 Fair value $	As at December 31, 2018 Carrying amount $	As at December 31, 2018 Fair value $
Recurring valuations of non-financial assets					
Income properties	3	**6,100,884**	**6,100,884**	6,058,191	6,058,191
Investment properties held for sale	3	**66,511**	**66,511**	188,727	188,727
Land held for future development	3	**92,472**	**92,472**	93,750	93,750
Financial liabilities					
Mortgages payable	2	**2,080,665**	**2,125,421**	1,742,227	1,764,084
Debentures	2	**1,320,712**	**1,377,163**	1,722,586	1,703,866

20) Segmented Information

Cominar's activities include a diversified portfolio of three property types located in the Province of Quebec and in Ottawa, Ontario. The accounting policies followed for each property type are the same as those disclosed in the significant accounting policies in the audited annual financial statements of the Trust. Cominar uses net operating income as its main criterion to measure operating performance, that is, the operating revenues less the operating expenses of its investment properties. Management of expenses, such as interest and administrative expenses, is centralized and, consequently, these expenses have not been allocated to Cominar's segments.

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

For the quarter ended September 30, 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	**74,540**	**63,084**	**38,260**	**175,884**	**(4,345)**	**171,539**
Change in fair value of investment properties	**(102)**	**(2,350)**	**(107)**	**(2,559)**	**—**	**(2,559)**
Net operating income	**37,281**	**32,805**	**23,828**	**93,914**	**(2,476)**	**91,438**
Share of joint ventures' net income	**—**	**—**	**—**	**—**	**1,487**	**1,487**

September 30, 2018	$	$	$	$	$	$
Rental revenue from investment properties	74,495	64,997	37,328	176,820	(4,155)	172,665
Change in fair value of investment properties	(1,793)	(641)	15,827	13,393	—	13,393
Net operating income	36,002	34,492	23,054	93,548	(2,571)	90,977
Share of joint ventures' net income	—	—	—	—	1,560	1,560

For the nine-month period ended September 30, 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	**225,778**	**196,063**	**121,233**	**543,074**	**(12,964)**	**530,110**
Change in fair value of investment properties	**(1,040)**	**(217)**	**6,768**	**5,511**	**—**	**5,511**
Net operating income	**108,591**	**96,431**	**69,438**	**274,460**	**(7,354)**	**267,106**
Share of joint ventures' net income	**—**	**—**	**—**	**—**	**4,378**	**4,378**

September 30, 2018	$	$	$	$	$	$
Rental revenue from investment properties	242,679	208,475	119,825	570,979	(12,402)	558,577
Change in fair value of investment properties	(4,925)	(1,284)	15,271	9,062	—	9,062
Net operating income	115,291	104,747	68,393	288,431	(7,095)	281,336
Share of joint ventures' net income	—	—	—	—	4,093	4,093

As at September 30, 2019	Office Properties $	Retail Properties $	Industrial and flex properties $	Cominar's proportionate share $	Joint ventures $	Condensed interim consolidated financial statements $
Income properties	**2,512,161**	**2,327,826**	**1,428,275**	**6,268,262**	**(167,378)**	**6,100,884**
Investment properties held for sale	**21,280**	**41,645**	**3,586**	**66,511**	**—**	**66,511**
Investments in joint ventures	**—**	**—**	**—**	**—**	**95,871**	**95,871**

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

21) Subsequent Event

On October 16, 2019, Cominar declared a monthly distribution of $0.06 per unit, payable on November 15, 2019.

Corporate Information

Board of Trustees

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

Key Officers

Sylvain Cossette
President and Chief Executive Officer

Alain Dallaire
Executive Vice President and
Chief Operating Officer

Heather C. Kirk, B. Com., CFA
Executive Vice President and
Chief Financial Officer

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

Wally Commisso
Executive Vice President,
Operations and Property Management

Jean Laramée, Eng.
Executive Vice President, Development

Michael Racine
Executive Vice President,
Leasing – Office and Industrial

Unitholders Information

Cominar Real Estate Investment Trust

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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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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

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