2012
INTERIM REPORT

COMINAR

COMINAR REAL ESTATE INVESTMENT TRUST

Quarter ended March 31, 2012

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MESSAGE TO UNITHOLDERS

Upon closing the acquisition of Canmarc Real Estate Investment Trust ("Canmarc") effective March 1st, 2012, we completed the largest acquisition in Cominar's history. After the purchase of the Alexis Nihon real estate portfolio brought our assets to $1.5 billion, followed by many acquisitions of high-quality properties, this new strategic milestone raised our assets to approximately $4.7 billion and increased our growth potential, thereby positioning us as Canada's third largest diversified real estate investment trust.

The real estate portfolio stemming from this transaction provides us with better segmented diversification and a broader geographic reach, consistent with our strategy of minimizing risks and fostering stable results and distributions. Consequently, the contribution to net operating income of our Québec-based assets represented 78% of our portfolio, compared with 90% a year earlier, following a breakthrough in Western Canada as well as an expanded presence in the Atlantic Provinces and Ontario. Our assets base was thereby broadened and consolidated, including many prestigious properties occupied under long-term leases by major companies in diversified sectors. Among these are the properties recently acquired from Canmarc, specifically the Scotia Centre (Calgary, Alberta), Woodside Square (Toronto, Ontario), Central Station (Montréal, Québec), Centre Laval (Laval, Québec), Place Longueuil (Longueuil, Québec) and Alexis Nihon Plaza (Montréal, Québec).

We were also very proud to be recently assigned a BBB (low) credit rating by the DBRS credit rating agency thanks to our enhanced positioning following the transaction with Canmarc and Cominar's financial health. Its primary advantages are that it will lower our financing cost and provide us with new financing sources.

The first quarter ended March 31, 2012 was also highlighted by a strong increase in results. This growth reflects the solid performance achieved by Cominar due mainly to its 2011 acquisitions, along with the significant contribution of the Canmarc assets integrated in 2012. Operating revenues grew by 58.5% to $126.3 million. Net operating income was up 54.9% to $66.9 million and recurring distributable income rose 54.7% to $35.2 million. Owing to our expansion, assets outside Québec brought a stronger contribution to results; as at March 31, 2012, they represented 18.9% or $12.7 million of consolidated net operating income for the period, compared with 9.5% or $4.1 million of consolidated net operating income for the first quarter of 2011. Distributions per unit remained stable at $0.36, and our distributions to unitholders totalled $35.6 million, an increase of 56.3%.

As at March 31, 2012, the overall occupancy rate of our leased properties was 94.6%, up from 93.6% for 2011. Our leasing teams are pursuing their efforts in our three sectors and different geographic markets. By the end of the first quarter, they had renewed 36% of the leases expiring in 2012. As for the retention rate for the current fiscal year, it is expected to be within the annual average of recent years.

Our cautious and disciplined financial management enables to maintain a sound financial position while regularly paying distributions to unitholders and pursuing a most dynamic acquisition strategy. A new offering for total gross proceeds of $201.3 million was closed in February 2012. In addition, as part of the acquisition of Canmarc, we issued 16 million units for a total of $347.0 million and a cumulative total of $548.3 million. As at March 31, 2012, our overall annualized debt ratio stood at 54.4% and our interest coverage ratio at 2.60:1, comparing favourably with our peers and attesting to our capacity to fulfill our obligations.

Cominar honoured with the Korn/Ferry and IBR Regional Market Index awards. On February 8, 2012, at the 10th Edition of the Korn/Ferry Beacon Awards Gala for Excellence in Corporate Governance, Cominar was proud to receive the Excellence Award in the medium-sized company category, which was accepted by Robert Després, Chairman of the Board of Trustees, on behalf of the REIT. This event recognizes the excellence shown by the boards of directors of Québec businesses in compensation matters.

Furthermore, at the 5th Annual Gala of Companies on the Stock Exchange 2012 – IBR Regional Market Index Award – Québec Chaudière-Appalaches, Cominar won Gold in the *Strategic Investment of the Year* category and Bronze in the *Best Market Performance* category.

In 2012, we will further integrate Canmarc with a focus on optimizing the value of the real estate portfolio stemming from the transaction. As we have always done in the past, we will pursue an integrated management of our overall operations as that ensures us of greater operational efficiency, an optimal quality of service and a most satisfactory client retention rate. We will continue to seize any acquisition opportunities consistent with our operational and financial objectives, with the support of our teams whose expertise is recognized and who are among the best in our industry.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is provided to enable a reader to assess the results of operations of Cominar Real Estate Investment Trust ("Cominar", the "Trust" or the "REIT") for the quarter ended March 31, 2012, in comparison with the corresponding quarter of 2011, as well as its financial position at that date and its outlook. Dated May 10, 2012, this interim MD&A reflects all significant information available as of that date and should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes included in this report, and with the consolidated financial statements, accompanying notes and MD&A appearing in the most recent annual report of Cominar.

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

Additional information about us, including our 2011 Annual Information Form, is available on our 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.

HIGHLIGHTS FOR THE FIRST QUARTER ENDED MARCH 31, 2012

INCREASES OF

58.5%
IN OPERATING REVENUES

54.9%
IN NET OPERATING INCOME

54.7%
IN RECURRING DISTRIBUTABLE INCOME

65.1%
IN RECURRING FUNDS FROM OPERATIONS

57.3%
IN RECURRING ADJUSTED FUNDS FROM OPERATIONS

56.3%
IN DISTRIBUTIONS

69.0%
IN TOTAL ASSETS

OCCUPANCY RATE OF

94.6%

RETENTION RATE OF

35.9%

INTEREST COVERAGE RATIO OF

2.60: 1

LEASABLE AREA GROWTH OF

9.4M sq. ft.

CLOSING OF ISSUE OF UNITS

On February 28, 2012, Cominar closed a public offering of 9,168,950 units, on a bought deal basis, under a short-form prospectus dated February 21, 2012 and filed with the Canadian Securities Administrators. The units were sold to a syndicate of underwriters for total gross proceeds of over $201 million. The proceeds from the sale of the units were used to pay down debt outstanding under current credit facilities. Indebtedness incurred under such credit facilities was used by Cominar to finance acquisitions and investments, and for general and corporate purposes.

ACQUISITION OF CANMARC

On March 1, 2012, Cominar and wholly-owned subsidiaries of Cominar (the "Cominar Acquisition Group") completed the acquisition of all of the issued and outstanding units of Canmarc Real Estate Investment Fund ("Canmarc") for a total consideration of $904.6 million, excluding the acquisition-related costs. The total consideration includes the issuance of 16 million units of Cominar at $21.69, representing a sum of $347.0 million, and a cash amount of $557.6 million was paid out of cash surplus, and the new operating and acquisition credit facility.

This acquisition added to Cominar's real estate portfolio an additional 9.4 million square feet and provides a better diversification of its assets, with an enhanced footprint in the Province of Québec and in the Atlantic Provinces and a meaningful breakthrough in Western Canada and Ontario. Cominar's assets now create a unique portfolio of high-quality properties including a number of landmark buildings, valued at over $4.6 billion. Cominar is the third-largest diversified REITs in Canada and the largest commercial property owner in the Province of Québec.

During the first quarter, Cominar's management initiated the integration process in order to optimize, by the end of the fiscal year, the value of the transaction while creating a climate of confidence. This work will continue throughout the year.

SUBSEQUENT EVENT

GROWTH OF REAL ESTATE PORTFOLIO

On May 1, 2012, Cominar exercised a right of first offer in its favour and entered into a takeover bid with Investus Real Estate Inc. ("**Investus**"), indirectly owned by the Dallaire family, for the acquisition of four single-tenant industrial properties: (i) a 29,074 square-foot industrial building located at 667 Barnes Drive, Halifax International Airport, in Enfield, Nova Scotia; (iii) a 46,320 square-foot industrial building located at 5200 J.A. Bombardier Street, in Longueuil, Québec; (iii) a 93.634 square-foot industrial building located at 1201 California Avenue, in Brockville, Ontario; and (iv) a 30,687 square-foot building located at 560 Camiel Sys Street, in Winnipeg, Manitoba, in consideration of a total purchase price of approximately $16 million paid cash, and the assumption of a mortgage debt. The Dallaire family had already acquired these four buildings in June 2011 in connection with Investus' Going Private Transaction, and the purchase price paid by Cominar under its right of first offer corresponds to the purchase price paid by the Dallaire family, as determined by an independent assessment. The trustees unanimously approved the transaction, except for Allain Dallaire, Michel Dallaire and Michel Paquet, who abstained from voting. The closing of the transaction is subject to customary closing conditions.

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 filings with Canadian regulators, in reports to unitholders or in other communications. These forward-looking statements include, among others, statements with respect to our medium-term and 2012 objectives, and strategies to achieve our objectives, as well as statements with respect to our beliefs, outlooks, plans, objectives, expectations, anticipations, estimates and intentions. The words "may", "could", "should", "would", "suspect", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "forecast", "objective", and the use of the conditional tense, and words and expressions of similar import are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve numerous factors and assumptions, and are subject to inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. These factors include general economic conditions in Canada and elsewhere in the world, the effects of competition in the markets where we operate, the impact of changes in laws and regulations, including tax laws, successful execution of our strategy, our ability to complete and integrate acquisitions successfully, our ability to attract and retain key employees and executives, the financial position of clients, our ability to refinance our debts upon maturity and to lease vacant space, our ability to complete developments according to our plans and to raise capital to finance our growth, as well as changes in interest rates.

We caution that the foregoing list of important 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.

Additional information about these factors can be found in the “Risks and Uncertainties” section of this interim MD&A.

FINANCIAL MEASURES FOR WHICH IFRS DO NOT PROVIDE A STANDARDIZED MEANING

In this interim MD&A, we issue guidance on and report on certain non-IFRS measures, including "net operating income", "distributable income", "funds from operations" and "adjusted funds from operations", which we use to evaluate our performance. Because non-IFRS measures do not have a standardized meaning 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 nearest IFRS measure and given no more prominence than the closest IFRS measure. You may find such information in the sections dealing with each of these measures.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

For the quarters ended March 31,	2012	2011	Δ %
FINANCIAL DATA			
Operating revenues	**126,288**	79,653	58.5
Net operating income[1]	**66,880**	43,183	54.9
Same property net operating income growth[1]	**0.8%**	1.2%	
Net income	**32,726**	25,619	27.7
Recurring distributable income[1]	**35,246**	22,784	54.7
Recurring funds from operations[1]	**42,508**	25,751	65.1
Recurring adjusted funds from operations[1]	**35,022**	22,266	57.3
Distributions	**35,630**	22,797	56.3
Debt ratio	**54.4%**	54.0%	
Total assets	**4,672,348**	2,530,510	84.6
Market capitalization	**2,413,846**	1,436,316	68.1
PER UNIT FINANCIAL DATA			
Net income (basic)	**0.36**	0.41	(12.2)
Distributable income (basic)[1]	**0.39**	0.36	8.3
Recurring distributable income (FD) [1][2]	**0.38**	0.36	5.6
Recurring funds from operations (FD)[1][2]	**0.45**	0.40	12.5
Recurring adjusted funds from operations (FD)[1][2]	**0.38**	0.35	8.6
Distributions	**0.36**	0.36	—
Weighted average number of units outstanding (basic)	**91,025,021**	62,808,510	
Weighted average number of units outstanding (FD) [2]	**107,901,964**	80,513,517	
OPERATIONAL DATA			
Number of properties	**413**	261	
Leasable area (in thousands of sq. ft.)	**30,631**	20,760	
Occupancy rate	**94.6%**	93.9%	
Retention rate	**35.9%**	44.6%	
ACQUISITIONS			
Number of properties	**143**	3	
Leasable area (in thousands of sq. ft.)	**9,412**	515	
Total investment	**904,554**	79,225	
Weighted average capitalization rate	**6.8%**	8.6%	

(1) Non-IFRS financial measure. See relevant sections for definition and reconciliation to closest IFRS measure.

(2) Fully diluted.

GENERAL BUSINESS OVERVIEW

Cominar Real Estate Investment Trust is the third-largest diversified REITs in Canada and the largest commercial property owner in the Province of Québec. As at March 31, 2012, we owned and managed a high-quality portfolio of 413 properties including 82 office buildings, 158 retail buildings and 173 industrial and mixed-use buildings located in Québec, Ontario, the Atlantic Provinces and Western Canada.

Since its inception in 1998, Cominar has made a series of acquisitions and completed many construction and property development projects, increasing the carrying amount of its assets to over $4.6 billion as at March 31, 2012.

As a self-managed and fully integrated real estate investment trust, the asset and property management is entirely internalized. Except for some recently acquired properties whose management currently wanders from Cominar's business model, the Trust is not bound to a third party by management contracts or property management fees. This mode of operation reduces the potential for conflict between the interests of management and the Trust, while ensuring that the interests of management and employees are aligned with those of unitholders. The result is an improved financial performance for Cominar.

OBJECTIVES AND STRATEGY

Cominar's primary objectives are to provide its unitholders with growing cash distributions, sustainable over the long-term and payable monthly, and to increase and maximize unit value through proactive management and the durable growth of its property portfolio.

To reach its objectives, Cominar continues to manage growth, operational risk and debt in a flexible and prudent manner.

In this context, the Board of Trustees, last November, brought some modifications to the strategic plan, namely regarding the debt ratio, the distribution ratio and the development strategy of the Fund.

In accordance with Cominar's financial management policies for maintaining a sound and solid financial position on the long term and providing unitholders with consistent and stable distributions, the Board of Trustees revised the debt ratio that should be generally maintained at approximately 50% of the gross carrying amount and this, even though the Contract of Trust provide a ratio of up to 65%. In addition, the Board of Trustees resolved that the distribution ratio should progressively reach approximately 90 % of distributable income

The Board of Trustees also updated Cominar's development strategy which focuses on a two-fold approach: property portfolio acquisitions and carrying out development projects.

To sustain and eventually increase its pace of growth, Cominar now explores new markets outside Quebec, as it did in March 2010 by acquiring a property portfolio in the Atlantic Provinces whose results are most satisfactory, and in the first quarter of 2012 by acquiring Canmarc's real estate portfolio. Consequently, Cominar has now established its presence in Québec, Ontario, the Atlantic Provinces and Western Canada.

The Board of Trustees believes that the development projects contribute only a small portion to the target growth of the Funds and that the impact of major speculative development projects on results is too diluted due to the long periods needed for the construction. From now on, Cominar therefore mainly builds its growth on acquisitions and limit the scale of its development projects to only execute those meeting its clients' demand and needs.

PERFORMANCE INDICATORS

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

- **Same property net operating income**, which provides an indication of the operating profitability of the existing portfolio, i.e. Cominar's ability to increase revenues and reduce costs, and thereby generate added value for its unitholders;
- **(Recurring) distributable income ("DI") per unit**, which represents a benchmark for investors to judge the stability of distributions;
- **(Recurring) funds from operations ("FFO") per unit**, which represent a standard real estate benchmark to measure an entity's performance;
- **(Recurring) adjusted funds from operations ("AFFO") per unit**, which, excluding the items not affecting cash flows and the investments needed to maintain the property portfolio's ability to generate rental income from the calculation of funds from operations, represent a meaningful measure of Cominar's ability to generate stable cash flows;
- **Debt ratio**, which is used to assess the financial balance essential to the smooth running of an organization;
- **Interest coverage ratio**, which is used to assess Cominar's ability to pay interest on its debt using its operating revenues;
- **Occupancy rate**, which gives an indication of the economic health of the geographical regions and sectors in which Cominar owns properties;
- **Retention rate**, which allows to assess client satisfaction and loyalty;
- **Leasable area growth**, a decisive factor of Cominar's strategy for reaching its main objectives of providing its unitholders with growing cash distributions and increasing and maximizing unit;
- **Geographic and segment diversification**, which contributes to maintain more stable revenues by spreading real estate risk.

Definitions and other relevant information regarding these performance indicators are provided in the appropriate sections.

SELECTED QUARTERLY INFORMATION

The following table presents, in summary form, Cominar's financial information for the last eight quarters:

For the quarters ended	March 31, 2012	Dec. 31, 2011	Sept. 30, 2011	June 30, 2011	March 31, 2011	Dec. 31, 2010	Sept. 30, 2010	June 30, 2010
Operating revenues	**126,288**	77,983	78,002	82,103	79,653	71,264	69,096	72,444
Net operating income	**66,880**	47,202	47,270	47,054	43,183	43,197	41,938	41,920
Net income	**32,726**	95,703	27,918	28,221	25,619	34,435	26,307	26,311
Net income per unit (basic)	**0.36**	1.38	0.44	0.44	0.41	0.55	0.43	0.43
Net income per unit (diluted)	**0.36**	1.18	0.42	0.42	0.39	0.51	0.41	0.41
Distributable income	**35,246**	25,979	25,083	25,457	22,784	23,797	23,614	23,220
Recurring DI per unit (FD)	**0.38**	0.37	0.38	0.38	0.36	0.37	0.37	0.37
Funds from operations	**42,762**	47,898	27,978	28,786	25,751	27,302	26,526	26,658
Recurring FFO per unit (FD)	**0.45**	0.41	0.43	0.42	0.40	0.42	0.41	0.42
Recurring AFFO	**35,022**	26,216	24,792	26,070	22,266	23,812	23,989	23,493
Recurring AFFO per unit (FD)	**0.38**	0.37	0.39	0.39	0.35	0.37	0.38	0.38
Distributions	**35,630**	26,429	23,272	23,069	22,797	22,651	22,371	22,190
Distributions per unit	**0.36**	0.36	0.36	0.36	0.36	0.36	0.36	0.36

GROWTH OUTLOOK

Cominar's management maintains its efforts towards realizing the Trust's objectives. It aims at growth in an orderly and disciplined manner while keeping in mind its main criterion, the long-term profitability of assets acquired. The recent acquisition of Canmarc Real Estate Investment Trust, which has increased Cominar's leasable area by approximately 44% and resulted in an optimized geographic and segment diversification of Cominar's property portfolio, is in line with this approach. Enriched by its experience, Cominar's management is confident of successfully pursuing the integration of Canmarc during fiscal 2012 while fully benefiting from the resulting synergies.

Thanks to its sound and solid financial position, Cominar is able to focus on a sustainable expansion of its property portfolio for the benefit of its unitholders.

PERFORMANCE ANALYSIS

RESULTS RELATED TO OPERATIONS

The following tables summarize our main results related to operations for the quarter ended March 31, 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarters ended March 31,	2012	2011	Δ %
Operating revenues	**126,288**	79,653	58.5
Operating expenses	**59,408**	36,470	62.9
Net operating income	**66,880**	43,183	54.9
Other revenues	**710**	—	—
Financial expense	**(28,357)**	(16,119)	75.9
Trust administrative expenses	**(2,456)**	(1,358)	80.9
Restructuring charges	**(237)**	—	—
Transaction costs – business combination	**(9,907)**	—	—
Proceeds from an investment in a public entity	**6,222**	—	—
Income taxes	**(129)**	(87)	48.3
Net income	**32,726**	25,619	27.7

NON-IFRS FINANCIAL MEASURES

For the quarters ended March 31,	2012	2011	Δ %
Recurring DI	**35,246**	22,784	54.7
Distributions	**35,630**	22,797	56.3
Recurring FFO	**42,508**	25,751	65.1
Recurring AFFO	**35,022**	22,266	57.3

FINANCIAL POSITION

The following table summarizes our assets and liabilities as well as our unitholders' equity as at March 31, 2012 and December 31, 2011.

	March 31, 2012	December 31, 2011	Δ $	Δ %
ASSETS				
Investment properties				
Income properties	**4,387,768**	2,515,965	1,871,803	74.4
Properties under development and land held for future development	**38,163**	37,444	719	1.9
Investments	**62,846**	134,284	(71,438)	(53.2)
Goodwill	**94,971**	9,380	85,591	—
Other assets	**88,600**	68,244	20,356	29.8
Total	**4,672,348**	2,765,317	1,907,031	69.0
LIABILITIES				
Mortgages payable	**1,710,582**	842,619	867,963	—
Convertible debentures	**381,805**	382,060	(255)	(0.1)
Bridge loan	**84,000**	—	84,000	—
Bank indebtedness	**366,664**	16,540	350,124	—
Other liabilities	**103,400**	52,876	50,524	95.6
Total	**2,646,451**	1,294,095	1,352,356	—
UNITHOLDERS' EQUITY	**2,025,897**	1,471,222	554,675	37.7
Total	**4,672,348**	2,765,317	1,907,031	69.0

RESULTS OF OPERATIONS

OPERATING REVENUES

For the quarters ended March 31,	2012	2011	Δ %
Same property portfolio(1)	**77,254**	76,198	1.4
Acquisitions and developments	**49,034**	3,455	—
Total operating revenues	**126,288**	79,653	58.5

(1) The same property portfolio includes all properties owned by Cominar as at December 31, 2010 and does not include the benefits of acquisitions and developments completed and integrated in the subsequent periods.

During the first quarter of 2012, our operating revenues rose 58.5% from the corresponding period of 2011. This increase resulted from the contribution of the 9 acquisitions completed in 2011 and from the integration of Canmarc's income properties in 2012.

Our same property portfolio operating revenues showed a 1.4% increase in the first quarter of 2012 compared with the corresponding quarter of 2011.

NET OPERATING INCOME

For the quarters ended March 31,	2012	2011	Δ %
Same property portfolio[1]	**40,927**	40,620	0.8
Acquisitions and developments	**25,953**	2,563	—
Total NOI	**66,880**	43,183	54.9

(1) See "Operating Revenues."

Although net operating income ("NOI") is not a financial measure defined by IFRS, it is widely used in the real estate industry to assess operating performance. We defined it as operating income before other revenues, financial expense, Trust administrative expenses, restructuring charges, proceeds from an investment in a public entity, transaction costs – business combinations, fair value adjustment of investment properties and income taxes. This definition may differ from that of other entities and, therefore, Cominar's NOI may not be comparable to similar measures presented by such other entities.

For the quarter ended March 31, 2012, overall NOI rose 54.9% from the same period in 2011, due mainly to the 9 acquisitions completed in 2011 and to the integration of Canmarc's income properties in 2012.

The diversification of Cominar's property portfolio by activity segment, geographical market and client base is at the heart of the strategy to attain our objectives. Such an approach allows to maintain more stable revenues.

SEGMENT NET OPERATING INCOME

BY ACTIVITY SEGMENT

For the quarters ended March 31,	2012	2011	Δ %
Activity segment			
Office	**31,464**	21,101	49.1
Retail	**18,930**	8,169	—
Industrial and mixed-use	**15,838**	13,913	13.8
Residential	**648**	—	—
Total NOI	**66,880**	43,183	54.9

For the quarters ended March 31,	2012	2011
Activity segment		
Office	**47.0%**	48.9%
Retail	**28.3%**	18.9%
Industrial and mixed-use	**23.7%**	32.2%
Residential	**1.0 %**	—
	100.0%	100.0%

BY GEOGRAPHIC MARKET

For the quarters ended March 31,	2012	2011	Δ %
Geographic market			
Québec	**16,002**	15,493	3.3
Montréal	**36,700**	23,371	57.0
Other - Québec	**1,505**	227	—
Ottawa(1)	**2,192**	2,079	5.4
Other - Ontario	**1,144**	—	—
Atlantic Provinces	**5,001**	2,013	—
Western Canada	**4,336**	—	—
Total NOI	**66,880**	43,183	54.9

For the quarters ended March 31,	2012	2011
Geographic market		
Québec	**23.9%**	35.9%
Montréal	**54.9%**	54.1%
Other - Québec	**2.3%**	0.5%
Ottawa(1)	**3.2%**	4.8%
Other - Ontario	**1.7%**	—
Atlantic Provinces	**7.5%**	4.7%
Western Canada	**6.5%**	—
	100.0%	100.0%

(1) The Gatineau area is included in the Ottawa geographic market.

FINANCIAL EXPENSE

For the quarters ended March 31,	2012	2011	Δ %
Mortgages, bank indebtedness and bridge loan	**22,688**	11,657	94.6
Convertible debentures	**5,860**	6,129	(4.4)
Amortization of capitalized financing costs	**3,369**	826	—
Amortization of fair value adjustments on assumed indebtedness	**(3,092)**	(156)	—
Less: Capitalized interest	**(468)**	(2,337)	(80.0)
Total financial expense	**28,357**	16,119	75.9

The increase in financial expense mostly results from higher mortgages payable assumed following the acquisition of Canmarc's income properties completed during the quarter and from lower capitalized interest in development projects, the main one being the Complexe Jules-Dallaire. The financial expense for 2012 includes a non-recurring expense of $2.1 million related to financing charges paid for the unused acquisition credit facility and fully expensed upon closing of such facility.

TRUST ADMINISTRATIVE EXPENSES

Trust administrative expenses stood at $2.5 million as at March 31, 2012 compared to $1.4 million for the same period of 2011. Trust administrative expenses represented 1.9% of operating revenues in 2012, compared to 1.7% in 2011.

This increase is explained by the acquisition of Canmarc. Management believes that the trust administrative expenses to operating revenues ratio will return to its historical level by the end of the fiscal year.

RESTRUCTURING CHARGES

During the quarter, Cominar incurred consulting fees with respect to the integration of Canmarc's operations, including, among others, major changes to its corporate structure. This process will continue throughout the year.

TRANSACTION COSTS – BUSINESS COMBINATION

In the first quarter of 2012, Cominar incurred non-recurring costs of $9.9 million pertaining to the acquisition of all of the issued and outstanding shares of Canmarc. Under IFRS, transaction costs related to a business combination must be expensed as incurred.

PROCEEDS FROM AN INVESTMENT IN A PUBLIC ENTITY

For the quarters ended March 31,	2012	2011	Δ %
Proceeds from an investment in a public entity			
Distributions received	**3,640**	—	—
Fair value adjustment	**2,582**	—	—
	6,222	—	—

These proceeds are attributable to Cominar's investment in Canmarc prior to the closing of its acquisition.

NET INCOME

For the periods ended March 31,	2012	2011	Δ %
Net income	**32,726**	25,619	27.7
Net income per unit (basic)(1)	**0.36**	0.41	(12.2)
Net income per unit (diluted)(1)	**0.36**	0.39	(7.7)

(1) See "Per Unit Calculations" in this MD&A.

Cominar reported $32.7 million in net income for the first quarter of 2012, up 27.7% from the corresponding period of 2011. Net income per unit stood at $0.36, down 12.2% from the comparative period of 2011.

Net income for the first quarter of 2012 includes restructuring charges of $0.2 million [$0 in 2011], transaction cost-business combination of $9.9 million [$0 in 2011], non-recurring amortization of capitalized financing costs of $2.1 million [$0 in 2011] and proceeds from an investment in a public entity of $6.2 million [$0 in 2011]. Consequently, adjusted net income stood at $38.7 million, or $0.43 per unit (basic).

DISTRIBUTABLE INCOME AND DISTRIBUTIONS

Although the concept of distributable income (DI) is not a financial measure defined under IFRS, it is a measure widely used by investors in the field of income trusts. We consider DI an excellent tool for assessing the Trust's performance. Given its historical nature, DI per unit is also a useful benchmark enabling investors to evaluate the stability of distributions.

We define distributable income as net income determined under IFRS, before unrealized fair value adjustments, transaction costs incurred upon business combinations, rental income arising from the recognition of leases on a straight-line basis, the provision for leasing costs and certain other items not affecting cash, if applicable.

As at March 31, 2012, Cominar modified its calculation of DI to include the amortization of financing costs related to its debt instruments, which are non-cash items. Comparative figures have been restated further to this adjustment.

The following table presents the calculation of DI as well as its reconciliation to net income calculated in accordance with IFRS:

DISTRIBUTABLE INCOME

For the quarters ended March 31,	2012	2011	Δ %
Net income (IFRS)	**32,726**	25,619	27.7
- Amortization of fair value adjustments on assumed indebtedness	**(3,092)**	(156)	—
+ Amortization of fair value adjustments on bond investments	**46**	—	—
+ Amortization of capitalized financing costs	**3,369**	826	—
+ Compensation expense related to unit options	**239**	271	(11.8)
+ Accretion of liability component of convertible debentures	**56**	58	(3.4)
+ Restructuring charges	**237**	—	—
+ Transaction costs – business combination	**9,907**	—	—
+ Deferred taxes	**129**	132	(2.3)
- Provision for leasing costs	**(4,340)**	(2,870)	51.2
- Change in fair value of an investment in a public entity	**(2,582)**	—	—
- Change in accounts receivable – recognition of leases on a straight-line basis	**(1,449)**	(1,096)	32.2
Recurring DI	**35,246**	22,784	54.7
DISTRIBUTIONS TO UNITHOLDERS	**35,630**	22,797	56.3
Distributions reinvested under the distribution reinvestment plan[(1)]	**(6,962)**	(3,804)	83.0
Cash distributions	**28,668**	18,993	50.9
Per unit information:			
Recurring DI (basic)	**0.39**	0.36	8.3
Recurring DI (FD)[(2)]	**0.38**	0.36	5.6
DISTRIBUTIONS PER UNIT	**0.36**	0.36	
Recurring DI payout ratio[(3)]	**92.3%**	100.0%	

(1) This amount includes units to be issued under the plan upon payment of distributions.
(2) Fully diluted.
(3) The payout ratio corresponds to distribution per unit, divided by the recurring DI per unit.

Recurring DI for the first quarter ended March 31, 2012 amounted to $35.2 million, up 54.7% from the comparative period of 2011. This increase is mostly due to the contribution of the 9 acquisitions completed in 2011 and to the integration of Canmarc's income properties in 2012. Recurring DI per fully diluted unit totalled $0.38, up 5.6% from the comparative period last year.

Distributions to unitholders in the first quarter of 2012 totalled $35.6 million, up 56.3% from the comparative period of 2011. Such increase is mainly attributable to the unit issues made in the fourth quarter of 2011 and in the first quarter of 2012 in connection with initial public offerings and to the issuance of 16 million units upon the acquisition of Canmarc. Per unit distributions were at $0.36 for both 2011 and 2012 reporting quarters.

TRACK RECORD OF DI PER UNIT

For the quarters ended March 31,	2012	2011	2010	2009[2]	2008[2]
Recurring DI per unit (basic)	**0.39**	0.36	0.37	0.39	0.36
Recurring distributable income per unit (FD)[1]	**0.38**	0.36	0.37	0.39	0.36

(1) *Fully diluted.*
(2) *Amounts not restated under IFRS, determined in accordance with Canadian GAAP before changeover.*

The CSA require Cominar to reconcile distributable income (a non-IFRS measure) with cash flows provided from operating activities as shown in the financial statements.

The following table presents this reconciliation:

For the quarters ended March 31,	2012	2011
Cash flows provided from operating activities (IFRS)	**4,545**	15,458
- Amortization of other assets	**(160)**	(81)
+ Restructuring charges	**237**	—
+ Transaction costs – business combination	**9,907**	—
- Provision for leasing costs	**(4,340)**	(2,870)
+ Change in non-cash working capital items	**25,057**	10,277
Recurring DI	**35,246**	22,784

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

For the quarters ended March 31,	2012	2011	2010
Net income (IFRS)	**32,726**	25,619	22,087
Cash flows provided from operating activities	**4,545**	15,458	11,294
Distributions to unitholders	**35,630**	22,797	19,815
Cash distributions	**28,668**	18,993	19,281
Cash flows from operating activities in deficit of cash distributions payable to unitholders	**(24,123)**	(3,535)	(7,987)

Cominar's cash flows provided from operating activities for the quarter ended March 31, 2012, are lower than cash distributions to unitholders, as it was the case for the first quarters of 2010 and 2011.

Cominar expects cash flows provided from operating activities for the year ending December 31, 2012 to be sufficient to fund cash distributions to unitholders.

FUNDS FROM OPERATIONS

Although the concept of funds from operations ("FFO") is not a financial measure defined under IFRS, it is widely used in the field of real estate investment trusts. The Real Property Association of Canada ("REALpac") defines this measure as net income (calculated in accordance with IFRS), adjusted for fair value adjustments of investment properties, deferred taxes, transaction costs incurred upon a business combination and extraordinary items. REALpac stated that fair value adjustments of financial instruments must not be adjusted in the calculation of FFO.

FFO should not be substituted for net income or cash flows from operating activities established in accordance with IFRS in measuring Cominar's performance. While our method of calculating FFO is in compliance with REALpac recommendations, it may differ from that applied by other entities. Therefore, it may not be useful for comparison with other entities.

The following table presents a reconciliation of net income, as determined in accordance with IFRS, and FFO for the periods ended March 31, 2012 and 2011:

FUNDS FROM OPERATIONS

For the quarters ended March 31,	2012	2011	Δ %
Net income (IFRS)	**32,726**	25,619	27.7
+ Deferred taxes	**129**	132	(2.3)
+ Transaction costs – completed business combination	**9,907**	—	—
Funds from operations	**42,762**	25,751	66.1
+ Amortization of capitalized financing costs(1)	**2,091**	—	—
+ Restructuring charges	**237**	—	—
- Change in fair value of an investment in a public entity	**(2,582)**	—	—
Recurring FFO	**42,508**	25,751	65.1
Per unit information:			
FFO (basic)	**0.47**	0.41	14.6
Recurring FFO (basic)	**0.47**	0.41	14.6
Recurring FFO (FD)(2)	**0.45**	0.40	12.5

(1) The amortization of capitalized financing costs includes a non-recurring expense of $2,091 related to financing charges paid for the unused acquisition credit facility and fully expensed upon closing of such facility.

(2) Fully diluted.

For the first quarter of 2012, recurring FFO rose 65.1% from the comparative period of 2011, due mainly to the 9 acquisitions completed in 2011 and to the integration of Canmarc's income properties in 2012. Recurring FFO per unit on a fully diluted basis stood at $0.45 in the first quarter of 2012 versus $0.40 in the comparative period of 2011.

TRACK RECORD OF FUNDS FROM OPERATIONS PER UNIT

For the quarters ended March 31,	2012	2011	2010	2009[2]	2008[2]
FFO per unit (basic)	**0.47**	0.41	0.41	0.45	0.41
Recurring FFO per unit (FD)[1]	**0.45**	0.40	0.40	0.44	0.40

(1) Fully diluted.
(2) Amounts not restated under IFRS, determined in accordance with Canadian GAAP before changeover.

ADJUSTED FUNDS FROM OPERATIONS

The concept of adjusted funds from operations ("AFFO") is a key financial measure in the field of real estate investment trusts. Cominar defines this measure as FFO adjusted for non-cash items such as the amortization of capitalized financing costs, the amortization of fair value adjustments on assumed indebtedness, the compensation expense related to unit options, rental income arising from the recognition of leases on a straight-line basis and fair value adjustments of investments, net of the investments required to maintain Cominar's ability to generate rental income from its property portfolio. AFFO is an additional indicator to assess Cominar's financial performance and its ability to maintain and increase distributions over the long term. AFFO is not a measure defined under IFRS and should not be substituted for net income or cash flows from operating activities established in accordance with IFRS in measuring our performance. Our method of calculating AFFO may differ from the methods used by other entities and, therefore might not be appropriate for comparative analysis purposes.

In calculating AFFO, the Trust deducts a provision for leasing costs incurred on an ongoing basis to maintain its capacity to generate rental income. These leasing costs include among others leasehold improvements and initial direct costs, which are added to the carrying amount of investment properties in accordance with IFRS. Cominar also deducts the capital expenditures incurred in connection with its program to maintain its capacity to generate rental income from its property portfolio. These expenditures, which primarily include major expenditures for maintenance and repairs, are typically incurred unevenly during a fiscal year. Therefore, AFFO could vary from quarter to quarter and such variances could be material.

The following table presents a reconciliation of FFO and AFFO for the periods ended March 31, 2012 and 2011:

ADJUSTED FUNDS FROM OPERATIONS

For the quarters ended March 31,	2012	2011	Δ %
Funds from operations	**42,762**	25,751	66.1
+ Amortization of fair value adjustments on bond investments	**46**	—	—
+ Amortization of capitalized financing costs	**3,369**	826	—
- Amortization of fair value adjustments on assumed indebtedness	**(3,092)**	(156)	—
+ Compensation expense related to unit options	**239**	271	(11.8)
- Capital expenditures – maintenance of rental income generating capacity	**(224)**	(518)	(56.8)
+ Accretion of liability component of convertible debentures	**56**	58	(3.4)
+ Restructuring charges	**237**	—	—
- Provision for leasing costs	**(4,340)**	(2,870)	51.2
- Change in fair value of an investment in a public entity	**(2,582)**	—	—
- Change in accounts receivable – recognition of leases on a straight-line basis	**(1,449)**	(1,096)	32.2
Recurring AFFO	**35,022**	22,266	57.3
Per unit information:			
Recurring AFFO (basic)	**0.38**	0.35	8.6
Recurring AFFO (FD)[1]	**0.38**	0.35	8.6
Distributions per unit			
Recurring AFFO payout ratio[2]	**94.7%**	102.9%	

(1) Fully diluted.
(2) The payout ratio corresponds to distribution per unit, divided by basic recurring AFFO per unit.

Cominar reported $35.0 million in recurring AFFO for the first quarter of 2012, up 57.3% from the comparative period of 2011, due mostly to the 9 acquisitions completed in 2011 and to the integration of Canmarc's income properties in 2012. Recurring AFFO per unit on a fully diluted basis stood at $0.38, up 8.6% versus the same period in 2011.

TRACK RECORD OF FUNDS FROM OPERATIONS PER UNIT

For the quarters ended March 31,	2012	2011	2010	2009[2]
AFFO per unit (basic)	**0.38**	0.35	0.37	0.38
Recurring AFFO per unit (FD)[1]	**0.38**	0.35	0.37	0.38

(1) Fully diluted.
(2) Amounts not restated under IFRS, determined in accordance with Canadian GAAP before takeover.

LIQUIDITY AND CAPITAL RESOURCES

MORTGAGES PAYABLE

As at March 31, 2012, the balance of mortgages payable amounted to $1,657.0 million, up $815.9 million from $841.1 million as at December 31, 2011, arising primarily from the assumption of Canmarc's mortgages payable. At the end of the period, the weighted average contractual interest rate was 5.36%, down 2 basis points from 5.38% as at December 31, 2011.

Cominar has staggered mortgage maturity dates over a number of years to reduce the risks related to renewal. As at March 31, 2012, the residual average term of mortgages payable was 4.2 years.

The following table shows mortgage repayments for the coming periods:

REPAYMENTS OF MORTGAGES PAYABLE

For the years ending December 31	Repayment of principal	Repayment of balances at maturity	Total	% of total
2012 (from April 1 to December 31)	35,772	80,582	116,354	7.0
2013	41,839	329,342	371,181	22.4
2014	34,630	159,786	194,416	11.7
2015	28,327	253,734	282,061	17.0
2016	24,687	41,391	66,078	4.0
2017 and thereafter	61,143	565,770	626,913	37.9
Total	226,398	1,430,605	1,657,003	100.0

CONVERTIBLE DEBENTURES

As at March 31, 2012, Cominar had five series of convertible debentures outstanding totalling $391.6 million. These debentures bear interest at contractual rates ranging from 5.70% to 6.50% per annum and mature between 2014 and 2017. As at March 31, 2012, these debentures had a weighted average contractual interest rate of 5.97% per annum.

The following table shows the characteristics of Cominar's unsecured subordinated convertible debentures and the balance by series.

CONVERTIBLE DEBENTURES

	Series A	Series B	Series C	Series D	Series E	Total
Contractual interest rate	**6.30%**	**5.70%**	**5.80%**	**6.50%**	**5.75%**	
Effective interest rate	**6.89%**	**6.42%**	**6.60%**	**7.50%**	**6.43%**	
Date of issuance	**September 2004**	**May 2007**	**October 2007**	**September 2009**	**January 2010**	
Unit conversion price	**$17.40**	**$27.50**	**$25.25**	**$20.50**	**$25.00**	
Date of interest payment	**June 30 & December 31**	**June 30 & December 31**	**March 31 & September 30**	**March 31 & September 30**	**June 30 & December 31**	
Date of redemption at Cominar's option	**June 2008**	**June 2010**	**September 2010**	**September 2012**	**June 2013**	
Maturity date	**June 2014**	**June 2014**	**September 2014**	**September 2016**	**June 2017**	
	$	$	$	$	$	$
Balance as at March 31, 2012	**14,195**	**80,500**	**110,000**	**100,637**	**86,250**	**391,582**

As at March 31, 2012, only series A met all the conditions necessary for an authorized redemption of convertible debentures.

BANK INDEBTEDNESS

As at March 31, 2012, Cominar had operating and acquisition credit facilities of up to $550.0 million. These facilities, subject to annual renewal, bear interest at prime rate plus 1.0 % or at the bankers' acceptance rate plus 2.0 %. These credit facilities are secured by movable and immovable hypothecs on specific assets. As at March 31, 2012, bank indebtedness totalled $366.7 million.

DEBT RATIO

The following table presents debt ratios as at March 31, 2012 and 2011:

DEBT RATIO

	March 31, 2012	December 31, 2011
Cash and cash equivalents(1)	**(508)**	(5,389)
Mortgages payable	**1,710,582**	842,619
Convertible debentures	**381,805**	382,060
Bridge loan	**84,000**	—
Bank indebtedness	**366,664**	16,540
Total debt	**2,542,543**	1,235,830
Total assets	**4,672,348**	2,765,317
Overall debt ratio(2) (3)	**54.4%**	44.7%
Debt ratio (excluding convertible debentures)	**46.2%**	30.9%
Borrowing capacity — 65% of carrying amount (4)	**1,413,000**	1,605,000

(1) Cash and cash equivalents do not include restricted cash since it cannot be used to reduce indebtedness.

(2) The overall debt ratio is equal to total cash and cash equivalents, bank indebtedness, mortgages payable, bridge loan and convertible debentures divided by the carrying amount of the asset.

(3) This ratio is not defined by IFRS and may differ from similar measures presented by other entities.

(4) Pursuant to its Contract of Trust, Cominar's maximum debt ratio is 60 % of carrying amount (65% if convertible debentures are outstanding).

DEBT RATIO TRACK RECORD

For the quarters ended March 31,	2012	2011	2010	2009(1)	2008(1)
Overall debt ratio (%)	**54.4**	54.0	56.9	62.8	57.3
Debt ratio (excluding convertible debentures) (%)	**46.2**	38.3	39.7	52.0	44.4
Maximum borrowing capacity under the Contract of Trust	**1,413,000**	798,000	531,000	118,000	346,000

(1) Amounts not restated under IFRS, determined in accordance with Canadian GAAP before changeover.

As at March 31, 2012, Cominar maintained a debt ratio of 54.4%, which is below the maximum debt ratio of 65.0% allowed under its Contract of Trust where convertible debentures are outstanding, and which provides the Trust with the ability to borrow up to an additional $1.4 billion to fund future acquisitions and developments.

In 2011, Cominar's management proceeded to a revision of the target debt ratio, which, from now on, should be generally maintained at 50%.

INTEREST COVERAGE RATIO

Cominar calculates its interest coverage ratio by dividing net operating income by the financial expense. The interest coverage ratio is used to assess Cominar's ability to pay interest on its debt using its operating revenues. As at March 31, 2012, Cominar's annualized interest coverage ratio stood at 2.60:1, proving its capacity to settle its obligations in this respect.

Management considers Cominar's current financial situation very sound and does not foresee any difficulty in renewing the mortgages maturing in the next coming quarters.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL COMMITMENTS

Cominar does not have any off-balance sheet arrangements that have or are likely to have an impact on its operating results or its financial position, including its cash position and sources of financing.

The Trust has no significant contractual commitments other than those arising from its long-term debt and the payments due under emphyteutic leases for land held for income properties.

PROPERTY PORTFOLIO

The following table presents information about the property portfolio:

	March 31, 2012	December 31, 2011
Income properties	**4,387,768**	2,515,965
Properties under development and land held for future development	**38,163**	37,444
Number of properties	**413**	270
Leasable area (sq. ft.)	**30,631,000**	21,219,000

SUMMARY BY ACTIVITY SEGMENT

As at March 31, 2012	Number of properties	Leasable area (sq. ft.)
Office	82	10,085,000
Retail	158	7,735,000
Industrial and mixed-use	173	12,811,000
Residential(1)	—	—
Total	413	30,631,000

(1) The residential segment consists of 485 residential units located in three properties recorded in our three main activity segments.

SUMMARY BY GEOGRAPHIC MARKET

As at March 31, 2012	Number of properties	Leasable area (sq. ft.)
Québec	101	7,394,000
Montréal	187	17,140,000
Other - Québec	25	813,000
Ottawa(1)	5	652,000
Other - Ontario	12	498,000
Atlantic Provinces	63	2,906,000
Western Canada	20	1,228,000
Total	413	30,631,000

(1) The Gatineau area is included in the Ottawa geographic market.

PROPERTY ACQUISITION AND DEVELOPMENT PROGRAM

Over the years, Cominar has achieved much of its growth through high-quality property acquisitions based on strict selection criteria, while maintaining an appropriate allocation among its three activity segments, i.e. office buildings, retail buildings and industrial and mixed-use properties, and geographic diversification of its property portfolio.

ACQUISITION OF CANMARC

On March 1, 2012, Cominar and wholly-owned subsidiaries of Cominar (the "Cominar Acquisition Group") completed the acquisition of all of the issued and outstanding units of Canmarc Real Estate Investment Fund ("Canmarc") whose immovable property amount to $1.9 billion. Canmarc owns a portfolio of Canadian income-producing commercial properties, consisting of retail and office properties with certain industrial properties. In total, Canmarc's 143 properties comprise approximately 9.4 million square feet of commercial gross leasable area and 464 residential units. These properties are located in Quebec, the Atlantic Provinces, Western Canada and Ontario.

The acquisition of Canmarc increases Cominar's lease area by approximately 44% to slightly over 30.6 million square feet, with an enhanced footprint in the Province of Québec and a meaningful presence in the Atlantic Provinces, Western Canada and Ontario. Furthermore, as a result of this acquisition, Cominar's portfolio benefits from enhanced diversification among the office, retail and industrial asset classes.

DISPOSAL OF A PROPERTY

On March 8, 2012, Cominar, through Canmarc, sold a property located in British Columbia for an amount of $3.5 million. This property is not included in the 143 properties acquired from Canmarc, as mentioned in this MD&A.

OVERVIEW OF CANMARC'S PROPERTY PORTFOLIO

SUMMARY BY ACTIVITY SEGMENT

As at March 31, 2012	Number of properties	Leasable area (sq. ft.)
Office	28	3,088,000
Retail	104	4,691,000
Industrial and mixed-use	11	1,633,000
Residential[(1)]	—	—
Total	143	9,412,000

(1) The residential segment consists of 464 residential units located in two properties recorded in our three main activity segments.

SUMMARY BY GEOGRAPHIC MARKET

As at March 31, 2012	Number of properties	Leasable area (sq. ft.)
Québec	6	368,000
Montréal	52	4,904,000
Other - Québec	23	612,000
Ottawa[(1)]	1	43,000
Other - Ontario	12	498,000
Atlantic Provinces	29	1,759,000
Western Canada	20	1,228,000
Total	143	9,412,000

(1) The Gatineau area is included in the Ottawa geographic market.

Cominar's management reviewed the number and classification by activity segment of the properties acquired from Canmarc in order to make the presentation consistent with the presentation used in the context of its operational activities.

INVESTMENTS IN INCOME PROPERTIES

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

During the first quarter of 2012, Cominar incurred $4.0 million ($2.9 million in 2011) of capital expenditures to increase the rental income generating capacity of its properties, or to allow reducing the related operating expenses. Cominar also incurred $0.2 million ($0.5 million in 2011) of capital expenditures to maintain rental income generating capacity, consisting mainly of major expenditures for maintenance and repairs, as well as property equipment replacements, which will garner benefits for Cominar over the coming years. These expenditures do not include current repair and maintenance costs.

Finally, Cominar invests in leasehold improvements that increase the value of its properties through higher lease rates, and in other leasing costs, mostly brokerage fees and tenant inducements. The level of investment required could vary from quarter to quarter since it closely depends on lease renewal and signing of new leases. It also depends on the increase of rental space for newly acquired, expanded or upgraded properties, or for those transferred from properties under development. During the first quarter of 2012, Cominar made investments of $7.6 million in that respect ($6.7 million in 2011), of which $2.6 million ($0.9 million in 2011) in newly acquired, expanded or upgraded properties, or those recently transferred from properties under development.

PROPERTY DEVELOPMENT PROGRAM

As at March 31, 2012, Cominar has worked on two projects relating to properties under development.

The first project concerns a 12-floor office building of approximately 240,000 square feet to be erected at an estimated cost of $39 million. This project, adjacent to the Place Laval complex 1, 2, 3, 4, will be partially occupied by the government of Québec, under a long-term lease, for an area representing 77.0% of the building, being the current pre-rental rate. This project is expected to be completed in the second quarter of 2014. The expected capitalization rate for this project is 8.1%.

The second project relates to a retail building of approximately 9,715 square feet, adjoining the Carrefour Charlesbourg commercial complex in Quebec City, whose construction cost is estimated at approximately $1.9 million. Leased to a government-owned corporation, delivery should occur in the third quarter of 2012. The expected capitalization rate for this project is 9.6%.

REAL ESTATE OPERATIONS

OCCUPANCY RATE

As at March 31, 2012, the average occupancy rate of our properties stood at 94.6%. During the quarter, Cominar renewed 35.9% of leases maturing in 2012. In addition, we signed new leases representing an area of 0.4 million square feet.

OCCUPANCY TRACK RECORD

	March 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008
Activity segment (%)					
Office	**95.4**	95.2	95.2	94.1	94.5
Retail	**95.8**	96.9	96.1	96.3	97.1
Industrial and mixed-use	**93.3**	91.8	92.3	92.5	94.0
Retail portfolio total	**94.6**	93.6	93.8	93.5	94.6
Residential(1)	**95.3**	—	—	—	—

(1) The residential segment consists of 485 residential units located in three retail properties. This segment results from the acquisition of Canmarc on January 27, 2012.

LEASING ACTIVITY

The following table summarizes Cominar's leasing activity for 2012:

LEASE MATURITIES AND RENEWALS BY ACTIVITY SEGMENT

	Office	Retail	Industrial and mixed-use	Total
Leases maturing in 2012				
Number of tenants	372	347	286	1,005
Leasable area (sq. ft.)	1,509,000	848,000	2,292,000	4,649,000
Average net rent ($)/sq. ft.	11.91	12.94	6.02	9.20
Renewed leases				
Number of tenants	86	96	83	265
Leasable area (sq. ft.)	558,000	226,000	886,000	1,670,000
Average net rent ($)/sq. ft.	12.84	14.50	6.15	9.51
Renewal %	**37.0**	**26.7**	**38.7**	**35.9**
New leases				
Number of tenants	41	28	36	105
Leasable area (sq. ft.)	133,000	51,000	257,000	441,000
Average net rent ($)/sq. ft.	12.40	17.60	5.68	9.07

In the first quarter of 2012, leasing activity reached an acceptable level across our portfolio, with 35.9% of maturing leases renewed. We also signed new leases for a total leasable area of 0.4 million square feet. Lease renewal rates rose 5.2% overall. Our three activity segments posted increases in lease renewal rates: 2.4% (office), 7.8% (retail) and 6.5% (industrial and mixed-use).

Considering our solid lease renewal track record and demand for rental space in our seven geographic markets, we remain confident that a significant portion of maturing leases will be renewed at a higher rate per square foot during the next year.

The following table profiles lease maturities in the next five years:

LEASE MATURITIES

	2013	2014	2015	2016	2017
Office					
Leasable area (sq. ft.)	1,116,000	1,213,000	1,194,000	1,254,000	924,000
Lease rate ($)/square foot	12.76	14.39	13.40	14.51	13.77
% of portfolio – Office	11,1	12,0	11,8	12,4	9,2
Retail					
Leasable area (sq. ft.)	836,000	651,000	635,000	694,000	523,000
Lease rate ($)/square foot	12.42	14.75	15.53	17.92	14.47
% of portfolio – Retail	10,8	8,4	8,2	9,0	6,8
Industrial and mixed-use					
Leasable area (sq. ft.)	1,583,000	1,705,000	1,896,000	1,311,000	681,000
Lease rate ($)/square foot	6.36	5.86	5.84	5.77	6.67
% of portfolio – Industrial and mixed-use	12,4	13,3	14,8	10,2	5,3
Portfolio total					
Leasable area (sq. ft.)	3,535,000	3,569,000	3,725,000	3,259,000	2,128,000
Lease rate ($)/square foot	9.81	10.38	9.92	11.72	11.67
% of portfolio	11.5%	11.7%	12.2%	10.6%	6.9%

The following table summarizes information about leases as at March 31, 2012:

	Average remaining lease term (years)	Average leased area per tenant (sq. ft.)	Average net rent / sq. ft. ($)
Office	4.7	6,900	13.26
Retail	5.3	4,100	13.77
Industrial and mixed-use	5.4	12,000	5.80
Portfolio average	**5.1**	**6,900**	**10.30**

Cominar has a broad, highly diversified retail client base, consisting of some 4,200 tenants occupying an average of approximately 6,900 square feet each. Our three largest tenants, Canadian National Railway Company, Public Works Canada and Société immobilière du Québec account for approximately 4.7%, 3.1% and 2.9% of our revenues, respectively, stemming from several leases with staggered maturities. The stability and quality of our cash flows from operating activities are enhanced by the fact that approximately 6.0% stems from government agencies.

The following table shows our top ten tenants by percentage of revenues:

Tenant	% of revenues	Leased area (sq. ft.)
Canadian National Railway Company	4.7	1,561,000
Public Works Canada	3.1	770,000
Société immobilière du Québec	2.9	1,184,000
Ericsson Canada Inc.	2.1	402,000
Jean Coutu Group	1.7	329,000
TAQA North Ltd.	1.2	90,000
Gowlings	1.1	88,000
Co-op Atlantic	1.0	523,000
Scotia Bank	0.9	119,000
Groupe Colabor inc.	0.8	345,000
Total	**19.5**	**5,411,000**

ISSUED AND OUTSTANDING UNITS

	March 31, 2012	December 31, 2011
Units issued and outstanding, beginning of period	**77,051,260**	62,688,799
+ Units issued under public offerings	**9,168,950**	11,801,100
+ Units issued on exercise of options	**657,750**	863,150
+ Units issued under distribution reinvestment plan	**227,956**	874,807
+ Units issued on conversion of convertible debentures	**49,916**	823,404
+ Units issued under a business combination	**15,999,999**	—
Units issued and outstanding, end of period	**103,155,831**	77,051,260

Cominar has granted options to management and employees for the purchase of units under a unit option plan. As at March 31, 2012, options to purchase 3,766,200 units were outstanding.

Assuming that all convertible debentures are converted as at March 31, 2012, Cominar is expected to issue a total of 16,458,635 units.

PER UNIT CALCULATIONS

For the quarters ended March 31,	2012	2011
Weighted average number of units outstanding, basic	**91,025,021**	62,808,510
Dilutive effect of unit options	**393,420**	394,738
Dilutive effect of convertible debentures	**16,483,523**	17,310,269
Weighted average number of units outstanding, diluted and fully diluted	**107,901,964**	80,513,517

The significant variance in the weighted average number of units outstanding between the first quarter of 2012 and the comparative quarter in 2011 mainly results from the issuance of 11,801,100 units in the fourth quarter of 2011 and the issuance of

9,168,950 units in the first quarter of 2012 in connection with public offerings, and also from the issuance of 15,999,999 units with respect to the acquisition of Canmarc.

The calculation of the diluted weighted average number of units outstanding does not include 30,000 options outstanding as at March 31, 2012 and 2011 since the average price of the units is lower than the exercise price of these options.

The diluted and fully diluted earnings calculations in this MD&A include the cancellation of interest on convertible debentures in the amount of $5,860 as at March 31, 2012 [$6,129 as at March 31, 2011] assuming the conversion of the debentures.

RELATED PARTY TRANSACTIONS

Michel Dallaire and Alain Dallaire, trustees and members of the Trust's management team, exercise indirect control over the Dallaire Group Inc., Société de développement Laurier (SDL) Inc. and Dalcon Inc. ("Dalcon"). Michel Paquet, also a trustee and a member of Cominar's management team, is a related party of these companies as their Secretary. During the first quarter of 2012, Cominar recorded $44 in net rental income from Dalcon and the Dallaire Group Inc. Cominar incurred costs of $3.5 million for leasehold improvements performed by Dalcon on its behalf and costs of $1.7 million for the construction and development of investment properties. These transactions were entered into in the normal course of business and are measured at the exchange amount. By retaining the services of related companies for property construction work and leasehold improvements, Cominar achieves significant cost savings while providing better service to its clients.

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 those terms are defined in Canadian Securities Administrators Multilateral Instrument 52-109. They are assisted in this responsibility by the Disclosure Committee, which consists of executive officers and the Internal Auditor of the Trust.

Evaluations are performed regularly to assess the effectiveness of DC&P, including this MD&A and the financial statements. Based on those evaluations, the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer of Cominar concluded that the DC&P were effective as at the end of the period ended March 31, 2012 and, more specifically, that the design of these controls and procedures provides reasonable assurance that material information about the Trust, including its consolidated subsidiaries, is made known to them during the period in which these filings are being prepared.

Evaluations are also performed to assess the effectiveness of ICFR. Based on those evaluations, the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer of the Trust concluded that the ICFR was effective as at the end of the period ended March 31, 2012 and, more specifically, that the financial reporting is reliable and that the financial statements have been prepared for financial reporting purposes in accordance with IFRS.

No changes were made in our internal control over financial reporting during the first quarter of 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Our interim MD&A is based upon Cominar's condensed interim consolidated financial statements, 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 December 31, 2011 audited annual financial statements. The preparation and presentation of the consolidated financial statements and any other financial information contained in this MD&A includes the proper selection and application of appropriate accounting principles and methods, 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 regarding the carrying amount of assets and liabilities that, in reality, would not be available from other sources. Use of other accounting policies or methods of estimation might have yielded different amounts than those presented. Actual results could differ.

Revenue recognition

Management has determined that all leases concluded between Cominar and its tenants are operating leases. Minimum lease payments are recognized using the straight-line method over the term of the related leases, and the excess of payments recognized over amounts payable is recorded on Cominar's consolidated balance sheet under investment properties. Leases generally provide for the tenants' payment of maintenance expenses of common elements, realty taxes and other operating costs, such payment being recognized as operating revenues in the period when the right to payment vests. Percentage leases are recognized when the minimum sales level has been reached pursuant to the related leases. Lease cancellation fees are recognized when they are due. Finally, incidental income is recognized when services are rendered.

Investment properties

Investment property is immovable property held by the Trust to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods and services or for administrative purposes, or for sale in the ordinary course of business. Investment properties include income properties, properties under development and land held for future development.

Cominar adopted the recommendations of IAS 40, "Investment Property", and chose the fair value model to record its investment properties in its financial statements. Fair value is the amount for which the properties could be exchanged between knowledgeable, willing parties in an arm's length transaction. Any change in the fair value is recognized in income for the period in which it arises. The fair value of investment property shall reflect market conditions at the end of the reporting period. Fair value is time-specific as of a given date. As market conditions could change, the amount presented as fair value could be incorrect or inadequate at another date. The fair value of investment properties is based on measurements derived from management's estimates or from independent appraisers, plus capital expenditures made since the most recent appraisal. Management regularly reviews the appraisal of its investment properties between the appraisal dates in order to determine whether the related assumptions, such as net operating income and capitalization rates, still apply. These assumptions are compared to market data issued by independent experts. When increases or decreases are required, Cominar adjusts the carrying amount of its investment properties.

The fair value of Cominar's investment properties recorded on the balance sheet in accordance with IFRS is the sum of the fair value of each investment property considered individually and does not necessarily reflect the contribution of the following elements that characterize Cominar: (i) the composition of the property portfolio diversified through its client base, geographic markets and activity segments; (ii) the synergies among investment properties; (iii) a fully integrated management approach. Therefore, the fair value of Cominar's investment properties taken as a whole could differ from that appearing on the consolidated balance sheet.

Properties under development in construction phase are measured at cost until their fair value can be reliably determined, usually when development has been completed. The fair value of land held for future development is based on recent prices derived from comparable market transactions.

Financial instruments

Financial instruments must be initially measured at fair value. Cominar must also estimate and disclose the fair value of certain financial instruments for information purposes in the financial statements presented for subsequent periods. When fair value cannot be derived from active markets, it is determined using valuation techniques, namely the discounted cash flow method. If possible, data related to these models are derived from observable markets, and if not, judgment is required to determine fair value. Judgments take into account the liquidity risk, credit risk and volatility. Any changes in assumptions related to these factors could modify the reported fair value of financial instruments.

Convertible debentures

Upon initial recognition, Cominar's management must estimate, if applicable, the fair value of the conversion option included in the convertible debentures. Under IFRSs, the Unitholders' equity component must be allocated the remaining amount obtained after deducting, from the fair value of the compound financial instrument considered as a whole, the established amount of the Liability component. Should this estimate be inappropriate, it would have an impact on the interest expense recognized in the financial statements.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of a business combination is the fair value, at the acquisition date, of the assets transferred, liabilities incurred and Unitholders' equity instruments issued in exchange of the control of the acquired business. When the cost of a business combination exceeds the fair value of the assets acquired or liabilities assumed, such excess is recorded as goodwill. Transaction-related costs are expensed as incurred.

Unit options

The compensation expense related to unit options is measured at fair value and is amortized based on the graded vesting method using the Black-Scholes model. This model requires management to make many estimates on various data, such as the expected life, volatility, the weighted average dividend yield of distributions and the weighted average risk-free interest rate. Any changes to certain assumptions could impact the compensation expense related to unit options recognized in the financial statements.

Income taxes

Deferred taxes of Cominar's subsidiaries are measured at the tax rates expected to apply in the future as temporary differences between the reported carrying amounts and tax bases of the assets and liabilities reverse. Changes to deferred taxes related to changes in tax rates are recognized in income in the period when the rate change is substantively enacted.

Any changes in future tax rates or in the timing of the reversal of temporary differences could affect the income tax expense.

Impairment of goodwill

Goodwill represents the excess of the purchase price of acquired businesses over the fair value of net identifiable assets acquired. Goodwill is not amortized but is tested for impairment on an annual basis or more frequently if events or circumstances indicate that it is more likely than not that goodwill may be impaired. The recoverability of goodwill is determined based on the cash-generating unit to which it belongs. The net carrying amount of the cash-generating unit is compared to its recoverable amount, which is defined as the higher of the fair value less costs to sell and its value in use. If either value exceeds its carrying amount, goodwill is not impaired. Otherwise, the difference is charged to income for the period during which the impairment occurs.

NEW ACCOUNTING POLICIES

IAS 12 – "Income taxes"

In December 2010, the IASB published amendments to IAS 12, "Income taxes" regarding the measurement of deferred income tax liabilities and assets arising from an investment property measured using the fair value model in IAS 40, "Investment Property". Those amendments introduce, for the purpose of establishing the deferred tax consequences related to temporary differences associated with investment property, a rebuttable presumption that the carrying amount of such investment property is recovered through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the investment property's economic benefits over time, rather than through sale.

The adoption of these amendments, effective as of January 1, 2012, had no impact on the condensed interim consolidated financial statements of Cominar.

Some recently issued IFRS and IFRIC will be effective only from a subsequent date. Cominar is currently assessing the impact of these IFRS and IFRIC on its consolidated financial statements. Presented below are the standards that could significantly affect the financial statements during the subsequent periods.

IFRS 9 – "Financial instruments"

In November 2009, the IASB issued IFRS 9, "Financial Instruments: Classification and Measurement", a new standard on the classification and measurement of financial instruments, which will replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 presents two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. Debt instruments are measured at amortized cost only if they are held in order to collect contractual cash flows and if cash flows are solely payments of principal and interest. Otherwise, they are held at fair value through profit and loss.

Requirements for financial liabilities were added in October 2010 and most of them were carried forward unchanged from IAS 39, except for the fair value changes attributable to the credit risk of financial liabilities designated at fair value through profit or loss, which should usually be included in comprehensive income.

This new standard is effective for annual periods beginning on or after January 1, 2015.

In May 2011, the IASB issued the following standards: IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", IFRS 12, "Disclosure of Interests in Other Entities", IAS 27, "Separate Financial Statements", IFRS 13, "Fair Value Measurement", and IAS 28 amended, "Investments in Associates and Joint Ventures". Each of the new standards is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

The following is a brief summary of the new standards:

IFRS 10 – "Consolidated Financial Statements"

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, "Consolidation—Special Purpose Entities" and parts of IAS 27, "Consolidated and Separate Financial Statements".

IFRS 11 – "Joint Arrangements"

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, "Interests in Joint Ventures", and SIC-13, "Jointly Controlled Entities—Non-monetary Contributions by Venturers".

IFRS 12 – "Disclosure of Interests in Other Entities"

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 – "Fair Value Measurement"

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to Other Standards

In addition, there have been amendments to existing standards, including IAS 27, "Consolidated and Separate Financial Statements", and IAS 28, "Investments in Associates and Joint Ventures". IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

RISKS AND UNCERTAINTIES

Like any real estate entity, Cominar is exposed, in the normal course of business, to certain risk factors that may have an impact on its capacity to attain its strategic objectives. Accordingly, unitholders should consider the following risks and uncertainties when assessing the Trust's outlook in terms of investment potential.

Cominar has not identified any significant changes to the risks and uncertainties that it is exposed to in its business.

ACCESS TO CAPITAL AND DEBT FINANCING, AND CURRENT GLOBAL FINANCIAL CONDITIONS

The real estate industry is highly capital intensive. Cominar will require access to capital to maintain its properties, as well as to fund its growth strategy and significant capital expenditures from time to time. There can be no assurance that Cominar will have access to sufficient capital (including debt financing) on terms favourable to Cominar for future property acquisitions and developments, financing or refinancing of properties, funding operating expenses or other purposes. In addition, Cominar may not be able to borrow funds under its credit facilities due to the limitations on the incurrence of debt by Cominar set forth in the Contract of Trust. Failure by Cominar to access required capital could adversely impact Cominar's financial position and results of operations and decrease the amount of cash available for distributions.

Recent market events and conditions, including disruptions in the international and regional credit markets and other financial systems and the deterioration of global economic conditions, could impede Cominar's access to capital (including debt financing) or increase the cost of capital. Failure to raise capital in a timely basis or under favorable terms could have a material adverse effect on Cominar's financial position and results of operations, including its acquisition and development program.

DEBT FINANCING

Cominar has and will continue to have substantial outstanding consolidated indebtedness comprised primarily of hypothecs, property mortgages, debentures, indebtedness under its acquisition and operating credit facilities. Cominar intends to finance its growth strategy, including acquisitions and developments, through a combination of its working capital and liquidity resources, including its cash flows from operations, additional indebtedness and public or private sales of equity or debt securities. Cominar may not be able to refinance its existing debt or renegotiate the terms of repayment at favourable rates. In addition, the terms of

Cominar's indebtedness in general contain customary provisions that, upon an event of default, result in the acceleration of repayment of amounts owed and that restrict the distributions that may be made by Cominar. Therefore, upon an event of default under such indebtedness or an inability to renew same at maturity, Cominar's ability to make distributions will be adversely affected.

A portion of Cominar's cash flows is devoted to servicing its debt, and there can be no assurance that Cominar will continue to generate sufficient cash flows from operations to meet required interest or principal payments, such that it could be required to seek renegotiation of such payments or obtain additional financing, including equity or debt financing. The REIT's current credit facilities, of a stated amount of $550.0 million as at March 31, 2012, repayable in two tranches over two and three years. Cominar also owns a bridge loan of an amount of $84 million as at March 31, 2012, renewable in 2013. Approximately $80.6 million of the REIT's secured debt will mature by the end of 2012.

Cominar is exposed to debt financing risks, including the risk that existing hypothecary indebtedness secured by its properties cannot be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness. In order to minimize this risk, Cominar will attempt to appropriately structure the timing of the renewal of significant tenant leases on its respective properties in relation to the time at which hypothecary indebtedness on such properties becomes due for refinancing.

OWNERSHIP OF IMMOVABLE PROPERTY

All immovable property investments are subject to risk exposures. Such investments are affected by general economic conditions, local real estate markets, demand for leased premises, competition from other vacant premises, municipal valuations and assessments, and various other factors.

The value of immovable property and improvements thereto may also depend on the solvency and financial stability of the tenants and the economic environment in which they operate. Cominar's income and distributable income would be adversely affected if one or more major tenants or a significant number of tenants were unable to meet their lease obligations or if a significant portion of vacant space in the properties in which Cominar has an interest is not able to be leased on economically favourable lease terms. In the event of default by a tenant, delays or limitations in enforcing rights as a lessor may be experienced and substantial costs in protecting Cominar's investment may be incurred. The ability to rent unleased space in the properties in which Cominar has an interest will be affected by many factors, including the level of general economic activity and the competition for tenants by other properties. Costs may be incurred in making improvements or repairs to property required by a new tenant. The failure to rent unleased space on a timely basis or at all or at rents that are equivalent or higher than current rents would likely have an adverse effect on Cominar's financial position and the value of its properties.

Certain significant expenditures, including property taxes, maintenance costs, hypothecary payments, insurance costs and related charges must be made throughout the period of ownership of immovable property regardless of whether the property is producing any income. If Cominar is unable to meet mortgage payments on any property, loss could be sustained as a result of the mortgage creditor's exercise of its hypothecary remedies.

Immovable property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relationship with the demand for and the perceived desirability of such investments. Such illiquidity may tend to limit Cominar's ability to make changes to its portfolio promptly in response to changing economic or investment conditions. If Cominar were to be required to liquidate its immovable property investments, the proceeds to Cominar might be significantly less than the aggregate carrying value of its properties.

Leases for Cominar's properties, including those of significant tenants, will mature from time to time over the short and long term. There can be no assurance that Cominar will be able to renew any or all of the leases upon maturity or that rental rate increases will occur or be achieved upon any such renewals. The failure to renew leases or achieve rental rate increases may adversely impact Cominar's financial position and results of operations and decrease the amount of cash available for distribution.

COMPETITION

Cominar competes for suitable immovable property investments with individuals, corporations and institutions (both Canadian and foreign) which are presently seeking or which may seek in the future immovable property investments similar to those desired by Cominar. Many of those investors have greater financial resources than Cominar, or operate without the investment or operating restrictions of Cominar or according to more flexible conditions. An increase in the availability of investment funds and heightened interest in immovable property investments could increase competition for immovable property investments, thereby increasing purchase prices and reducing their yield.

In addition, numerous property developers, managers and owners compete with Cominar in seeking tenants. The existence of competing developers, managers and owners and competition for the Cominar's tenants could have an adverse effect on the Cominar's ability to lease space in its properties and on the rents charged, and could adversely affect the Cominar's revenues and, consequently, its ability to meet its debt obligations.

ACQUISITIONS

Cominar's business plan focuses on growth through identifying suitable acquisition opportunities, pursuing such opportunities, completing acquisitions and effectively operating and leasing such properties. If Cominar is unable to manage its growth effectively, it could adversely impact Cominar's financial position and results of operations, and decrease the amount of cash available for distribution. There can be no assurance as to the pace of growth through property acquisitions or that Cominar will be able to acquire assets on an accretive basis, and as such there can be no assurance that distributions to unitholders will increase in the future.

DEVELOPMENT PROGRAM

Information regarding our development projects, development costs, capitalization rates and expected returns are subject to change, which may be material, as assumptions regarding items including, but not limited to, tenant rents, building sizes, leasable areas, and project completion timelines and costs are updated periodically based on revised site plans, our cost tendering process, continuing tenant negotiations, demand for leasable space in our markets, obtaining required building permits, ongoing discussions with municipalities and successful property re-zonings. There can be no assurance that any assumptions in this regard will materialize as expected and changes could have a material adverse effect on our development program, asset values and financial performance.

RECRUITMENT AND RETENTION OF EMPLOYEES AND EXECUTIVES

Competition for qualified employees and executives is intense. If Cominar is unable to attract and retain qualified employees and executives, the conduct of its activities may be adversely affected.

GOVERNMENT REGULATION

Cominar and its properties are subject to various government statutes and regulations. Any change in such statutes or regulation adverse to Cominar and its properties could affect Cominar's operating results and financial performance.

In addition, environmental and ecological legislation and policies have become increasingly important in recent years. Under various laws, Cominar could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in its properties or disposed of at other locations or for the costs of other remedial or preventive work. The failure to remove or remediate such substances, or to effect such remedial or preventive work, if any, may adversely affect an owner's ability to sell such real estate or to borrow using such real estate as collateral, and could potentially also result in claims against the owner by private plaintiffs or governmental agencies. Notwithstanding the above, Cominar is not aware of any material non-compliance, liability or other claim in connection with any of its properties, nor is Cominar aware of any environmental condition with respect to any of its properties that it believes would involve material expenditure by Cominar.

LIMIT ON ACTIVITIES

In order to maintain its status as a "mutual fund trust" under the Income Tax Act, Cominar cannot carry on most active business activities and is limited in the types of investments it may make. The Contract of Trust contains restrictions to this effect.

STATUS FOR TAX PURPOSES

Income taxes

Cominar is considered a mutual fund trust for income tax purposes. Pursuant to the Contract of Trust, the trustees intend to distribute or designate all taxable income directly earned by Cominar to unitholders and to deduct such distributions and designations for income tax purposes.

Certain Cominar's subsidiaries are subject to tax on their taxable income under the Income Tax Act and the Taxation Act.

Taxation of distributions of specified investment flow-through (SIFT) entities

Since 2007, SIFT entities are subject to income taxes on the distributions they make. In short, a SIFT entity is an entity (including a trust) that resides in Canada, its investments are listed on a stock exchange or other public market and it holds one or more non-portfolio properties.

Exception for real estate investment trusts (REITs)

The SIFT rules do not apply to SIFT trusts that qualify as REITs for a given taxation year. The conditions to qualify as a REIT have been amended in connection with Bill C-10, which received Royal Assent on March 12, 2009. Generally, to qualify as a REIT, a trust must be resident in Canada and meet the following conditions: [i] the only "non-portfolio properties" it owns during the year are "qualified REIT properties," [ii] at least 95% of its income for the taxation year is from one or more of the following sources: rent from "real or immovable properties"; interest; capital gains from the disposition of real or immovable properties; dividends and royalties, [iii] at least 75% of its income for the taxation year is from one or more of the following sources: rent from "real or immovable properties"; interest from mortgages on real or immovable properties and capital gains from dispositions of real or immovable properties, and [iv] at no time in the taxation year is the total fair market value of all properties held by the trust, each of which is a real or immovable property, a debt of a Canadian corporation represented by a banker's acceptance, cash or generally, an amount receivable from the Government of Canada or from certain other public agencies, less than 75% of the trust's net worth at that time.

As at March 31, 2012, Cominar's management believes that Cominar currently meets all the criteria required to qualify for the REIT exception. As a result, Cominar's management believes that the SIFT trust tax rules do not apply to Cominar. Cominar's management intends to take all the necessary steps to meet these conditions on an on-going basis in the future.

Were the REIT exception not applicable to Cominar at any time in a year (including the current taxation year), the SIFT amendments and the SIFT regime (under which amounts deductible will no longer be deductible in computing the income of Cominar and additional taxes will be payable by Cominar) will, commencing in such year, impact materially the level of cash distributions which would otherwise be made by Cominar.

INTEGRATION OF CANMARC

The combination of Cominar and Canmarc may not realize the anticipated benefits, in the expected time-frames or at all, due to unanticipated challenges or delays with integrating the two companies

Cominar expects that the combination of the REIT and Canmarc will result in greater long-term potential and value creation than the individual entities could achieve on their own. This expectation is based, in part, on a presumed increase in the financial strength and access to capital of the combined entity and certain presumed synergies from consolidation, including the elimination of excessive fabrication facilities, overlapping service facilities, certain public entity costs of Canmarc and duplicative head office and general administrative expenses. These anticipated benefits and synergies will depend in part on whether the operations, systems, management and cultures of Canmarc and Cominar can be integrated in an efficient and effective manner and whether the presumed bases or sources of synergies produce the benefits anticipated. Most operational and strategic decisions, and certain staffing decisions, with respect to the combined entity have not yet been made and may not have been fully identified. These decisions and the integration of the two entities may present significant challenges to management, including the integration of systems and personnel of the two entities, and special risks, including possible unanticipated liabilities and expenses, significant one-time write-offs or restructuring charges and the loss of key employees. In addition, Cominar is currently in the process of reviewing Canmarc's portfolio and this review may lead to dispositions or complementary acquisitions. There can be no assurance that there will be operational or other synergies realized by the combined entity, or that the integration of the two entities' operations, systems, management, personnel and cultures will be timely or effectively accomplished, or ultimately will be successful in achieving the anticipated benefits. The integration process may lead to greater than expected operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, client or suppliers) that may affect the ability of the combined business to realize the anticipated benefits and synergies of the combination or may materially and adversely affect Cominar's business, results of operations and/or financial condition.

POTENTIAL LIABILITIES AND RECOVERIES ASSOCIATED WITH THE HOLMAN GRAND HOTEL

Cominar, through the acquisition of Canmarc, is party to potential liabilities and recoveries associated with the Holman Grand Hotel (the "Hotel") located in Charlottetown, Prince Edward Island, which is owned and operated by Homburg Invest Inc. ("HII"). HII filed for protection under the Companies' Creditors Arrangement Act (Canada) on September 9, 2011. Dyne Holdings Limited ("Dyne"), acquired by Canmarc from HII in May 2010, is the owner of the land on which the Hotel was built (the "Land"). The Hotel was acquired by HII from Dyne pursuant to an agreement dated April 2010, and HII acquired a leasehold interest in respect of the Land under a ground lease entered into between Dyne and HII in May 2010. (the "Ground Lease"). Pursuant to the provisions of the Ground Lease, HII agreed to construct the Hotel on the Land.

Dyne is indebted to the Prince Edward Island Century 2000 Fund Inc. (the "Century Fund") under a secured loan contracted by Dyne in November 2008 to finance the construction of the Hotel (the "Loan"). The Loan is secured by a collateral mortgage in favour of the Century Fund over the Land. The Loan was guaranteed by HII in September 2009 and assumed by HII in April 2010 as part of the conveyance of the Hotel to HII by Dyne in connection with Canmarc's subsequent initial public offering. At such time an amount of approximately $3.7 million was drawn down under the Loan. Dyne however remained liable under the Loan and was indemnified by HII in respect thereof. HII also agreed to use its best efforts to assist Dyne to obtain a release of the obligations of Dyne from the Century Fund.

HII is in default under the Ground Lease and the assumption of the Loan. In late November 2011, Dyne received written notice from the Century Fund to the effect that Dyne was in default under the Loan. No formal enforcement proceedings have commenced under the Loan. Cominar has been in discussions with the Century Fund to find a solution to the current situation.

In addition to the Loan, liens with respect to HII's construction of the Hotel have been filed against Dyne's freehold interest in the Land. Construction related trade payables of HII alleged to be secured by a lien on Dyne's freehold interest in the Land currently aggregate approximately $3.2 million

As a result of the events described above, Cominar has reflected the mortgage payable of approximately $14.7 million, as well as an amount of approximately $1.6 million of outstanding liens and approximately $0.4 million of unpaid interests in the accounts payable and other liabilities, and a corresponding receivable amount from HII of $16.7 million, in its balance sheet, as of March 31, 2012.

Moreover, in light of the current status of the financial condition of HII, management considered that there is objective evidence of the impairment of the amounts due by HII. To make a reasonable estimate of the impairment loss to be recognized as of March 31, 2012, management used the expected value method, by calculating a weighted average of all possible outcomes. The possible outcomes were determined in accordance with legal advice received on the matter, including the probability that Cominar will have to settle some obligations, the current status of discussions with the lender, and the financial position of HII. Consequently, a provision for impairment of $2.0 million that was previously recognized in Canmarc's balance sheet as at January 27, 2012 has been maintained in Cominar's balance sheet as at March 31, 2012. In addition, Cominar determined that the maximum loss with respect to the claim, if one were realized, would be approximately $5.0 million. However, there is no assurance as to the amounts that could be recovered from HII, and the timing of such recoveries.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

COMINAR REAL ESTATE INVESTMENT TRUST

Unaudited

March 31, 2012

CONSOLIDATED BALANCE SHEETS

[Unaudited, in thousands of Canadian dollars]

	Note	As at March 31, 2012	As at December 31, 2011
		$	$
ASSETS			
Investment properties			
Income properties	3, 4	**4,387,768**	2,515,965
Properties under development	5	**5,892**	5,713
Land held for future development	5	**32,271**	31,731
		4,425,931	2,553,409
Investments	6	**62,846**	134,284
Goodwill	3	**94,971**	9,380
Prepaid expenses and other assets		**35,033**	7,084
Accounts receivable		**41,032**	55,715
Income taxes recoverable		**56**	56
Restricted cash	7	**11,971**	—
Cash and cash equivalents		**508**	5,389
Total assets		**4,672,348**	2,765,317
LIABILITIES			
Mortgages payable	8	**1,710,582**	842,619
Convertible debentures		**381,805**	382,060
Bridge loan		**84,000**	—
Bank indebtedness	9	**366,664**	16,540
Accounts payable and accrued liabilities		**83,099**	45,083
Deferred tax liability		**7,922**	7,793
Distributions payable to unitholders		**12,379**	—
Total liabilities		**2,646,451**	1,294,095
UNITHOLDERS' EQUITY			
Unitholders' equity		**2,025,897**	1,471,222
Total liabilities and unitholders' equity		**4,672,348**	2,765,317

See accompanying notes to condensed interim consolidated financial statements

CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

For the quarters ended March 31

[Unaudited, in thousands of Canadian dollars]

	Note	Unitholders' contributions	Cumulative net income	Cumulative distributions	Contributed surplus	Equity component of convertible debentures	Total
		$	$	$	$	$	$
Balance as at January 1, 2012		1,150,735	936,121	(619,565)	2,186	1,745	1,471,222
Net income and comprehensive income		—	32,726	—	—	—	32,726
Distributions to unitholders	10	—	—	(35,630)	—	—	(35,630)
Issue of units	10	566,510	—	—	—	(1)	566,509
Unit issue expenses	10	(8,651)	—	—	—	—	(8,651)
Unit option plan		—	—	—	(279)	—	(279)
Balance as at March 31, 2012		1,708,594	968,847	(655,195)	1,907	1,744	2,025,897

	Note	Unitholders' contributions	Cumulative net income	Cumulative distributions	Contributed surplus	Equity component of convertible debentures	Total
		$	$	$	$	$	$
Balance as at January 1, 2011		855,182	758,660	(523,998)	1,879	1,889	1,093,612
Net income and comprehensive income		—	25,619	—	—	—	25,619
Distributions to unitholders	10	—	—	(22,797)	—	—	(22,797)
Issue of units	10	10,927	—	—	—	—	10,927
Unit option plan		—	—	—	(68)	—	(68)
Balance as at March 31, 2011		866,109	784,279	(546,795)	1,811	1,889	1,107,293

See accompanying notes to condensed interim consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the quarters ended March 31

[Unaudited, in thousands of Canadian dollars, except per unit amounts]

	Note	2012	2011
		$	$
Operating revenues			
Rental revenue from investment properties		126,288	79,653
Operating expenses			
Operating costs		28,171	16,176
Realty taxes and services		28,605	19,011
Property management expenses		2,632	1,283
		59,408	36,470
Net operating income		66,880	43,183
Other revenues		710	—
Financial expense	11	(28,357)	(16,119)
Trust administrative expenses		(2,456)	(1,358)
Restructuring charges	12	(237)	
Transaction costs – business combination	3	(9,907)	—
Proceeds from an investment in a public entity	6	6,222	—
Income before income taxes		32,855	25,706
Income taxes			
Current		—	45
Deferred		(129)	(132)
		(129)	(87)
Net income and comprehensive income		32,726	25,619
Basic net income per unit	13	0.36	0.41
Diluted net income per unit	13	0.36	0.39

See accompanying notes to condensed interim consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the quarters ended March 31

[Unaudited, in thousands of Canadian dollars]

	Note	2012	2011
		$	$
OPERATING ACTIVITIES			
Net income		**32,726**	25,619
Adjustments for:			
Change in fair value of an investment in a public entity	3	**(2,582)**	—
Amortization of capitalized financing costs and other assets		**3,529**	907
Amortization of fair value adjustments on assumed indebtedness		**(3,092)**	(156)
Amortization of fair value adjustments on bond investments	6	**46**	—
Accretion of liability component of convertible debentures		**56**	58
Compensation expense related to unit options		**239**	271
Deferred taxes		**129**	132
Change in accounts receivable – recognition of leases on a straight-line basis		**(1,449)**	(1,096)
Change in non-cash working capital items	14	**(25,057)**	(10,277)
Cash flows provided from operating activities		**4,545**	15,458
INVESTING ACTIVITIES			
Cash consideration paid upon business combination	3	**(425,884)**	—
Acquisition of income properties	4	**(11,265)**	(55,054)
Additions to properties under development and land held for future development	5	**(1,033)**	(8,557)
Change in investments		**(242)**	—
Net proceeds from the sale of immovable property		**43,009**	—
Change in restricted cash		**6,587**	—
Additions to other assets		**(426)**	(220)
Cash flows used in investing activities		**(389,254)**	(63,831)
FINANCING ACTIVITIES			
Mortgages payable		**—**	1,003
Monthly repayment of mortgages payable		**(9,635)**	(5,712)
Repayments of balances at maturity of mortgages payable		**(31,645)**	—
Bank indebtedness and bridge loan		**234,947**	59,870
Net proceeds from issue of units	10	**204,221**	7,596
Distributions to unitholders		**(18,060)**	(12,772)
Cash flows provided from financing activities		**379,828**	49,985
Net change in cash and cash equivalents		**(4,881)**	1,612
Cash and cash equivalents, beginning of period		**5,389**	—
Cash and cash equivalents, end of period		**508**	1,612
Other information			
Interest paid		**22,230**	18,339
Income taxes paid		**—**	91
Distributions cashed		**4,293**	—

See accompanying notes to condensed interim consolidated financial statements

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended March 31, 2012 and 2011
[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 Québec. As at March 31, 2012, Cominar owned and managed a real estate portfolio of 413 high-quality properties that cover a total area of 30.6 million square feet in Quebec, Ontario, the Atlantic Provinces and Western Canada.

Cominar is listed on the Toronto Stock Exchange and its units trade under the symbol "CUF.UN". The head office is located at 455 du Marais Street, Québec City, Québec, Canada. Additional information about the Trust is available on Cominar's website at www.cominar.com.

The Board of Trustees has approved Cominar's condensed interim consolidated financial statements on May 10, 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

Cominar's unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, and comply notably with the requirements of IAS 34, "Interim Financial Reporting". They do not include all the disclosures that will normally be found in the Trust's annual consolidated financial statements. The accounting policies and application methods thereof have been consistently applied throughout each of the periods presented in these condensed interim consolidated financial statements. These accounting policies are the same as those used in the preparation of the December 31, 2011 audited annual financial statements. These condensed interim consolidated financial statements should be read in conjunction with Cominar's IFRS annual financial statements for the fiscal year ended December 31, 2011.

b) Basis of preparation

Consolidation

These condensed interim consolidated financial statements include the accounts of Cominar and its wholly-owned subsidiaries and its proportionate share of the assets, liabilities, revenues and expenses of the property it co-owns.

Use of estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Those estimates and assumptions also affect the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the period. Items subject to estimates and assumptions include the fair value of investment properties, financial instruments and debentures, as well as the recognition of business combinations and income taxes.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of a business combination is the fair value, at the acquisition date, of the assets transferred, liabilities incurred and Unitholders' equity instruments issued in exchange of the control of the acquired business. When the cost of a business combination exceeds the fair value of the assets acquired or liabilities assumed, such excess is recorded as goodwill. Transaction-related costs are expensed as incurred.

Investment properties

Investment property is immovable property held by the Trust to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods and services or for administrative purposes, or for sale in the ordinary course of business. Investment properties include income properties, properties under development and land held for future development.

Cominar adopted the recommendations of IAS 40, *"Investment Property"*, and chose the fair value model to record its investment properties in its financial statements. Fair value is the amount for which the properties could be exchanged between knowledgeable, willing parties in an arm's length transaction. Any change in the fair value is recognized in income for the period in which it arises. The fair value of investment property shall reflect market conditions at the end of the reporting period. Fair value is time-specific as of a given date. As market conditions could change, the amount presented as fair value could be incorrect or inadequate at another date. The fair value of investment properties is based on measurements derived from management's estimates or from independent appraisers, plus capital expenditures made since the most recent appraisal. Management regularly reviews the appraisal of its investment properties between the appraisal dates in order to determine whether the related assumptions, such as net operating income and capitalization rates, still apply. These assumptions are compared to market data issued by independent experts. When increases or decreases are required, Cominar adjusts the carrying amount of its investment properties.

The fair value of Cominar's investment properties recorded on the balance sheet in accordance with IFRS is the sum of the fair value of each investment property considered individually and does not necessarily reflect the contribution of the following elements that characterize Cominar: (i) the composition of the property portfolio diversified through its client base, geographic markets and activity segments; (ii) the synergies among investment properties; (iii) a fully integrated management approach. Therefore, the fair value of Cominar's investment properties taken as a whole could differ from that appearing on the consolidated balance sheet.

Properties under development in construction phase are measured at cost until their fair value can be reliably determined, usually when development has been completed. The fair value of land held for future development is based on recent prices derived from comparable market transactions.

Investment in a limited partnership

The investment is classified as available for sale and is measured at fair value. Any changes in fair value of the investment in DEGI LP are included in the consolidated statement of comprehensive income.

Restricted cash

Restricted cash primarily includes amounts earmarked for the funding of capital expenditures.

Bond investments and amount receivable

Bond investments are measured at amortized cost using the effective interest rate method and the amount receivable is measured at fair value.

Revenue recognition

Management has determined that all leases concluded between Cominar and its tenants are operating leases. Minimum lease payments are recognized using the straight-line method over the term of the related leases, and the excess of payments recognized over amounts payable is recorded on Cominar's consolidated balance sheet under investment properties. Leases generally provide for the tenants' payment of maintenance expenses of common elements, realty taxes and other operating costs, such payment being recognized as operating revenues in the period when the right to payment vests. Percentage leases are recognized when the minimum sales level has been reached pursuant to the related leases. Lease cancellation fees are recognized when they are due. Finally, incidental income is recognized when services are rendered.

Income taxes

Cominar is considered a mutual fund trust for income tax purposes. In exercising their discretionary power regarding distributions under the Contract of Trust, the trustees intend to distribute or designate all taxable income directly earned by Cominar to unitholders and to deduct such distributions and designations for income tax purposes. Therefore, no provision for income taxes is required for the Trust.

Cominar's subsidiaries that are incorporated as business corporations are subject to tax on their taxable income under the Income Tax Act (Canada) and Taxation Act of the provinces concerned. These subsidiaries account for their current or recovered taxes at the current enacted tax rates and follow the liability method to account for deferred taxes. The net deferred tax liability represents the cumulative amount of taxes applicable to temporary differences between the reported carrying amounts and tax bases of the assets and liabilities.

Per unit calculations

Basic net income per unit is calculated based on the weighted average number of units outstanding for the period. The calculation of net income per unit on a diluted basis considers the potential exercise of outstanding unit options and the potential issuance of units under convertible debentures, if dilutive.

c) New accounting standard

IAS 12 – "Income taxes"

In December 2010, the IASB published amendments to IAS 12, "Income taxes" regarding the measurement of deferred income tax liabilities and assets arising from an investment property measured using the fair value model in IAS 40, "Investment Property". Those amendments introduce, for the purpose of establishing the deferred tax consequences related to temporary differences associated with investment property, a rebuttable presumption that the carrying amount of such investment property is recovered through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the investment property's economic benefits over time, rather than through sale.

The adoption of these amendments, effective as of January 1, 2012, had no impact on the condensed interim consolidated financial statements of Cominar.

3. BUSINESS COMBINATION

Acquisition of Canmarc Real Estate Investment Fund – Description of Transaction

On November 28, 2011, Cominar announced the purchase, by way of a private agreement, of a total of 3,099,300 units of Canmarc Real Estate Investment Trust ("Canmarc"), representing 5.7% of the total issued and outstanding Canmarc units. Cominar had previously acquired 5,164,630 Canmarc units through market transactions. Consequently as of that date, Cominar owned approximately 15.1% of the total issued and outstanding Canmarc units.

On January 27, 2012, Cominar announced that 37,692,827 units of Canmarc had been deposited to the offer by Cominar to acquire all of the issued and outstanding Canmarc units. As of that date, Cominar owned approximately 83.8% of the Canmarc units outstanding and acquired control of Canmarc.

On February 7, 2012, Cominar announced that an additional 6,108,608 units of Canmarc had been acquired, following the extension of the offer to purchase all of the Canmarc units. As of that date, Cominar owned approximately 95% of the Canmarc units outstanding. Since Cominar had acquired more than 90% of the Canmarc units, it implemented a compulsory acquisition process under the declaration of trust of Canmarc.

On March 1, 2012, Cominar completed the acquisition of all of the remaining 2,756,064 issued and outstanding units of Canmarc, thus bringing the total consideration at $904,554, excluding the acquisition-related costs. The total consideration includes the issuance of 16 million units of Cominar at $21.69, representing a sum of $347,049, and the balance amounting to $557,505 was paid cash.

Acquisition of Canmarc Real Estate Investment Fund – Recognition of Transaction

The acquisition was accounted for by Cominar using the acquisition method set out in IFRS 3, "Business Combinations". Canmarc's earnings are consolidated as of January 27, 2012 with liabilities relating to redeemable units up to February 7, 2012. The acquisition of Canmarc was carried out in two steps: (1) deemed disposal of Cominar's interest in Canmarc and calculation of the gain on the disposal, and (2) acquisition of control of Canmarc at fair value and preliminary purchase price allocation.

(1) Deemed disposal and calculation of corresponding gain as at January 27, 2012

The deemed disposal was calculated at the fair value of the investment held by Cominar amounting to $136,355.

Cominar has recognized its investment at fair value since the acquisition thereof and accounted for a $2,582 adjustment from January 1 to January 27, 2012, bringing the carrying amount of the investment to $136,355.

(2) Acquisition of Canmarc

The fair value of all the units acquired was $904,554 ($16.50 per unit), and this amount was allocated to the net identifiable assets acquired as follows:

	Preliminary purchase price allocation
	$
Investment properties	1,863,471
Investments	60,589
Working capital	(15,391)
Restricted cash	18,557
Bank overdraft	(1,015)
Redeemable units held by non-controlling interests (8,864,672 units at $16.50 per unit)	(146,267)
Mortgages payable (face value of $857,207)	(912,248)
Bank indebtedness and bridge loan	(195,000)
Net assets	672,696
Goodwill	85,591
Fair value of consideration paid as at January 27, 2012 for the acquisition of control (83.8%)	758,287
Repayment of redeemable units held by non-controlling interests	146,267
Fair value of consideration paid (100%)	904,554
Less:	
Issue of Cominar units (15,999,999 units at $21.69 per unit)	(347,049)
Value of Canmarc units held at the time of acquisition	(136,355)
Bank overdraft assumed	1,015
Additional consideration paid for units held at the time of acquisition	3,719
Total cash consideration paid for the acquisition	425,884

The purchase price allocation at the fair value of assets acquired and liabilities assumed has not been finalized and is subject to change.

The amount of operating revenues and net income and comprehensive income arising from Canmarc, since the date of the business combination, were $42,253 and $15,514, respectively, for the quarter ended March 31, 2012.

Assuming that the acquisition of Canmarc occurred on January 1, 2012, Cominar's operating revenues and net income and comprehensive income would amount to $141,955 and $32,016, respectively, for the quarter ended March 31, 2012.

4. INCOME PROPERTIES

	March 31, 2012	December 31, 2011
	$	$
Balance, beginning of period	**2,515,965**	2,220,233
Business combination	**1,863,471**	—
Acquisitions	—	100,927
Disposals	**(3,486)**	—
Capital costs	**9,558**	30,012
Change in accounts receivable – recognition of leases on a straight-line basis	**1,472**	1,969
Change in initial direct costs	**788**	2,585
Transfer of properties under development	—	104,494
Others	—	4,396
Fair value adjustment	—	51,349
Balance, end of period	**4,387,768**	2,515,965

5. PROPERTIES UNDER DEVELOPMENT AND LAND HELD FOR FUTURE DEVELOPMENT

	March 31, 2012	December 31, 2011
	$	$
Balance, beginning of period	**37,444**	158,113
Disposal	—	(39,523)
Capital costs	**251**	16,016
Capitalized interest	**468**	7,332
Transfer to income properties	—	(104,494)
Balance, end of period	**38,163**	37,444
Breakdown:		
Properties under development	**5,892**	5,713
Land held for future development	**32,271**	31,731

6. INVESTMENTS

	Note	As at March 31 ,2012	As at December 31. 2011
		$	$
Investment in a limited partnership		**25,495**	—
Bond investments		**22,701**	2,061
Investment in a public entity		—	132,223
Amount receivable (net of impairment loss of $2,000)	18	**14,650**	—
		62,846	134,284

Investment in a limited partnership

The investment in DEGI Homburg Harris Limited Partnership ("DEGI LP") consists of 10% of the partnership units of DEGI LP, which are not traded in an active market. DEGI LP owns commercial property (Penn West Plaza in Calgary, Alberta).

Bond investments

Cominar holds Government of Canada bonds and mortgage bonds with a weighted average interest rate of 3.15% and pledged them as security, held in escrow, against the mortgages. The transactions do not qualify for defeasance accounting, therefore, both the mortgages payable and the related assets pledged as security continue to be recorded in the consolidated balance sheet. The mortgages are payable in monthly instalments and mature at various dates between 2013 and 2016. The assets pledged as security have various maturity dates which closely correspond to the monthly instalments and maturities of the mortgages. The assets and liabilities related to the mortgages are measured at amortized cost using the effective interest rate method. The carrying amount of the mortgages secured by bonds is $20,870 as at March 31, 2012 ($1,937 as at December 31, 2011).

PROCEEDS FROM THE INVESTMENT IN A PUBLIC ENTITY

For the quarters ended March 31,	2012	2011
	$	$
Distributions received	**3,640**	—
Change in fair value	**2,582**	—
	6,222	—

7. RESTRICTED CASH

Restricted cash includes an amount of $10,638 (nil as at December 31, 2011) which is held in an interest-bearing reserve account and is expected to be utilized over the next three years to fund capital expenditures and leasing costs with respect to two investment properties. Restricted cash also includes $1,333 (nil as at December 31, 2011) with respect to cash related to bond investments which have been pledged as security against certain mortgages payable.

8. MORTGAGES PAYABLE

Mortgages payable are secured by immovable hypothecs on investment properties. They bear contractual interest rates ranging from 2.71% to 8.35% per annum [3.04% to 9.13% as at December 31, 2011] representing a weighted average contractual rate of 5.36% as at March 31, 2012 [5.38% as at December 31, 2011] and are renewable at various dates between April 2012 and January 2039. As at March 31, 2012, the weighted average effective rate was 4.29% [5.36% as at December 31, 2011]. As at March 31, 2012, most mortgages payable were at fixed rates.

The following table presents the changes in mortgages payable for the periods indicated:

		March 31, 2012		December 31, 2011	
			Rate		Rate
		$	%	$	%
Balance, beginning of period		**841,082**	**5.38**	818,253	5.31
Business combination		**857,203**	**5.41**	—	—
Mortgages payable contracted or assumed		**3,972**	**3.17**	90,500	5.17
Repayment of balances at maturity		**(35,617)**	**6.21**	(43,145)	3.82
Monthly repayments of principal		**(9,637)**	—	(24,526)	—
Balance, end of period		**1,657,003**	**5.36**	841,082	5.38
Plus:	Fair value adjustments on assumed mortgages	**54,643**		2,689	
Less:	Unamortized capitalized financing costs	**(1,064)**		(1,152)	
		1,710,582		842,619	

9. BANK INDEBTEDNESS

As at March 31, 2012, Cominar had operating and acquisition credit facilities of up to $550,000 [$260,836 as at December 31, 2011]. These credit facilities, repayable in two tranches over two and three years, bear interest at prime plus 1% [1% in 2011] or at the bankers' acceptance rate plus 2.0% [2% in 2011]. These credit facilities are secured by movable and immovable hypothecs on specific assets. As at March 31, 2012, the prime rate was 3.00% [3.00% as at December 31, 2011].

10. 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 any Cominar distributions. All issued units are fully paid.

The following table presents the various sources of unit issues for the periods indicated:

	March 31, 2012		December 31, 2011	
	Units	$	Units	$
Units issued and outstanding, beginning of period	**77,051,260**	**1,150,735**	62,688,799	855,182
Units issued under a public offering	**9,168,950**	**192,617**	11,801,100	244,539
Units issued under a business combination	**15,999,999**	**347,049**	—	—
Units issued on exercise of options	**657,750**	**11,605**	863,150	15,164
Units issued under distribution reinvestment plan	**227,956**	**5,191**	874,807	19,151
Units issued on conversion of convertible debentures	**49,916**	**879**	823,404	16,022
Reversal of contributed surplus on exercise of options	**—**	**518**	—	667
Units issued and outstanding, end of period	**103,155,831**	**1,708,594**	77,051,260	1,150,735

The following table presents the changes in balances of options for the periods indicated:

	March 31, 2012		December 31, 2011	
	Options	Weighted average exercise price	Options	Weighted average exercise price
		$		$
Outstanding, beginning of period	**4,481,850**	**20.04**	4,169,900	18.96
Exercised	**(657,750)**	**17.64**	(863,150)	17.65
Granted	**—**	**—**	1,394,700	21.80
Forfeited	**(57,900)**	**21.35**	(219,600)	20.16
Outstanding, end of period	**3,766,200**	**20.44**	4,481,850	20.04
Exercisable options, end of period	**1,308,500**	**18.97**	1,966,250	18.53

Unitholder distribution reinvestment plan

Cominar has adopted a distribution reinvestment plan under which unitholders may elect to have all cash distributions of Cominar automatically reinvested in additional units. The plan provides plan participants with a number of units equal to 105 % of the cash distributions. For the quarter ended March 31, 2012, 227,956 units [111,992 in 2011] were issued for a total net consideration of $5,191 [$2,432 in 2011] under this plan.

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 its distributable income to unitholders. The distributable income generally means net income determined in accordance with IFRS, before adjustments to unrealized fair value, transaction costs – business combinations, rental revenue derived from the recognition of leases on a straight-line basis, the provision for leasing costs and certain other items not affecting cash, if applicable.

For the quarters ended March 31,	2012	2011
	$	$
Distributions to unitholders	**35,630**	22,797
Distributions per unit	**0.36**	0.36

11. FINANCIAL EXPENSE

For the quarters ended March 31,	2012	2011
	$	$
Mortgages, bank indebtedness and bridge loan	**22,688**	11,657
Convertible debentures	**5,860**	6,129
Amortization of capitalized financing costs	**3,369**	826
Amortization of fair value adjustments on assumed indebtedness	**(3,092)**	(156)
Less: Capitalized interest	**(468)**	(2,337)
Total financial expense	**28,357**	16,119

The amortization of capitalized financing costs includes financing initiation fees in connection with a business combination. This financing has not been used and the fees in the amount of $2,091 have been recognized in income.

12. RESTRUCTURING CHARGES

During the quarter, Cominar incurred consulting fees with respect to the integration of Canmarc's operations.

13. PER UNIT CALCULATIONS

The following table provides a reconciliation of the weighted average number of units outstanding used to calculate basic and diluted net income per unit.

For the quarters ended March 31,	2012	2011
Weighted average number of units outstanding – basic	**91,025,021**	62,808,510
Dilutive effect of unit options	**393,420**	394,738
Dilutive effect of convertible debentures	**16,483,523**	17,310,269
Weighted average number of units outstanding – diluted	**107,901,964**	80,513,517

The calculation of the diluted weighted average number of units outstanding does not include 30,000 options outstanding as at March 31, 2012 and 2011 since the average price of the units is lower than the exercise price of these options.

In addition, the calculation of the dilutive effect includes the cancellation of interest on debentures in the amount of $5,860 as at March 31, 2012 ($6,129 as at March 31, 2011) assuming the conversion of the debentures.

14. SUPPLEMENTAL CASH FLOW INFORMATION

The change in non-cash working capital items is as follows:

For the quarters ended March 31,	2012	2011
	$	$
Prepaid expenses	**(17,552)**	(14,420)
Accounts receivable	**(4,309)**	(4,590)
Income taxes recoverable	—	(56)
Accounts payable and accrued liabilities	**(3,196)**	8,869
Current tax liability	—	(80)
	(25,057)	(10,277)
Other information		
Additions to investment properties through assumption of mortgages payable	—	33,502
Unpaid additions to investment properties	**1,327**	4,147
Properties under development transferred to income properties	—	21 621

15. RELATED PARTY TRANSACTIONS

During the first quarter, Cominar entered into transactions with companies controlled by unitholders who are also officers of the Trust over which they have significant influence. These transactions were entered into in the normal course of business and are measured at the exchange amount. They are reflected in the condensed interim consolidated financial statements as follows:

For the quarters ended March 31,	2012	2011
	$	$
Rental revenue from investment properties	**44**	122
Investment properties – Capital costs	**5,262**	8,162

16. CAPITAL MANAGEMENT

Cominar manages its capital to ensure that capital resources are sufficient for its operations and development, while maximizing returns for unitholders by maintaining the debt-to-equity ratio. Cominar's capital consists of cash and cash equivalents, long-term debt, bank indebtedness, bridge loan and unitholders' equity.

Cominar structures its capital based on expected business growth and changes in the economic environment. It is not subject to any capital requirements imposed by regulatory authorities.

Cominar's capital structure was as follows:

	As at March 31, 2012	As at December 31, 2011
	$	$
Cash and cash equivalents[1]	**(508)**	(5,389)
Mortgages payable	**1,710,582**	842,619
Convertible debentures	**381,805**	382,060
Bridge loan	**84,000**	—
Bank indebtedness	**366,664**	16,540
Unitholders' equity	**2,025,897**	1,471,222
Total capital	**4,568,440**	2,707,052
Overall debt ratio [2]	**54.4**	44.7
Debt ratio (excluding convertible debentures)	**46.2**	30.9
Interest coverage ratio[3]	**2.60: 1[4]**	2.72: 1

(1) Cash and cash equivalents do not include restricted cash since it cannot be used to reduce indebtedness.

(2) The overall debt ratio is equal to total cash and cash equivalents, bank indebtedness, mortgages payable, bridge loan and convertible debentures divided by the carrying amount of the asset.

(3) The interest coverage ratio calculated by Cominar is equal to net operating income (operating revenues less operating expenses) divided by financial expense.

(4) Last twelve months.

Cominar's Contract of Trust provides that it may not incur debt if, taking into consideration the debt thus incurred or assumed, its total debt exceeds 60 % of the carrying amount of Cominar (65% if convertible debentures are outstanding). As at March 31, 2012, Cominar maintained a debt ratio of 54.4%, including convertible debentures, representing an increase compared to the ratio recorded as at December 31, 2011 due to the business combination that occurred during the quarter.

The interest coverage ratio is used to assess Cominar's ability to pay interest on its debt using its operating revenues. As such, as at March 31, 2012, the interest coverage ratio was 2.60: 1, reflecting the Trust's capacity to meet its debt-related obligations.

Capital management objectives remain unchanged from the previous period.

17. SEGMENT INFORMATION

Cominar's activities include four property types located in Quebec, Ontario, the Atlantic Provinces and Western Canada. The accounting policies followed for each property type are the same as those disclosed in the significant accounting policies. Cominar uses the net operating income as its main criterion to measure its operating performance, i.e. revenues from properties less operating expenses related to 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 following table indicates the financial information related to these four property types:

For the quarter ended March 31, 2012	Office properties	Retail properties	Industrial and mixed-use properties	Residential[1]	Total
	$	$	$	$	$
Rental revenue from income properties	**60,538**	**35,239**	**29,404**	**1,107**	**126,288**
Net operating income	**31,464**	**18,930**	**15,838**	**648**	**66,880**
Income properties	**2,116,683**	**1,292,982**	**925,799**	**52,304**	**4,387,768**

For the quarter ended March 31, 2011	Office properties	Retail properties	Industrial and mixed-use properties	Residential[1]	Total
	$	$	$	$	$
Rental revenue from income properties	39,224	15,027	25,402	—	79,653
Net operating income	21,101	8,169	13,913	—	43,183
Income properties	1,155,916	433,014	745,909	—	2,334,839

(1) The residential segment consists of 485 residential units located in three retail properties. This segment results from the acquisition of Canmarc on January 27, 2012 [note 3].

18. CONTINGENCY

Potential liabilities and recoveries associated with the Holman Grand Hotel

Cominar, through the acquisition of Canmarc, is party to potential liabilities and recoveries associated with the Holman Grand Hotel (the "Hotel") located in Charlottetown, Prince Edward Island, which is owned and operated by Homburg Invest Inc. ("HII"). HII filed for protection under the Companies' Creditors Arrangement Act (Canada) on September 9, 2011. Dyne Holdings Limited ("Dyne"), acquired by Canmarc from HII in May 2010, is the owner of the land on which the Hotel was built (the "Land"). The Hotel was acquired by HII from Dyne pursuant to an agreement dated April 2010, and HII acquired a leasehold interest in respect of the Land under a ground lease entered into between Dyne and HII in May 2010. (the "Ground Lease"). Pursuant to the provisions of the Ground Lease, HII agreed to construct the Hotel on the Land.

Dyne is indebted to the Prince Edward Island Century 2000 Fund Inc. (the "Century Fund") under a secured loan contracted by Dyne in November 2008 to finance the construction of the Hotel (the "Loan"). The Loan is secured by a collateral mortgage in favour of the Century Fund over the Land. The Loan was guaranteed by HII in September 2009 and assumed by HII in April 2010 as part of the conveyance of the Hotel to HII by Dyne in connection with Canmarc's subsequent initial public offering. At such time an amount of approximately $3,700 was drawn down under the Loan. Dyne however remained liable under the Loan and was indemnified by HII in respect thereof. HII also agreed to use its best efforts to assist Dyne to obtain a release of the obligations of Dyne from the Century Fund.

HII is in default under the Ground Lease and the assumption of the Loan. In late November 2011, Dyne received written notice from the Century Fund to the effect that Dyne was in default under the Loan. No formal enforcement proceedings have commenced under the Loan. Cominar has been in discussions with the Century Fund to find a solution to the current situation.

In addition to the Loan, liens with respect to HII's construction of the Hotel have been filed against Dyne's freehold interest in the Land. Construction related trade payables of HII alleged to be secured by a lien on Dyne's freehold interest in the Land currently aggregate approximately $3,200.

As a result of the events described above, Cominar has reflected the mortgage payable of approximately $14,700, as well as an amount of approximately $1,600 of outstanding liens and approximately $350 of unpaid interests in the accounts payable and other liabilities, and a corresponding receivable amount from HII of $16,650, in its balance sheet, as of March 31, 2012.

Moreover, in light of the current status of the financial condition of HII, management considered that there is objective evidence of the impairment of the amounts due by HII. To make a reasonable estimate of the impairment loss to be recognized as of March 31, 2012, management used the expected value method, by calculating a weighted average of all possible outcomes. The possible outcomes were determined in accordance with legal advice received on the matter, including the probability that Cominar will have to settle some obligations, the current status of discussions with the lender, and the financial position of HII. Consequently, a provision for impairment of $2,000 that was previously recognized in Canmarc's balance sheet as at January 27, 2012 has been maintained in Cominar's balance sheet as at March 31, 2012. In addition, Cominar determined that the maximum loss with respect to the claim, if one were realized, would be approximately $5,000. However, there is no assurance as to the amounts that could be recovered from HII, and the timing of such recoveries.

19. SUBSEQUENT EVENT

On May 1, 2012, Cominar exercised a right of first offer in its favour and entered into a takeover bid with Investus Real Estate Inc. ("**Investus**"), indirectly owned by the Dallaire family, for the acquisition of four single-tenant industrial properties: (i) a 29,074 square-foot industrial building located at 667 Barnes Drive, Halifax International Airport, in Enfield, Nova Scotia; (iii) a 46,320 square-foot industrial building located at 5200 J.A. Bombardier Street, in Longueuil, Québec; (iii) a 93.634 square-foot industrial building located at 1201 California Avenue, in Brockville, Ontario; and (iv) a 30,687 square-foot building located at 560 Camiel Sys Street, in Winnipeg, Manitoba, in consideration of a total purchase price of approximately $16,000, paid cash, and the assumption of a mortgage debt. The Dallaire family had already acquired these four buildings in June 2011 in connection with Investus' Going Private Transaction, and the purchase price paid by Cominar under its right of first offer corresponds to the purchase price paid by the Dallaire family, as determined by an independent assessment. The trustees unanimously approved the transaction, except for Allain Dallaire, Michel Dallaire and Michel Paquet, who abstained from voting. The closing of the transaction is subject to customary closing conditions.

CORPORATE INFORMATION

BOARD OF TRUSTEES

OFFICERS

Michel Dallaire, Eng.
President and Chief Executive Officer

Michel Berthelot, CA
Executive Vice President
and Chief Financial Officer

Alain Dallaire
Executive Vice President, Operations

Michel Ouellette, É.A.
Executive Vice President
Acquisitions and Development

Me Michel Paquet, LL .L.
Senior Executive Vice President and Secretary

Todd Bechard, CMA, CFA
Vice President, Finances - Atlantic provinces

René Bérubé, É.A.
Vice President, Leasing - Québec City

Wally Commisso
Vice President, Property Management – Montréal

Steve Gilbert, É.A.
Vice President, Acquisitions

Gerry McBride
Vice President, Operations
New Brunswick

Jean-Guy Moreau
Vice President, Development

Richard S. Nolin
Vice President, Retail

Carl Pepin, CA
Vice President, Accounting

Michael Racine
Vice President, Leasing – Montréal

Roger Turpin
Vice President, Treasurer

UNITHOLDER INFORMATION

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LISTING

The units and convertible debentures of Cominar Real Estate Investment Trust are listed on the Toronto Stock Exchange under the trading symbols CUF.UN, CUF.DB, CUF.DB.B, CUF.DB.C, CUF.DB.D et CUF.DB.E.

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TAXABILITY OF DISTRIBUTIONS

In 2011, 73.04% of the distributions made by Cominar to unitholders were tax deferred.

LEGAL COUNSEL

Davies Ward Phillips & Vineberg LLP

AUDITORS

PricewaterhouseCoopers LLP

ANNUAL MEETING OF UNITHOLDERS

May 16, 2012
11:00 a.m. (EDT)
Hôtel Palace Royal
775 Honoré-Mercier Ave.
Québec City (QC))

UNITHOLDER DISTRIBUTION REINVESTMENT PLAN

Cominar Real Estate Investment Trust offers unitholders the opportunity to participate in its Unitholder Distribution Reinvestment Plan (the "DRIP "). The DRIP allows participants to have their monthly distributions reinvested in additional units of Cominar. In addition, participants will be entitled to receive an additional distribution equal to 5% of each cash distribution reinvested pursuant to the DRIP , which will be reinvested in additional units.

For fur ther 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 Plan agent:
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