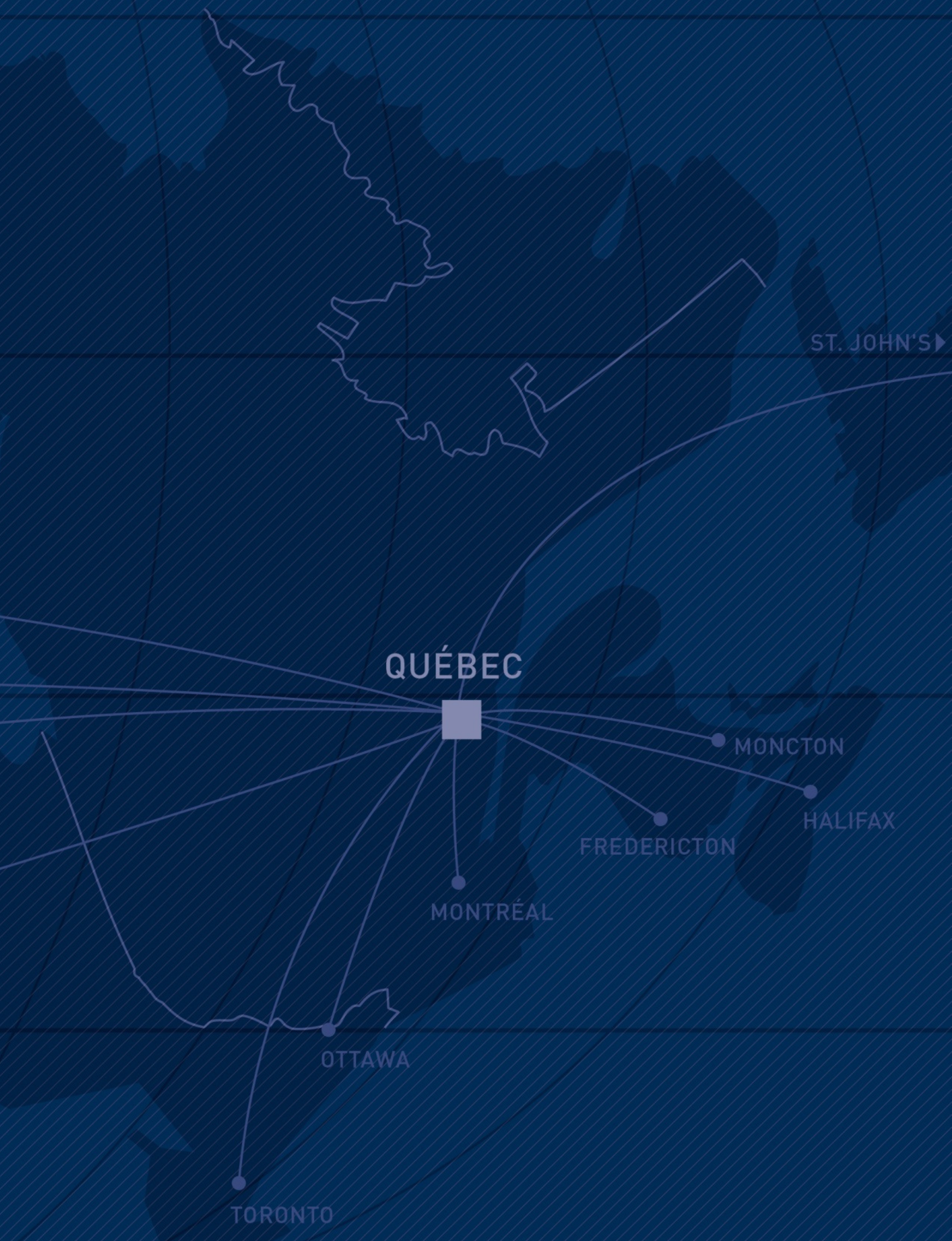
ON TRACK FROM COAST TO COAST

2013 Interim Report



COMINAR

COMINAR REAL ESTATE INVESTMENT TRUST
Quarter ended March 31, 2013

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MESSAGE TO UNITHOLDERS

The quarter started off strong for Cominar, with a $177.4 million investment in the strategic acquisition of 20 income properties and two parcels of land for future development. Overall, results show solid growth and a healthy financial position.

Following an exciting fiscal 2012, marked by record asset growth that allowed us to extend our reach from coast to coast, across the Canadian market, we continue to be on the lookout for new growth and geographical diversification opportunities, while keeping an eye on our debt ratio, which we aim to maintain at approximately 50%.

Consequently, in January 2013, we strengthened our position on Montreal's South Shore by acquiring a portfolio of 18 "next-generation" or renovated industrial properties, as well as an office building in Montreal and a vacant lot in *Saint-Bruno-de-Montarville*, for a total investment of $151.2 million. This new portfolio, whose occupancy rate is 97.2% and average capitalization rate of 7.0%, gives us the opportunity to improve operational synergies, better meet the needs of our customers in this well-performing market and provide higher value for our unitholders.

In addition to these strategic investments, in March 2013, we acquired some vacant lots for $20.5 million, paid in cash. Located in Calgary, Alberta, these lots are adjacent to the *Centron Park Complex* office buildings, which Cominar already owns, and cover 508,780 square feet, including a parkade structure with 347 parking spaces. Cominar is now the sole proprietor of this major real estate complex in the bustling western metropolis. We are very pleased with this acquisition, as it is perfectly aligned with our objectives for future growth and development. This transaction was followed by the purchase of an office building in Fredericton, New Brunswick, on March 21, for $5.7 million; the capitalization rate for this transaction is 8.0%. Then, on May 1, we also acquired an industrial property in Pointe-Claire, Québec, for $12.0 million; the capitalization rate for this transaction is 7.6%. In the first three months of 2013, the leasable area of our portfolio has therefore increased 5.1%, now totalling 36.9 million square feet and valued at over $5.8 billion.

The acquisitions made in 2012 and 2013, combined with the performance of our same property portfolio, increased operating revenue to $169.6 million, up 34.3% from the first quarter of 2012. Net operating income rose 34.5%, to $89.9 million, of which 25.4% was generated by assets located outside Québec. Recurring distributable income stands at $47.6 million, up 35.0%, and recurring adjusted funds from operations increased 34.4%, to a total amount of

MICHEL DALLAIRE, Eng.
President and Chief Executive Officer

$47.1 million. Net operating income per unit rose 33.3%, to $0.48, demonstrating the merits and success of our strategies.

On February 5, 2013, we re-opened our Series 2 offering, issuing $100.0 million worth of unsecured debentures bearing interest at a rate of 4.23% and maturing on December 4, 2019. We allocated the net proceeds to repaying our credit facility and to general needs, thereby replacing short-term debt with long-term debt at a lower interest rate, without increasing overall debt. As at March 31, 2013, our debt ratio stood at 51.2%— a significant drop from last year's ratio, which was 54.4%—and our annualized interest coverage ratio stood at 2.85:1.

The high quality of our properties and customer service, as well as our dynamic leasing teams, enable us to maintain a highly satisfactory overall occupancy rate—93.9% as at March 31, 2013. During the first three months of the fiscal year, we renewed 23.3% of the leases maturing in 2013, at rates that increased 8.3%. We also signed new leases representing an area of 0.7 million square feet.

On another note, we are continuing work on three development projects in our three market segments. The capitalization rates for these projects vary between 8.1% and 9.3%. When these buildings are completed in 2013 and 2014, they will add about 338,500 square feet of leasable area to our portfolio, at a cost of approximately $51.3 million. One of these buildings is already fully leased, whereas the other two are currently 90% and 79% pre-leased, respectively.

While remaining focused on cost control, operational synergies and high-quality customer service, we continue to integrate acquired assets with diligence, economy and efficiency. Our acquisitions will continue to bolster our distributable income in the coming quarters, which will allow us to gradually reduce our distribution ratio to 90%, as per our strategy. With our strong financial position and the increased geographical diversification of our portfolio, we are confident that we can take advantage of new opportunities that will increase Cominar's short-term and long-term value.

President, Chief Executive Officer and Trustee,

Michel Dallaire, Eng.
May 7, 2013

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

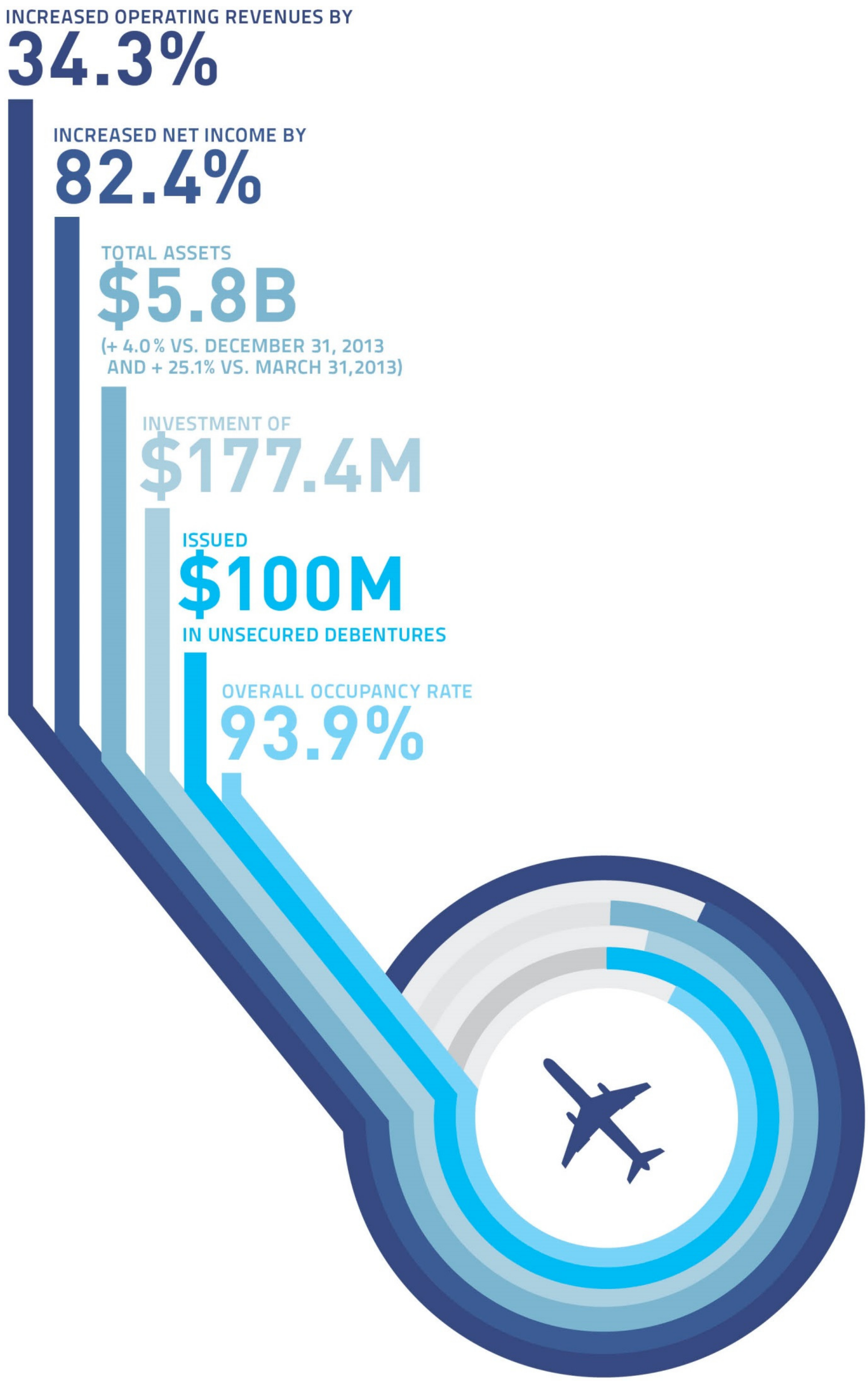
The following Interim Management's Discussion and Analysis ("MD&A") is provided to enable a reader to assess the results of operations of Cominar Real Estate Investment Trust ("Cominar," the "Trust" or the "REIT") for the quarter ended March 31, 2013, in comparison with the corresponding quarter of 2012, as well as its financial position at that date and its outlook. Dated May 7, 2013, this interim MD&A reflects all significant information available as of that date and should be read in conjunction with unaudited condensed interim consolidated financial statements and accompanying notes included in this document, as well as the consolidated financial statements, accompanying notes and MD&A appearing in Cominar's most recent Annual Report.

Unless otherwise indicated, all amounts are in thousands of Canadian dollars, except for per unit and per square-foot amounts, and are based on condensed interim consolidated financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, "*Interim Financial Reporting"*.

Additional information about the Trust, including its 2012 Annual Information Form, is available on Cominar's website at www.cominar.com and on the Canadian Securities Administrators' ("CSA") website at www.sedar.com.

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

HIGHLIGHTS FOR THE FIRST QUARTER ENDED MARCH 31, 2013



HIGHLIGHTS FOR THE FIRST QUARTER ENDED MARCH 31, 2013 (continued)

ACQUISITION ACTIVITIES

- On January 31, 2013, Cominar acquired a portfolio of 18 industrial properties, primarily located on the South Shore of Montréal, and one office property located in Montréal, for a purchase price of $149.8 million. The portfolio represents a total of approximately 1.8 million square feet of leasable area, consisting of approximately 1.7 million square feet of industrial space and approximately 0.1 million square feet of office space. As part of this transaction, Cominar also acquired a vacant lot of 173,569 square feet located in Saint-Bruno-de-Montarville, for $1.4 million. The capitalization rate for this transaction is 7.0%.

- On March 15, 2013, Cominar acquired approximately 508,780 square feet of vacant land located in Calgary, Alberta, which includes a parkade structure with approximately 347 parking spaces. With the acquisition of these lots, which are adjacent to the Centron Park office buildings that Cominar already owns, Cominar is now the sole proprietor of the Centron Park Complex. Cominar paid $20.5 million in cash for these properties.

- On March 21, 2013, Cominar acquired an office building located in Fredericton, New Brunswick, for $5.7 million in cash. This building represents a leasable area of 44,500 square feet. The capitalization rate for this transaction is 8.0%.

As at March 31, 2013, Cominar assets constitute a unique and strategically diverse portfolio of high-quality properties, which includes several prestigious buildings. Taken together, these assets are valued at over $5.8 billion, making Cominar the third largest real estate investment trust in Canada and the leader in Québec's commercial real estate sector.

FINANCING ACTIVITIES

- On February 5, 2013, Cominar re-opened its Series 2 offering, issuing $100.0 million worth of unsecured debentures bearing interest rate at a rate of 4.23% and maturing on December 4, 2019. Cominar allocated the net proceeds to repaying its credit facility and to its general needs, thereby replacing short-term debt with long-term debt at a lower interest rate, without increasing overall debt.

SUBSEQUENT EVENTS

On April 29, 2013, Cominar announced the addition of Gilles Hamel, CPA, CA, as Vice-President of Corporate Finance and Administration to its management team.

Also on April 29, 2013, Cominar issued $100 million worth of Series 3 senior unsecured debentures bearing an interest rate of 4.0%, and maturing in November 2020. Cominar allocated the net proceeds to repaying its credit facility.

On May 1, 2013, Cominar acquired an industrial building located in Pointe-Claire, Québec, for a purchase price of $12 million, paid in cash; this property represents a leasable area of 199,000 square feet. The capitalization rate for this transaction is 7.6%.

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 other things, statements with respect to our medium-term and 2013 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" and "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 MD&A, as well as in the Risk Factors section of Cominar’s 2012 Annual Information Form.

NON-IFRS FINANCIAL MEASURES

In this interim MD&A, we issue guidance on and report on certain non-IFRS measures, including "net operating income," "recurring distributable income," "recurring funds from operations" and "recurring adjusted funds from operations," which we use to evaluate our performance. Because non-IFRS measures do not have standardized meanings and may differ from similar measures presented by other entities, securities regulations require that non-IFRS measures be clearly defined and qualified, reconciled with their 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

[unaudited, in thousands of Canadian dollars and as a percentage]

For the quarters ended March 31	2013	2012	Δ%
FINANCIAL DATA			
Operating revenues	**169,593**	126,288	34.3
Net operating income(1)	**89,922**	66,880	34.5
Same property net operating income growth(1)	**1.4%**	0.8%	
Net income	**59,697**	32,726	82.4
Recurring distributable income(1)	**47,579**	35,246	35.0
Recurring funds from operations(1)	**55,100**	42,508	29.6
Recurring adjusted funds from operations(1)	**47,084**	35,022	34.4
Distributions	**45,155**	35,630	26.7
Debt ratio	**51.2%**	54.4%	
Weighted average interest rate on long-term debt	**4.87%**	5.15%	
Total assets	**5,844,256**	4,672,348	25.1
Market capitalization	**2,880,233**	2,413,846	19.3
PER UNIT FINANCIAL DATA			
Net income (basic)	**0.48**	0.36	33.3
Recurring distributable income (basic)(1)	**0.38**	0.39	(2.6)
Recurring distributable income (FD)(1)(2)	**0.38**	0.38	—
Recurring funds from operations (FD)(1)(2)	**0.43**	0.45	(4.4)
Recurring adjusted funds from operations (FD)(1)(2)	**0.38**	0.38	—
Distributions	**0.36**	0.36	—
Weighted average number of units outstanding (basic)	**124,476,706**	91,025,021	
Weighted average number of units outstanding (FD)(2)	**137,397,823**	107,901,964	
OPERATIONAL DATA			
Number of properties	**500**	413	
Leasable area (in thousands of sq. ft.)	**36,887**	30,631	
Occupancy rate	**93.9%**	94.6%	
Retention rate	**23.3%**	35.9%	
ACQUISITIONS			
Number of properties	**20**	143	
Leasable area (in thousands of sq. ft.)	**1,790**	9,412	
Total investment	**156,900**	904,554	
Weighted average capitalization rate	**7.0%**	6.8%	

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

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, 2013	Dec. 31, 2012	Sept. 30, 2012	June 30, 2012	March 31, 2012	Dec. 31, 2011	Sept. 30, 2011	June 30, 2011
Operating revenues	**169,593**	157,312	140,518	140,419	126,288	77,983	78,002	82,103
Net operating income	**89,922**	90,334	81,566	79,035	66,880	47,202	47,270	47,054
Net income	**59,697**	231,859(1)	31,824	45,762	32,726	95,703(1)	27,918	28,221
Net income per unit (basic)	**0.48**	1.87	0.27	0.43	0.36	1.38	0.44	0.44
Net income per unit (diluted)	**0.47**	1.73	0.27	0.42	0.36	1.18	0.42	0.42
Distributable income	**52,485**	48,717	44,126	41,816	35,246	26,738	25,931	26,332
Recurring DI per unit (FD)	**0.38**	0.39	0.37	0.39	0.38	0.38	0.39	0.39
Recurring FFO from operations	**55,100**	57,071	51,508	49,363	42,508	29,666	28,624	27,886
Recurring FFO per unit (FD)	**0.43**	0.45	0.43	0.45	0.45	0.41	0.43	0.42
Recurring AFFO	**47,084**	47,025	43,375	40,990	35,022	26,216	25,438	25,170
Recurring AFFO per unit (FD)	**0.38**	0.38	0.37	0.38	0.38	0.37	0.39	0.39
Distributions	**45,155**	45,287	43,598	39,505	35,630	26,429	23,272	23,069
Distributions per unit	**0.36**	0.36	0.36	0.36	0.36	0.36	0.36	0.36

(1) Includes the change in fair value of income properties.
DI: Distributable income
FD: Fully diluted
FFO: Funds from operations
AFFO: Adjusted funds from operations

GENERAL BUSINESS OVERVIEW

Cominar Real Estate Investment Trust is the third-largest diversified REIT in Canada and the largest commercial property owner in the Province of Québec. As at March 31, 2013, Cominar owned and managed a high-quality portfolio of 500 properties including 123 office buildings, 157 retail buildings and 220 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 $5.8 billion as at March 31, 2013.

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

PROPERTIES SUMMARY AS AT MARCH 31, 2013			
Segment	Number of Buildings	Leasable Space (sq. ft.)	Occupancy Rate (%)
Office	123	13,137,500	94.0%
Retail	157	7,758,000	94.1%
Industrial and Mixed-Use	220	15,991,000	93.7%
TOTAL	**500**	**36,886,500**	**93.9%**

OBJECTIVES AND STRATEGY

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

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

In accordance with Cominar's financial management policies on maintaining a sound and strong financial position over the long-term and providing unitholders with consistent and stable distributions, Cominar generally aims to maintain a debt ratio of approximately 50% of the gross carrying amount, even though the Contract of Trust provides for a ratio of up to 65%. In addition, Cominar is targeting a distribution ratio that should gradually attain approximately 90% of distributable income, in order to increase reserves.

Cominar also updated its development strategy which focuses on a two-fold approach: acquiring properties and property portfolios and carrying out development projects.

To sustain and eventually increase the pace of its growth, Cominar is exploring new markets outside Québec, as demonstrated by the acquisition of a portfolio of properties in the Atlantic Provinces in March 2010, and the acquisition of Canmarc as well as 67 properties from GE Capital Real Estate's portfolio in 2012. Through this strategy, Cominar has now established a presence across Canada.

Cominar believes that development projects contribute only a small portion of the Trust's targeted growth and that the impact of major speculative development projects on results is too diluted due to the long periods needed for their construction. Going forward, Cominar will therefore mainly grow through acquisitions and will limit the scale of development projects, executing only those that meet demand and the needs of its clients.

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 that investors can use to judge the stability of distributions;
- **Recurring funds from operations ("FFO") per unit**, which represent a standard real estate benchmark used to measure an entity's performance;
- **Recurring adjusted funds from operations ("AFFO") per unit**, which, by 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, represents 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 from 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 helps assess client satisfaction and loyalty;
- **Leasable area growth**, a decisive factor of Cominar's strategy for reaching its main objectives of providing unitholders with growing cash distributions and increasing and maximizing unit value;
- **Geographic and segment diversification**, which contributes to revenue stability by spreading real estate risk.

The following table summarizes our key performance indicators for the quarters ending March 31, 2013, and 2012.

PERFORMANCE INDICATORS

Periods ended March 31	Page	2013	2012	Δ%
Same property net operating income	15	**45,037**	44,434	1.4
Recurring DI per unit (FD)[(1)]	18	**0.38**	0.38	—
Recurring FFO per unit (FD)[(1)]	20	**0.43**	0.45	(4.4)
Recurring AFFO per unit (FD)[(1)]	22	**0.38**	0.38	—
Debt ratio (including convertible debentures)	24	**51.2%**	54.4%	
Interest coverage ratio	25	**2.85**	2.60	
Occupancy rate	28	**93.9%**	94.6%	
Retention rate	29	**23.3%**	35.9%	
Increase in leasable area	25	**5.1%**	44.3%	

(1) Fully diluted.

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

GROWTH OUTLOOK

Cominar ensures that its growth is achieved in an orderly and disciplined manner, and never losing sight of its main criterion — the long-term profitability of acquired assets. The acquisitions of Canmarc Real Estate Investment Trust and a portfolio of 67 income properties from GE Capital Real Estate made in 2012, as well as a portfolio of 19 income properties purchased during the first quarter, increased Cominar's assets by 111% since 2011 and has optimized the portfolio's segment and geographical diversification. Enriched by the experience it has acquired, Cominar's management is confident that it can successfully integrate these acquisitions in fiscal 2013 while fully benefiting from the resulting synergies. Cominar's management also plans to remain on the lookout for any opportunities that may arise.

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

PERFORMANCE ANALYSIS

OPERATIONAL RESULTS

The following tables summarize our main operating results for the quarters ended March 31, 2013 and 2012.

CONSOLIDATED STATEMENT OF NET INCOME

For the quarters ended March 31	2013	2012	Δ%
Operating revenues	**169,593**	126,288	34.3
Operating expenses	**79,671**	59,408	34.1
Net operating income	**89,922**	66,880	34.5
Other revenues	**4,906**	710	591.0
Finance charges	**(31,979)**	(28,357)	12.8
Trust administrative expenses	**(2,843)**	(2,456)	15.8
Restructuring charges	**(254)**	(237)	7.2
Transaction costs – business combinations	**—**	(9,907)	(100.0)
Gain on an investment in a public entity	**—**	6,222	(100.0)
Income taxes	**(55)**	(129)	(57.4)
Net income	**59,697**	32,726	82.4

NON-IFRS FINANCIAL MEASURES

For the quarters ended March 31	2013	2012	Δ%
Recurring DI	**47,579**	35,246	35.0
Distributions	**45,155**	35,630	26.7
Recurring FFO	**55,100**	42,508	29.6
Recurring AFFO	**47,084**	35,022	34.4

FINANCIAL POSITION

The following table summarizes assets and liabilities as well as unitholders' equity as at March 31, 2013 and December 31, 2012.

	March 31, 2013	December 31, 2012	Δ$	Δ%
ASSETS				
Investment property				
Income properties	**5,466,933**	5,294,984	171,949	3.2
Properties under development and land held for future development	**83,347**	53,234	30,113	56.6
Investments	**21,220**	21,509	(289)	(1.3)
Goodwill	**166,971**	166,971	—	—
Other assets	**105,785**	80,351	25,434	31.7
Total	**5,844,256**	5,617,049	227,207	4.0
LIABILITIES				
Mortgages payable	**1,766,199**	1,695,222	70,977	4.2
Debentures	**547,243**	448,530	98,713	22.0
Convertible debentures	**289,624**	289,134	490	0.2
Bridge loan	**84,000**	84,000	—	—
Bank borrowings	**313,816**	300,368	13,448	4.5
Other liabilities	**121,919**	102,900	19,019	18.5
Total	**3,122,801**	2,920,154	202,647	6.9
UNITHOLDERS' EQUITY	**2,721,455**	2,696,895	24,560	0.9
Total	**5,844,256**	5,617,049	227,207	4.0

RESULTS OF OPERATIONS

OPERATING REVENUES

For the quarters ended March 31	2013	2012	Δ%
Same property portfolio[1]	**86,532**	84,157	2.8
Acquisitions and developments	**83,061**	42,131	97.1
Total operating revenues	**169,593**	126,288	34.3

(1) The same property portfolio includes all properties owned by Cominar as at December 31, 2011, except for the property sold in 2012, but does not include the benefits of acquisitions and developments completed and integrated in the subsequent periods.

During the first quarter of 2013, operating revenues rose 34.3% from the corresponding period in 2012. This increase resulted primarily from the contribution of acquisitions completed in 2012 and 2013.

Same property portfolio operating revenues increased 2.8% in the first quarter of 2013, compared to the corresponding quarter of 2012.

NET OPERATING INCOME

For the quarters ended March 31	2013	2012	Δ%
Same property portfolio[(1)]	**45,037**	44,434	1.4
Acquisitions and developments	**44,885**	22,446	100.0
Total NOI	**89,922**	66,880	34.5

(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 define it as operating income before other revenues, finance charges, Trust administrative expenses, restructuring charges, gains from an investment in a public entity, transaction costs – business combinations, investment property fair value adjustment 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.

Overall NOI rose 34.5% during the first quarter of 2013, compared to the same period in 2012, due mainly to the acquisitions completed in 2012 and 2013.

For the first quarter of 2013, the NOI of our same property portfolio increased 1.4% compared to the same period in 2012.

SEGMENT NET OPERATING INCOME

BY OPERATING SEGMENT

For the quarters ended March 31	2013	2012	Δ%
Operating segment			
Office	**46,219**	31,464	46.9
Retail	**22,497**	18,930	18.8
Industrial and mixed-use	**20,277**	15,838	28.0
Residential	**929**	648	43.4
Total NOI	**89,922**	66,880	34.5

For the quarters ended March 31	2013	2012
Operating segment		
Office	**51.4%**	47.0%
Retail	**25.1%**	28.3%
Industrial and mixed-use	**22.5%**	23.7%
Residential	**1.0%**	1.0%
	100.0%	100.0%

BY GEOGRAPHIC MARKET

For the quarters ended March 31	2013	2012	Δ%
Geographic market			
Québec City	**17,733**	16,002	10.8
Montréal	**47,219**	36,700	28.7
Other – Québec	**2,091**	1,505	38.9
Ottawa(1)	**8,762**	2,192	299.7
Other – Ontario	**1,699**	1,144	48.5
Atlantic provinces	**5,416**	5,001	8.3
Western Canada	**7,002**	4,336	61.5
Total NOI	**89,922**	66,880	34.5

For the quarters ended March 31	2013	2012
Geographic market		
Québec City	**19.7%**	23.9%
Montréal	**52.5%**	54.9%
Other – Québec	**2.3%**	2.3%
Ottawa(1)	**9.8%**	3.2%
Other – Ontario	**1.9%**	1.7%
Atlantic provinces	**6.0%**	7.5%
Western Canada	**7.8%**	6.5%
	100.0%	100.0%

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

OTHER REVENUES

In connection with the restructuring of Homburg Invest Inc. ("HII") under the Company's Creditors Arrangement Act (Canada), Cominar filed a number of proofs of claim against HII. As of February 5, 2013, Cominar and HII entered into a memorandum of understanding related to, among other things, the settlement of these proofs of claim. Under this settlement, Cominar received a cash payment of approximately $6.3 million in settlement of various claims.

FINANCE CHARGES

For the quarters ended March 31	2013	2012	Δ%
Interest on mortgages payable	**21,765**	20,441	6.5
Interest on debentures	**5,378**	—	—
Interest on convertible debentures	**4,466**	5,860	(23.8)
Interest on bank borrowings and bridge loan	**3,439**	2,145	60.3
Amortization of capitalized financing costs and others	**1,518**	3,471	(56.3)
Amortization of fair value adjustments on assumed indebtedness	**(3,957)**	(3,092)	28.0
Less: Capitalized interest	**(630)**	(468)	24.8
Total finance charges	**31,979**	28,357	12.8
Percentage of operating revenues	**18.9%**	22.5%	
Weighted average interest rate on long-term debt	4.87%	5.15%	

The increase in finance charges was mostly due to increased financing following the acquisition of income property completed in 2012. Finance charges for 2012 includes a non-recurring expense of $2.1 million recognized in the first quarter.

Although finance charges increased 12.8%, compared to the same period in 2012, this item decreased slightly as a percentage of operating revenues, from 22.5% in 2012 to 18.9% in 2013. This decline was due to a gradual decrease in the average debt ratio and a decrease in weighted average interest rate on total debt, which was 4.87% at the end of the first quarter of 2013 compared to 5.15% one year earlier.

TRUST ADMINISTRATIVE EXPENSES

Trust administrative expenses amounted to $2.8 million as at March 31, 2013, compared to $2.5 million in 2012. Trust administrative expenses represented 1.7% of operating income for the first quarter of 2013 [1.9% in 2012].

NET INCOME

For the quarters ended March 31	2013	2012	Δ%
Net income	**59,697**	32,726	82.4
Net income per unit (basic)(1)	**0.48**	0.36	33.3
Net income per unit (diluted)(1)	**0.47**	0.36	30.6

(1) See "Per unit calculations" in this MD&A.

Cominar reported $59.7 million in net income for the first quarter of 2013, up 82.4% from the corresponding period in 2012. Net income per unit stood at $0.48, up 33.3% from the same period in 2012.

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.

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	2013	2012	Δ%
Net income	**59,697**	32,726	82.4
- Net amortization of premium and discount on debenture issue	**(45)**	—	—
- Amortization of fair value adjustments on assumed indebtedness	**(3,957)**	(3,092)	28.0
+ Amortization of fair value adjustments on bond investments	**78**	46	69.6
+ Amortization of capitalized financing costs	**1,426**	3,369	(57.7)
+ Compensation expense related to unit options	**669**	239	179.9
+ Accretion of liability component of convertible debentures	**59**	56	5.4
+ Restructuring charges	**254**	237	7.2
+ Transaction costs – business combinations	**—**	9,907	(100.0)
+ Deferred taxes	**55**	129	(57.4)
- Provision for leasing costs	**(4,289)**	(4,340)	(1.2)
- Change in fair value of an investment in a public entity	**—**	(2,582)	(100.0)
- Change in accounts receivable – recognition of leases on a straight-line basis	**(1,462)**	(1,449)	(0.9)
Distributable income	**52,485**	35,246	48.9
Unusual item – other revenues	**(4,906)**	—	—
Recurring DI	**47,579**	35,246	35.0
DISTRIBUTIONS TO UNITHOLDERS	**45,155**	35,630	26.7
Distributions reinvested under the distribution reinvestment plan(1)	**(9,108)**	(6,962)	30.8
Cash distributions	**36,047**	28,668	25.7
Percentage of distributions reinvested	**20.2%**	19.5%	
Per unit information:			
Recurring DI (basic)	**0.38**	0.39	(2.6)
Recurring DI (FD)(2)	**0.38**	0.38	—
DISTRIBUTIONS PER UNIT	**0.36**	0.36	
Payout ratio(3)	**94.7%**	92.3%	
Cash payout ratio(4)	**76.3%**	74.4%	

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

Recurring DI for the quarter ended March 31, 2013, amounted to $47.6 million, up 35.0% from the same period of 2012. This increase was primarily due to the contribution of the acquisitions completed in 2012 and 2013. Recurring DI per fully diluted unit totalled $0.38, identical to the same period of 2012.

Distributions to unitholders in the first quarter of 2013 totalled $45.2 million, up 26.7% from the same quarter of 2012. This increase is mainly attributable to the units issued in fiscal 2012 in connection with initial public offerings and the issuance of 16 million units upon the acquisition of Canmarc. Per unit distributions were $0.36 for the first quarters of both 2012 and 2013.

Distributable income per unit (fully diluted) stood at the same level as in 2012.

The recurring DI ratio for the quarter ended March 31, 2013 was 94.7%.

The cash payout ratio of recurring DI for the quarter ended March 31, 2013, rose slightly, from 74.4% in 2012 to 76.3% in 2013.

TRACK RECORD OF RECURRING DI PER UNIT

For the quarters ended March 31	2013	2012	2011	2010	2009[2]
Recurring DI per unit (basic)	**0.38**	0.39	0.36	0.37	0.39
Recurring DI per unit (FD)[1]	**0.38**	0.38	0.36	0.37	0.39

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

The Canadian Securities Administrators (CSA) requires Cominar to reconcile distributable income (a non-IFRS measure) with cash flows provided by operating activities as shown in the financial statements.

The following table presents this reconciliation:

For the quarters ended March 31	2013	2012
Cash flows provided by operating activities	**34,859**	4,545
- Amortization of other assets	**(143)**	(160)
+ Restructuring charges	**254**	237
+ Transaction costs – business combinations	**—**	9,907
- Provision for leasing costs	**(4,289)**	(4,340)
+ Change in non-cash working capital items	**21,804**	25,057
Distributable income	**52,485**	35,246

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

For the quarters ended March 31,	2013	2012	2011
Net income	**59,697**	32,726	25,619
Cash flows provided by operating activities	**34,859**	4,545	15,458
Distributions to unitholders	**45,155**	35,630	22,797
Cash distributions	**36,047**	28,668	18,993
Excess (shortfall) of cash flows from operating activities over cash distributions to unitholders	**(1,188)**	(24,123)	(3,535)
Adjustments:			
+ Transaction costs – business combinations	**—**	9,907	—
+ Restructuring charges	**254**	237	—
Excess (shortfall) of adjusted cash flows from operating activities over cash distributions to unitholders	**(934)**	(13,979)	(3,535)

For the quarter ended March 31, 2013, as in previous years, Cominar's adjusted cash flows from operating activities were insufficient to fund cash distributions to unitholders, mainly due to the cyclical nature of certain expenses. Annual cash flows from operations are usually sufficient to finance 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, among other things, fair value adjustments of investment property, deferred taxes and transaction costs incurred upon a business combination.

FFO should not be substituted for net income or cash flows from operating activities established in accordance with IFRS when measuring Cominar's performance. While our method of calculating FFO complies with REALpac recommendations, it may differ from methods applied by other entities. Therefore, it may not be useful for comparisons 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, 2013 and 2012:

FUNDS FROM OPERATIONS

For the quarters ended March 31	2013	2012	Δ%
Net income (IFRS)	**59,697**	32,726	82.4
+ Deferred income taxes	**55**	129	(57.4)
+ Transaction costs – completed business combination	**—**	9,907	(100.0)
Funds from operations	**59,752**	42,762	39.7
+ Amortization of capitalized financing costs(1)	**—**	2,091	(100.0)
+ Restructuring charges	**254**	237	7.2
- Unusual item – other revenues	**(4,906)**	—	—
- Change in fair value of an investment in a public entity	**—**	(2,582)	(100.0)
Recurring FFO	**55,100**	42,508	29.6
Per unit information:			
FFO (basic)	**0.48**	0.47	2.1
Recurring FFO (basic)	**0.44**	0.47	(6.4)
Recurring FFO (FD)(2)	**0.43**	0.45	(4.4)

(1) The amortization of capitalized financing costs includes a non-recurring expense of $2.1 million related to financing costs incurred on the unused acquisition credit facility and fully expensed during the first quarter upon the closing of such facility.
(2) Fully diluted.

For the first quarter of 2013, FFO calculated according to REALpac recommendations stood at $59.8 million, up 39.7% compared to the same period last year.

Recurring FFO for the first quarter of 2013 rose 29.6% from the same period in 2012, due mainly to the acquisitions completed in 2012 and 2013. Recurring FFO per unit on a fully diluted basis stood at $0.43 in the first quarter of 2013, down 4.4% compared to the same period in 2012.

As mentioned in our last Annual Report, during the review of Cominar's strategic plan in September 2011, management made a decision to reduce the REIT's overall debt ratio to approximately 50% of its gross carrying value. Cominar took advantage of the sizeable acquisitions it made in 2012 to attain this objective sooner than expected, which resulted in an impact on FFO per-unit results.

TRACK RECORD OF RECURRING FUNDS FROM OPERATIONS PER UNIT

For the quarters ended March 31	2013	2012	2011	2010	2009[(2)]
Recurring FFO per unit (basic)	**0.44**	0.47	0.41	0.41	0.45
Recurring FFO per unit (FD)[(1)]	**0.43**	0.45	0.40	0.40	0.44

(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 certain 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 investments required to maintain Cominar's ability to generate rental income from its property portfolio. AFFO is an additional indicator used 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 when measuring the Trust's performance. Cominar's 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 in order to maintain its capacity to generate rental income. These leasing costs include, among other things, leasehold improvements and initial direct costs, which are added to the carrying amount of investment properties in accordance with IFRS. Cominar also deducts capital expenditures incurred under its program to maintain its capacity to generate rental income from its property portfolio. These expenditures, which primarily include non-recoverable 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, 2013 and 2012:

ADJUSTED FUNDS FROM OPERATIONS

For the quarters ended March 31	2013	2012	Δ%
FFO	**59,752**	42,762	39.7
- Net amortization of premium and discount on debenture issue	**(45)**	—	—
+ Amortization of fair value adjustment on bond investments	**78**	46	69.6
+ Amortization of capitalized financing costs	**1,426**	3,369	(57.7)
- Amortization of fair value adjustments on assumed indebtedness	**(3,957)**	(3,092)	28.0
+ Compensation expense related to unit options	**669**	239	179.9
- Capital expenditures – maintenance of rental income generating capacity	**(495)**	(224)	121.0
+ Accretion of liability component of convertible debentures	**59**	56	5.4
+ Restructuring charges	**254**	237	7.2
- Provision for leasing costs	**(4,289)**	(4,340)	(1.2)
- Change in fair value of an investment in a public entity	**—**	(2,582)	(100.0)
- Change in accounts receivable – recognition of leases on a straight-line basis	**(1,462)**	(1,449)	0.9
AFFO	**51,990**	35,022	48.4
- Unusual item – other revenues	**(4,906)**	—	—
Recurring AFFO	**47,084**	35,022	34.4
Per unit information:			
AFFO (basic)	**0.42**	0.38	10.5
Recurring AFFO (basic)	**0.38**	0.38	—
Recurring AFFO (FD)(1)	**0.38**	0.38	—
Distributions per unit			
Payout ratio(2)	**94.7%**	94.7%	
Cash payout ratio(3)	**76.3%**	76.3%	

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

Recurring AFFO attained $47.1 million for the first quarter of 2013, up 34.4% from the same period of 2012; this was due mostly to the acquisitions completed in 2012 and 2013. Recurring AFFO per unit on a fully diluted basis stood at $0.38 for the first quarter of 2013, the same as for the corresponding period in 2012.

Fully diluted AFFO per unit stood at the same level as in 2012..

The cash payout ratio of recurring AFFO for the quarter ended March 31, 2013, was 76.3%, the same as for the corresponding period in 2012.

TRACK RECORD OF RECURRING ADJUSTED FUNDS FROM OPERATIONS PER UNIT

For the quarters ended March 31	2013	2012	2011	2010	2009(2)
Recurring AFFO per unit (basic)	**0.38**	0.38	0.35	0.37	0.38
Recurring AFFO per unit (FD)(1)	**0.38**	0.38	0.35	0.37	0.38

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

LIQUIDITY AND CAPITAL RESOURCES

MORTGAGES PAYABLE

As at March 31, 2013, the balance of mortgages payable was $1,724.0 million, up $67.0 million from $1,657.0 million as at March 31, 2012, arising primarily from the acquisitions of income properties completed in 2012 and 2013. At the end of the period, the weighted average contractual interest rate was 5.17%, down 19 basis points from 5.36% as at March 31, 2012.

Cominar's mortgage maturity dates are staggered over a number of years to reduce the risks related to renewal. As at March 31, 2013, the residual average term of mortgages payable was 3.9 years.

The following table shows mortgage repayments for the coming fiscal years:

REPAYMENTS OF MORTGAGES PAYABLE

For the years ending December 31	Repayment of principal	Repayment of balances at maturity	Total	Average contractual interest rate (%)
2013 (from April 1 to December 31)	34,520	326,459	360,979	4.85
2014	42,952	178,587	221,539	5.70
2015	33,895	250,611	284,506	5.02
2016	28,131	75,927	104,058	4.99
2017	25,296	151,725	177,021	4.97
2018 and thereafter	56,644	519,203	575,847	5.30
Total	221,438	1,502,512	1,723,950	5.17

DEBENTURES

The following table presents the characteristics of Cominar's unsecured debentures, as well as the balance per series, as at March 31, 2013:

DEBENTURES

	Series 1	Series 2	Total
Contractual interest rate	**4.274%**	**4.23%**	
Effective interest rate	**4.32%**	**4.32%**	
Date of issuance	**June 15, 2012**	**December 4, 2012**	
Date of interest payment	**June 15 and December 15**	**June 4 and December 4**	
Maturity date	**June 15, 2017**	**December 4, 2019**	
	$	$	$
Balance as at March 31, 2013	**250,000**	**300,000**	**550,000**

On February 5, 2013, Cominar re-opened its Series 2 offering by issuing $100 million in senior unsecured debentures bearing an interest rate of 4.23% and maturing on December 4, 2019.

CONVERTIBLE DEBENTURES

The following table shows the characteristics of Cominar's unsecured subordinated convertible debentures and their balances by series, as at March 31, 2013.

CONVERTIBLE DEBENTURES

	Series C	Series D	Series E	Total
Contractual interest rate	**5.80%**	**6.50%**	**5.75%**	
Effective interest rate	**6.60%**	**7.50%**	**6.43%**	
Date of issuance	**October 2007**	**September 2009**	**January 2010**	
Amount issued	**$110,000**	**$115,000**	**$86,250**	
Unit conversion price	**$25.25**	**$20.50**	**$25.00**	
Date of interest payment	**March 31 & September 30**	**March 31 & September 30**	**June 30 & December 31**	
Date of redemption at Cominar's option – conditional	**September 2010**	**September 2012**	**June 2013**	
Date of redemption at Cominar's option – unconditional	**September 2012**	**September 2014**	**June 2015**	
Maturity date	**September 2014**	**September 2016**	**June 2017**	
	$	**$**	**$**	**$**
Balance as at March 31, 2013	**110,000**	**99,806**	**86,250**	**296,056**

As at March 31, 2013, the weighted average contractual interest rate on these convertible debentures was 6.02%.

As at March 31, 2013, only Series C met all the conditions necessary for an authorized redemption of convertible debentures.

BANK BORROWINGS

As at March 31, 2013, Cominar had operating and acquisition credit facilities of up to $550.0 million. These facilities are reimbursable in two parts over two and three years and 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, 2013, bank borrowings totalled $313.8 million.

DEBT RATIO

The following table presents debt ratios as at March 31, 2013 and 2012, and at December 31, 2012:

DEBT RATIO

	March 31, 2013	December 31, 2012	March 31, 2012
Cash and cash equivalents(1)	**(6,466)**	(10,664)	(508)
Mortgages payable	**1,766,199**	1,695,222	1,710,582
Debentures	**547,243**	448,530	—
Convertible debentures	**289,624**	289,134	381,805
Bridge loan	**84,000**	84,000	84,000
Bank borrowings	**313,816**	300,368	366,664
Total debt	**2,994,416**	2,806,590	2,542,543
Total assets	**5,844,256**	5,617,049	4,672,348
Overall debt ratio(2)(3)	**51.2%**	50.0%	54.4 %
Debt ratio (excluding convertible debentures)	**46.3%**	44.8%	46.2 %
Additional borrowing capacity – 65% of carrying amount(4)	**2,298,000**	2,413,000	1,413,000

(1) Cash and cash equivalents do not include restricted cash since it cannot be used to reduce borrowings.
(2) The overall debt ratio is equal to total cash and cash equivalents, bank borrowings, mortgages payable, bridge loan, debentures and convertible debentures divided by total assets.
(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 the carrying amount (65% if convertible debentures are outstanding).

Cominar's management aims to maintain a debt ratio that, generally, should be approximately 50% of the gross carrying amount, even though the Contract of Trust provides for a ratio of up to 65%.

INTEREST COVERAGE RATIO

Cominar calculates its interest coverage ratio by dividing net operating income by finance charges. The interest coverage ratio is used to assess Cominar's ability to pay interest on its debt from operating revenues. As at March 31, 2013, Cominar's annualized interest coverage ratio stood at 2.85:1 [2.74:1 on December 31, 2012], proving its capacity to meet its obligations in this respect.

Management considers Cominar's current financial situation to be sound and strong, and does not foresee any difficulty in renewing the mortgages maturing in the coming quarters.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL COMMITMENTS

Cominar has no 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.

Cominar has agreed to pay an amount of $45.9 million for work to be performed on a property under development and land held for future development.

Cominar has no significant contractual commitments other than the one mentioned above, as well as 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 on the property portfolio:

	March 31, 2013	December 31, 2012
Income properties	**5,466,933**	5,294,984
Properties under development and land held for future development	**83,347**	53,234
Number of properties	**500**	481
Leasable area (sq. ft.)	**36,886,500**	35,097,000

SUMMARY BY OPERATING SEGMENT

As at March 31, 2013	Number of properties	Leasable area (sq. ft.)
Office	**123**	**13,137,500**
Retail	**157**	**7,758,000**
Industrial and mixed-use	**220**	**15,991,000**
Residential(1)	**—**	**—**
Total	**500**	**36,886,500**

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

SUMMARY BY GEOGRAPHIC MARKET

As at March 31, 2013	Number of properties	Leasable area (sq. ft.)
Québec City	106	7,641,000
Montréal	252	21,468,000
Other – Québec	27	814,000
Ottawa[(1)]	19	2,212,000
Other – Ontario	13	589,000
Atlantic provinces	63	2,951,500
Western Canada	20	1,211,000
Total	**500**	**36,886,500**

(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 the acquisition of companies and high-quality properties 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 INCOME PROPERTIES

On January 31, 2013, Cominar acquired a portfolio of 18 industrial properties primarily located on the South Shore of Montréal and one office property located in Montréal, for a purchase price of $149.8 million. The portfolio represents a total of approximately 1.8 million square feet of leasable area, consisting of approximately 1.7 million square feet of industrial space and approximately 0.1 million square feet of office space. As part of this transaction, Cominar also acquired a vacant lot of 173,569 square feet located in Saint-Bruno-de-Montarville, for $1.4 million.

On March 21, 2013, Cominar acquired an office building located in Fredericton, New Brunswick, for $5.7 million, paid in cash; this building has a leasable area of 44,500 square feet.

The following table presents detailed information on these acquisitions:

Investment Property	City/Province	Market Segment[1]	Closing Date	Leasable Area	Acquisition Price	Capitalization Rate	Occupancy Rate
				sq. ft.	$	%	%
600-610, Bériault[2]	Longueuil, QC	I	February 2013	56,000	151,200	7.0	100.0
2044, de la Province[2]	Longueuil, QC	I	February 2013	50,000	—	—	100.0
2060-2068, de la Province[2]	Longueuil, QC	I	February 2013	45,000	—	—	100.0
2099-2111, de la Province[2]	Longueuil, QC	I	February 2013	51,000	—	—	100.0
789-799, Jean-Paul-Vincent[2]	Longueuil, QC	I	February 2013	125,000	—	—	96.8
839-859, Jean-Paul-Vincent[2]	Longueuil, QC	I	February 2013	92,000	—	—	94.9
877, Jean-Paul-Vincent[2]	Longueuil, QC	I	February 2013	106,000	—	—	100.0
2099-2109, Fernand-Lafontaine[2]	Longueuil, QC	I	February 2013	65,000	—	—	100.0
2177, Fernand-Lafontaine[2]	Longueuil, QC	I	February 2013	74,000	—	—	100.0
2199, Fernand-Lafontaine[2]	Longueuil, QC	I	February 2013	208,000	—	—	96.0
2525, Fernand-Lafontaine[2]	Longueuil, QC	I	February 2013	72,000	—	—	100.0
730, Delage[2]	Longueuil, QC	I	February 2013	62,000	—	—	100.0
830, Delage[2]	Longueuil, QC	I	February 2013	50,000	—	—	100.0
770, Guimond[2]	Longueuil, QC	I	February 2013	119,000	—	—	100.0
2625, Jacques-Cartier[2]	Longueuil, QC	I	February 2013	63,000	—	—	100.0
1280, Nobel[2]	Boucherville, QC	I	February 2013	52,000	—	—	68.5
1201-1203, Marie-Victorin[2][3]	Saint-Bruno, QC	I	February 2013	155,000	—	—	89.4
3300, Trans-Canada Highway[2]	Pointe-Claire, QC	I	February 2013	218,000	—	—	100.0
1555, Carrie-Derick[2]	Montréal, QC	O	February 2013	82,000	—	—	100.0
432 Queen Street	Fredericton, NB	O	March 2013	44,500	5,700	8.0	100.0
				1,789,500	**156,900**	**7.0**	**97.2**

(1) I: Industrial; O: Office.
(2) These 19 buildings were part of the same transaction.
(3) Includes the 174,000 sq. ft. vacant lot acquired for a purchase price of $1.4 million.

The results of operations of investment properties acquired are included in the condensed interim consolidated financial statements from their acquisition dates.

ACQUISITION OF LAND HELD FOR FUTURE DEVELOPMENT

On March 15, 2013, Cominar acquired approximately 508,780 square feet of vacant land located in Calgary, Alberta, which includes a parkade structure with approximately 347 parking spaces. With the acquisition of these lots, which are adjacent to the Centron Park office buildings that Cominar already owns, Cominar is now the sole proprietor of the Centron Park Complex. Cominar paid $20.5 million for these properties.

DISPOSAL OF AN INCOME PROPERTY

On January 9, 2013, Cominar sold a retail property in the Montreal area for $3.5 million. The results generated by this building are not included in our same property results. The sale of this building will not have a significant impact on Cominar's future results.

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 their rental income generating capacity.

During the first quarter of 2013, Cominar incurred $6.7 million ($4.0 million in 2012) of capital expenditures to increase the rental income generating capacity of its properties or to reduce the related operating expenses. Cominar also incurred $0.5 million ($0.2 million in 2012) 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, as well as in other leasing costs, mostly brokerage fees and tenant inducements. The level of investment required may vary from quarter to quarter since it closely depends on lease renewal and the signing of new leases. It also depends on the increase in rental space due to newly acquired, expanded or upgraded properties, or rental space transferred from properties under development. During the first quarter of 2013, Cominar made investments of $7.3 million in this respect ($7.6 million in 2012), of which $3.0 ($2.6 million in 2012) was in newly acquired, expanded or upgraded properties, or those recently transferred from properties under development.

PROPERTY DEVELOPMENT PROGRAM

As at March 31, 2013, Cominar was working on three projects relating to properties under development.

The first project concerns an office building. This project, which was initially planned at 240,000 square feet distributed over 12 floors, has now grown to 284,000 square feet distributed over 14 floors and its construction cost is now estimated at $46 million. Adjacent to the Place Laval 1, 2, 3 and 4 complex, this building will be mainly occupied by the Government of Québec, under a long-term lease, for an area representing 79.0% 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 consists of an industrial and mixed-use building located at 125 Fortin Street, in Québec City. With an area of 49,000 square feet and representing an investment estimated at $3.9 million, this project is 90% pre-leased, and its expected capitalization rate is 8.9%.

The third project is a retail building with approximately 5,500 square feet; this building will be located on the Promenades Beauport shopping center lot, in Québec City. The cost of construction for this building is estimated at $1.4 million. This building is already 100% leased to two tenants who will begin their operations during the second quarter of 2013. The expected capitalization rate for this project is 9.3%.

REAL ESTATE OPERATIONS

OCCUPANCY RATE

As at March 31, 2013, the average occupancy rate of our properties stood at 93.9%. During the quarter, Cominar renewed 23.3% of leases maturing in 2013, and also signed new leases representing an area of 0.7 million square feet.

OCCUPANCY RATE TRACK RECORD

	March 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009
Operating segment (%)					
Office	**94.0**	94.3	95.2	95.2	94.1
Retail	**94.1**	94.6	96.9	96.1	96.3
Industrial and mixed-use	**93.7**	93.1	91.8	92.3	92.5
Portfolio total	**93.9**	93.9	93.6	93.8	93.5
Residential[(1)]	**97.2**	97.9	—	—	—

(1) The residential segment consists of 485 residential units located in three retail properties. This segment is mainly the results of the Canmarc acquisition in 2012.

LEASING ACTIVITY

The following table summarizes Cominar's leasing activity for 2013:

LEASE MATURITIES AND RENEWALS BY OPERATING SEGMENT

	Office	Retail	Industrial and mixed-use	Total
Leases maturing in 2013				
Number of tenants	394	302	298	994
Leasable area (sq. ft.)	1,566,000	920,000	2,177,000	4,663,000
Average net rent ($/sq. ft.)	12.51	11.48	6.31	9.41
Renewed leases				
Number of tenants	82	82	63	227
Leasable area (sq. ft.)	357,000	257,000	475,000	1,089,000
Average net rent ($/sq. ft.)	14.46	12.21	7.47	10.88
Renewal (%)	**22.8**	**28.0**	**21.8**	**23.3**
New leases				
Number of tenants	49	31	46	126
Leasable area (sq. ft.)	222,000	192,000	310,000	724,000
Average net rent ($/sq. ft.)	12.98	12.71	5.67	9.77

In the first quarter of 2013, leasing activity reached an acceptable level across our portfolio, with 23.3% of maturing leases renewed. We also signed new leases for a total leasable area of 0.7 million square feet. Lease renewal rates rose 8.3% overall. Our three operating segments posted increases: 11.1% (office), 8.1% (retail) and 4.3% (industrial and mixed-use).

Given our strong lease renewal track record and the 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 in the coming quarters.

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

LEASE MATURITIES

	2014	2015	2016	2017	2018
Office					
Leasable area (sq. ft.)	2,071,000	2,126,000	1,684,000	1,409,000	1,097,000
Lease rate ($/sq. ft.)	13.41	13.04	13.87	14.00	13.19
% of portfolio – Office	24.7	25.3	20.1	16.8	13.1
Retail					
Leasable area (sq. ft.)	710,000	704,000	723,000	794,000	1,101,000
Lease rate ($/sq. ft.)	13.40	14.10	16.04	13.15	10.68
% of portfolio – Retail	17.6	17.5	17.9	19.7	27.3
Industrial and mixed-use					
Leasable area (sq. ft.)	2,190,000	2,540,000	1,841,000	1,904,000	959,000
Lease rate ($/sq. ft.)	5.89	5.66	6.06	6.41	7.01
% of portfolio – Industrial and mixed-use	23.2	26.9	19.5	20.2	10.2
Portfolio total					
Leasable area (sq. ft.)	4,971,000	5,370,000	4,248,000	4,107,000	3,157,000
Lease rate ($/sq. ft.)	10.09	9.69	10.85	10.32	10.44
% of portfolio	13.5	14.6	11.5	11.1	8.6

The following table summarizes information on leases as at March 31, 2013:

	Average remaining lease term (years)	Average leased area per tenant (sq. ft.)	Average net rent/ sq. ft. ($)
Office	3.9	6,300	13.33
Retail	4.8	3,900	13.32
Industrial and mixed-use	4.8	12,600	5.87
Portfolio average	**4.5**	**6,900**	**10.10**

Cominar has a broad, highly diversified retail client base, consisting of 5,000 tenants occupying an average of approximately 6,900 square feet each. Our top three tenants, PWGSC (Public Works Canada), Canadian National Railway Company, and *Société immobilière du Québec* account for approximately 7.2%, 4.4% and 3.3% 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 10.5% come from government agencies.

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

Tenant	% of revenues	Leased area (sq. ft.)
Public Works Canada	7.2	1,942,000
Canadian National Railway Company	4.4	1,562,000
Société immobilière du Québec	3.3	1,403,000
Ericsson Canada Inc.	1.8	402,000
Jean Coutu Group	1.5	348,000
Target Canada	1.0	421,000
Co-op Atlantic	0.8	523,000
Métro Inc.	0.7	364,000
LDC Logistics Development Corp.	0.6	527,000
Hudson's Bay Company	0.6	484,000
Total	**21.9**	**7,976,000**

ISSUED AND OUTSTANDING UNITS

	March 31, 2013	December 31, 2012
Units issued and outstanding, beginning of period	**124,349,608**	77,051,260
+ Units issued under public offerings	—	28,088,750
+ Units issued on exercise of options	**172,700**	1,019,050
+ Units issued under distribution reinvestment plan	**271,167**	1,601,096
+ Units issued on conversion of convertible debentures	—	589,453
+ Units issued under a business combination	—	15,999,999
Units issued and outstanding, end of period	**124,793,475**	124,349,608

Additional information	As at May 7, 2013
Issued and outstanding units	125,092,685
Outstanding unit options	5,464,500
Prospective units – conversion of convertible debentures	12,675,021
Deferred and restricted units	36,977

PER UNIT CALCULATIONS

For the quarters ended March 31	2013	2012
Weighted average number of units outstanding, basic	**124,476,706**	91,025,021
Dilutive effect of unit options	**246,096**	393,420
Dilutive effect of convertible debentures	**12,675,021**	16,483,523
Weighted average number of units, diluted and fully diluted	**137,397,823**	107,901,964

The calculation of the diluted weighted average number of units outstanding does not take into account 2,621,100 outstanding options [30,000 as at March 31, 2012] since the exercise price of the options, including the fair value of any asset or service to be provided to the entity in the future as part of these plans, is higher than the price of the units, as well as 36,808 restricted and deferred units [0 as at March 31, 2012]. The calculation of diluted and fully diluted net income per unit also includes the elimination of $4.5 million [$5.9 million for the quarter ended March 31, 2012] in interest on convertible 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. 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 2013, Cominar recorded $36.0 million in net rental income from Dalcon Inc. and the Dallaire Group Inc. Cominar also incurred costs of $2.2 million for leasehold improvements performed by Dalcon on its behalf and costs of $5.7 million for the construction and development of investment property.

These transactions were entered into in the normal course of business and were 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.

Evaluations are performed regularly to assess the effectiveness of DC&P, including this MD&A and the financial statements. Based on these 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, 2013, and, more specifically, that the current controls and procedures provide 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 ICFR was effective as at the end of the period ended March 31, 2013, 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 to the Trust's internal controls over financial reporting during the first quarter of 2013 that have materially affected, or are reasonably likely to materially affect, internal controls 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, 2012, 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 to establish the carrying amount of assets and liabilities. Use of other accounting policies or methods of estimation might have yielded different amounts than those presented. Actual results could differ.

Investment property

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 presents its investment property based on the fair value model. 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 property 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 appraisals of its investment property 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 property.

The fair value of Cominar's investment property 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) synergies among different investment properties; and (iii) a fully integrated management approach. Therefore, the fair value of Cominar's investment property taken as a whole could differ from that appearing on the consolidated balance sheet.

Properties under development in the 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.

Capitalization of costs

Cominar capitalizes into investment property the costs incurred to increase their capacity, replace certain components and make improvements after the acquisition date. The Trust also capitalizes major maintenance and repair expenses providing benefits that will last far beyond the end of the reporting period. When Cominar determines that the acquisition of an investment property is an asset acquisition, the Trust capitalizes all costs that are directly related to the acquisition of the property, as well as all expenses incurred to carry out the transaction.

Concerning properties under development and land held for future development, the Trust capitalizes all direct costs incurred for their acquisition, layout and construction. Such capitalized costs also include borrowing costs that are directly attributable to the property concerned. Cominar begins capitalizing borrowing costs when it incurs expenditures for the properties in question and it undertakes activities that are necessary to prepare these properties for their intended use. Cominar ceases capitalizing borrowing costs when the asset is ready for management's intended use.

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 property. Leases generally provide for the tenants' payment of maintenance expenses for 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.

Leasing costs

Leasehold improvements, incurred directly by Cominar or through an allowance to tenants, as well as initial direct costs, mostly brokerage fees incurred to negotiate or prepare leases, are not amortized.

Tenant inducements, mostly the payment of a monetary allowance to tenants and the granting of free occupancy periods, are recognized in profit or loss and are subsequently amortized on a straight-line basis over the related lease term.

All these costs are added to the carrying amount of investment property as they are incurred.

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 the taxation acts of the provinces concerned. These subsidiaries account for their current or recovered taxes at the current enacted tax rates and use 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.

Financial instruments

Cominar groups its financial instruments into classes according to their nature and characteristics. Management determines such classification upon initial measurement, which is usually at the date of acquisition.

Cominar has used the following classifications for its financial instruments:

– The investment in a public entity is classified as a "financial asset at fair value through profit or loss." It was initially measured at fair value. Subsequently, it has been measured at fair value, and the adjustment recognized in profit or loss.

– Bond investments are classified as investments held until their maturity dates.

- Cash and cash equivalents, restricted cash and accounts receivable, including loans to certain clients, are classified as "Loans and receivables." They are initially measured at fair value. Subsequently, they are measured at amortized cost using the effective interest method. For Cominar, this value generally represents cost.

- Mortgages payable, debentures, convertible debentures, the bridge loan, bank borrowings, and accounts payable and accrued liabilities are classified as "Other financial liabilities." They are initially measured at fair value. Subsequently, they are measured at amortized cost using the effective interest method.

Incentive plan based on equity securities

Cominar has an incentive plan based on equity securities in order to attract, retain and motivate those who act as service providers. This plan does not provide for any cash settlements.

Unit purchase options

The Trust recognizes compensation expense on unit options granted, based on their fair value, which is calculated using an option valuation model. The compensation expense is amortized using the graded vesting method.

Restricted units

The Trust recognizes compensation expense on restricted unit options granted, based on their fair value on the date of the grant. The fair value of restricted units represents the market value of Cominar units on the date of the grant. The compensation expense is amortized on a straight-line basis over the duration of the purchase period.

Deferred units

The Trust recognizes compensation expense on deferred unit options granted, based on their fair value on the date of the grant. The fair value of restricted units represents the market value of Cominar units on the date of the grant. The compensation expense is amortized using the graded vesting method.

Per unit calculations

Basic net income per unit is calculated based on the weighted average number of units outstanding for the year. 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.

Segment Information

Segment information is presented in accordance with IFRS 8, which recommends presenting and disclosing segment information in accordance with information that is regularly assessed by the chief operating decision makers in order to determine the performance of each segment.

NEW ACCOUNTING POLICIES

On January 1, 2013, Cominar adopted the new accounting standards and modifications to some existing standards, as follows:

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 previous IFRS, consolidation was required when an entity had 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." The implementation of this new standard did not have any impact on Cominar's condensed interim consolidated 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 previous IFRS, entities could elect to account for interests in joint ventures by using proportionate consolidation or the equity method. IFRS 11 supersedes IAS 31, “Interests in Joint Ventures,” and SIC-13, “Jointly Controlled Entities—Non-monetary Contributions by Venturers.” The implementation of this new standard did not have any impact on Cominar’s condensed interim consolidated financial statements.

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 entities and off-balance sheet instruments. 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. The implementation of this new standard did not have any impact on Cominar’s condensed interim consolidated financial statements.

IFRS 13 – “Fair Value Measurement”

IFRS 13 is a comprehensive standard on 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. The implementation of this new standard did not have any impact on Cominar’s condensed interim consolidated financial statements.

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” and IAS 34, “Interim Financial Reporting.” IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in separate financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10, IFRS 11, IFRS 12 and IFRS 13.

The implementation of these modifications to new accounting standards IAS 27 and IAS 28 did not have any impact on Cominar’s condensed interim consolidated financial statements.

IAS 34, "Interim Financial Reporting, " was amended to include, in interim financial statements, the information on the fair value required by IFRS 7, "Financial Instruments: Disclosures,” and IFRS 13, “Fair Value Measurement.” The changes made to this accounting standard were applied to Cominar’s condensed interim consolidated financial statements.

RISKS AND UNCERTAINTIES

Like all real estate entities, the Cominar REIT is exposed, in the normal course of business, to various 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 to which it is exposed in its business.

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

The real estate industry is 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 favorable to Cominar for future property acquisitions and developments, including for the financing or refinancing of properties, for funding operating expenses or for other purposes. In addition, Cominar may not be able to borrow funds under its credit facilities due to limitations on Cominar’s ability to incur debt 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 reduce the amount of cash available for distributions.

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

DEBT FINANCING

Cominar has and will continue to have substantial outstanding consolidated borrowings comprised primarily of hypothecs, property mortgages, debentures, and borrowings 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 cash flows from operations, additional borrowings 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 accelerated repayment of the amounts owed and that restrict the distributions that may be made by Cominar. Therefore, upon an event of default under such borrowings 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 dedicated 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, 2013, are repayable in two tranches over two and three years. Cominar also has a bridge loan of an amount of $84.0 million, renewable in 2013.

Cominar is exposed to debt financing risks, including the risk that the existing hypothecary borrowings secured by its properties cannot be refinanced or that the terms of such refinancing will not be as favourable as the terms of the existing loans. In order to minimize this risk, Cominar tries to appropriately structure the timing of the renewal of significant tenant leases on its respective properties in relation to the times at which the hypothecary borrowings on such properties become 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 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 cannot be leased on economically favorable lease terms. In the event of default by a tenant, delays or limitations may be experienced in enforcing Cominar's rights as a lessor and substantial costs may be incurred to protect Cominar's investment. 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 competition for tenants by other properties. Costs may need to be incurred to make improvements or repairs to property as required by a new tenant. The failure to rent unleased space on a timely basis or at all or at rents that are equivalent to 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 a property, a 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 under 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 the purchase prices of such investments 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 by 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, this 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, our ability to obtain the 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 of assumptions 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 and capable 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 regulations that is 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 decades. Under various laws, Cominar could become liable for the costs of removing or remediating 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 expenditures 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 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

A special tax regime applies to trusts and partnerships that are considered SIFT entities as well as those individuals who invest in SIFT entities. Under this regime, SIFT entities must generally pay taxes on their income at rates that are close to those of companies. In short, a SIFT entity is an entity (including a trust) that resides in Canada, whose investments are listed on a stock exchange or other public market and that holds one or more non-portfolio properties.

Exception for real estate investment trusts (REITs)

For a given taxation year, Cominar is not considered a SIFT entity and is therefore not subject to SIFT rules if, during that year, it constitutes a REIT. On October 24, 2012, Canada's Minister of Finance tabled a notice of ways and means motion suggesting modifications aimed at SIFT entities, which received first reading by the House of Commons on November 21, 2012. Generally, to qualify as a REIT, a trust must be resident in Canada and meet the following conditions: [i] at each time in the taxation year the total fair market value of all "non-portfolio properties" that are "qualified REIT properties" held by the trust is at least 90% of the total fair market value at that time of all the "non-portfolio assets" held by the trust, [ii] not less than 90% of its "gross REIT revenue" for the taxation year is from one or more of the following sources: rent from "real or immovable properties," interest, capital gains from dispositions of real or immovable properties, dividends and royalties, and gains from dispositions of "eligible resale properties"; [iii] not less than 75% of its "gross REIT revenue" for the taxation year is from one or more of the following sources: rent from "real or immovable properties," interest from mortgages, or hypothecs, on "real or immovable properties," and capital gains from dispositions of "real or immovable properties" that are capital property, [iv] at each time in the taxation year, that is equal to 75% or more of the equity value of the trust at that time, is the amount that is the total fair market value of all properties held by the trust each of which is "real or immovable property," which is a capital property, an "eligible resale property," indebtedness to 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; and v) the investments made therein are, at any time in the taxation year, listed or traded on a stock exchange or other public market.

As at March 31, 2013, considering the evaluation of Cominar's assets and the results of its normal business activities, management believes that the trust currently meets all the criteria required to qualify for the REIT exception, as per the REIT exception currently in effect and in compliance with the changes that are being proposed for SIFT entities. 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. Nonetheless, there is no guarantee that Cominar will continue to meet all the required conditions to be eligible for the REIT exception for 2013 or any other subsequent year.

Were the REIT exception not applicable to Cominar at any time in a year (including the current taxation year), the proposed amendments to SIFT 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.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

COMINAR REAL ESTATE INVESTMENT TRUST
March 31, 2013

CONSOLIDATED BALANCE SHEETS

[unaudited, in thousands of Canadian dollars]

	Note	March 31, 2013	December 31, 2012
		$	$
ASSETS			
Investment property			
Income properties	4	**5,466,933**	5,294,984
Properties under development	5	**30,546**	21,537
Land held for future development	5	**52,801**	31,697
		5,550,280	5,348,218
Bond investments		**21,220**	21,509
Goodwill		**166,971**	166,971
Prepaid expenses and other assets		**30,955**	11,571
Accounts receivable		**52,141**	42,904
Restricted cash		**16,223**	15,212
Cash and cash equivalents		**6,466**	10,664
Total assets		**5,844,256**	5,617,049
LIABILITIES			
Mortgages payable	6	**1,766,199**	1,695,222
Debentures	7	**547,243**	448,530
Convertible debentures		**289,624**	289,134
Bridge loan		**84,000**	84,000
Bank borrowings		**313,816**	300,368
Accounts payable and accrued liabilities		**98,083**	94,083
Income taxes payable		**—**	12
Deferred tax liability		**8,861**	8,805
Distributions payable to unitholders		**14,975**	—
Total liabilities		**3,122,801**	2,920,154
UNITHOLDERS' EQUITY			
Unitholders' equity		**2,721,455**	2,696,895
Total liabilities and unitholders' equity		**5,844,256**	5,617,049

See accompanying notes to the condensed interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

For the quarters ended March 31

[unaudited, in thousands of Canadian dollars]

	Note	Unitholders' contributions	Cumulative net income	Cumulative distributions	Contributed surplus	Equity component of convertible debentures	Total
		$	$	$	$	$	$
Balance as at January 1, 2013		2,197,826	1,278,292	(783,586)	2,627	1,736	2,696,895
Net income and comprehensive income		—	59,697	—	—	—	59,697
Distributions to unitholders	8	—	—	(45,155)	—	—	(45,155)
Unit issues	8	9,523	—	—	—	—	9,523
Unit issue expenses		(11)	—	—	—	—	(11)
Long term incentive plan		—	—	—	506	—	506
Balance as at March 31, 2013		2,207,338	1,337,989	(828,741)	3,133	1,736	2,721,455

	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	8	—	—	(35,630)	—	—	(35,630)
Unit issues		566,510	—	—	—	(1)	566,509
Unit issue expenses		(8,651)	—	—	—	—	(8,651)
Long term incentive plan		—	—	—	(279)	—	(279)
Balance as at March 31, 2012		1,708,594	968,847	(655,195)	1,907	1,744	2,025,897

See accompanying notes to the condensed interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the quarters ended March 31

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

	Note	2013	2012
		$	$
Operating revenues			
Rental revenue from investment property		**169,593**	126,288
Operating expenses			
Operating costs		**37,106**	28,171
Realty taxes and services		**39,203**	28,605
Property management expenses		**3,362**	2,632
		79,671	59,408
Net operating income		**89,922**	66,880
Other revenues	9	**4,906**	710
Finance charges		**(31,979)**	(28,357)
Trust administrative expenses		**(2,843)**	(2,456)
Restructuring charges		**(254)**	(237)
Transaction costs – business combinations		**—**	(9,907)
Gains on an investment in a public entity		**—**	6,222
Income before income taxes		**59,752**	32,855
Deferred income taxes		**(55)**	(129)
Net income and comprehensive income		**59,697**	32,726
Basic net income per unit	10	**0.48**	0.36
Diluted net income per unit	10	**0.47**	0.36

See accompanying notes to the condensed interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Note	2013	2012
		$	$
OPERATING ACTIVITIES			
Net income		**59,697**	32,726
Adjustments for:			
Amortization of fair value adjustments on assumed indebtedness		**(3,957)**	(3,092)
Amortization of fair value adjustments on bond investments		**78**	46
Amortization of capitalized finance charges and other assets		**1,568**	3,529
Net amortization of premium and discount on debenture issue		**(45)**	—
Compensation expense related to long term incentive plan		**669**	239
Accretion of liability component of convertible debentures		**59**	56
Deferred taxes		**56**	129
Change in accounts receivable – recognition of leases on a straight-line basis		**(1,462)**	(1,449)
Change in fair value of an investment in a public entity		**—**	(2,582)
Change in non-cash working capital items	11	**(21,804)**	(25,057)
Cash flows provided by operating activities		**34,859**	4,545
INVESTING ACTIVITIES			
Acquisition of income property		**(126,546)**	(11,265)
Additions to property under development and land held for future development		**(32,728)**	(1,033)
Cash consideration paid upon business combinations		**—**	(425,884)
Net proceeds from the sale of immovable property		**1,503**	43,009
Acquisition deposit on income properties		**(200)**	—
Change in restricted cash		**(1,011)**	6,587
Change in investments		**211**	(242)
Acquisition of other assets		**(521)**	(426)
Cash flows used in investing activities		**(159,292)**	(389,254)
FINANCING ACTIVITIES			
Distributions to unitholders		**(24,070)**	(18,060)
Bank borrowings and bridge loan		**13,448**	234,947
Mortgages payable		**45,718**	—
Net proceeds from issue of debentures		**98,645**	—
Net proceeds from issue of units	8	**3,240**	204,221
Repayments of balances at maturity of mortgage payable		**(3,941)**	(31,645)
Monthly repayment of mortgages payable		**(12,805)**	(9,635)
Cash flows provided by financing activities		**120,235**	379,828
Net change in cash and cash equivalents		**(4,198)**	(4,881)
Cash and cash equivalents, beginning of period		**10,664**	5,389
Cash and cash equivalents, end of period		**6,466**	508
Other information			
Interest paid		**25,226**	22,230
Distributions cashed		**—**	4,293

See accompanying notes to the condensed interim consolidated financial statements

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended March 31, 2013 and 2012
[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, 2013, Cominar owned and managed a real estate portfolio of 500 high-quality properties that cover a total area of 36.9 million square feet in Québec, 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 7, 2013.

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, 2012 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, 2012.

b) New accounting standards

On January 1, 2013, Cominar adopted the new accounting standards and modifications to some existing standards, as follows:

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 previous IFRS, consolidation was required when an entity had 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." The implementation of this new standard did not have any impact on Cominar's condensed interim consolidated 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 previous IFRS, entities could elect to account for interests in joint ventures by using proportionate consolidation or the equity method. IFRS 11 supersedes IAS 31, “Interests in Joint Ventures,” and SIC-13, “Jointly Controlled Entities—Non-monetary Contributions by Venturers.” The implementation of this new standard did not have any impact on Cominar’s condensed interim consolidated financial statements.

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 entities and off-balance sheet instruments. 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. The implementation of this new standard did not have any impact on Cominar’s condensed interim consolidated financial statements.

IFRS 13 – “Fair Value Measurement”
IFRS 13 is a comprehensive standard on 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. The implementation of this new standard did not have any impact on Cominar’s condensed interim consolidated financial statements.

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” and IAS 34, “Interim Financial Reporting.” IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in separate financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10, IFRS 11, IFRS 12 and IFRS 13.

The implementation of these modifications to new accounting standards IAS 27 and IAS 28 did not have any impact on Cominar’s condensed interim consolidated financial statements.

IAS 34, "Interim Financial Reporting, " was amended to include, in interim financial statements, the information on the fair value required by IFRS 7, "Financial Instruments: Disclosures," and IFRS 13, “Fair Value Measurement.” The changes made to this accounting standard were applied to Cominar’s condensed interim consolidated financial statements.

3) ACQUISITIONS

ACQUISITION OF INCOME PROPERTIES

On January 31, 2013, Cominar acquired a portfolio of 18 industrial properties primarily located on the South Shore of Montréal and one office property located in Montréal, for a purchase price of $149,800. The portfolio represents a total of approximately 1.8 million square feet of leasable area, consisting of approximately 1.7 million square feet of industrial space and approximately 0.1 million square feet of office space. As part of this transaction, Cominar also acquired a vacant lot of 173,569 square feet located in Saint-Bruno-de-Montarville, for $1,400.

On March 21, 2013, Cominar acquired an office building located in Fredericton, New Brunswick, for $5,700, paid in cash; this building represents a leasable area of 44,500 square feet.

These transactions were accounted for using the acquisition method. The results of operations from the acquired income properties are included in the consolidated financial statements as of their dates of acquisition.

The following table summarizes the transactions made during the first quarter of 2013:

	$
Investment properties	156,900
Mortgages payable	(43,733)
Debt	(6,998)
Total cash consideration paid for these acquisitions	106,169

ACQUISITION OF LAND HELD FOR FUTURE DEVELOPMENT

On March 15, 2013, Cominar acquired approximately 508,780 square feet of vacant land located in Calgary, Alberta, which includes a parkade structure with approximately 347 parking spaces. Cominar paid $20,500 in cash for these properties.

4) INCOME PROPERTIES

	Note	For the quarter ended March 31, 2013 $	For fiscal year ended December 31, 2012 $
Balance, beginning of period		**5 294 984**	**2,515,965**
Business combinations		**—**	**2,509,289**
Acquisitions	3	**156,900**	**16,000**
Fair value adjustment		**—**	**177,706**
Capital costs		**11,636**	**58,818**
Disposals		**(3,003)**	**(4,996)**
Transfer of properties under development	5	**—**	**4,760**
Change in initial direct costs		**1,482**	**4,865**
Change in accounts receivable – recognition of leases on a straight-line basis		**1,368**	**8,873**
Change in deposit on acquisition		**(800)**	**1,000**
Other		**4,366**	**2,704**
Balance, end of period		**5,466,933**	**5,294,984**

5) PROPERTIES UNDER DEVELOPMENT AND LAND HELD FOR FUTURE DEVELOPMENT

	Note	For the quarter ended March 31, 2013 $	For fiscal year ended December 31, 2012 $
Balance, beginning of period		**53,234**	**37,444**
Acquisitions	3	**20,500**	**1,296**
Capital costs		**8,983**	**12,570**
Capitalized interest		**630**	**1,556**
Transfer to income properties	4	**—**	**(4,760)**
Other real estate asset		**—**	**5,128**
Balance, end of period		**83,347**	**53,234**
Breakdown:			
Properties under development		**30,546**	**21,537**
Land held for future development		**52,801**	**31,697**

6) MORTGAGES PAYABLE

Mortgages payable are primarily secured by immovable hypothecs on investment property. They bear contractual interest rates ranging from 2.68% to 7.75% per annum [2.68% to 8.35% as at December 31, 2012], representing a weighted average contractual rate of 5.17% as at March 31, 2013 [5.23% as at December 31, 2012], and are renewable at various dates from May 2013 to January 2039. As at March 31, 2013, the weighted average effective rate was 4.13% [4.16% as at December 31, 2012]. As at March 31, 2013, most of the mortgages payable were at fixed rates. Some of the mortgages payable include restrictive clauses, which were met as at March 31, 2013.

Some of Cominar's subsidiaries have entered into debt reduction agreements relating to mortgages payable. Bond portfolios were created to replace the security used to guarantee the mortgage. The investments, which are held in trust, will be sufficient to cover principal and interest payments, including the balance at maturity.

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

		For the quarter ended March 31, 2013		For fiscal year ended December 31, 2012	
			Weighted Average Rate		Weighted Average Rate
	Note	$	%	$	%
Balance, beginning of period		**1,651,202**	**5.23**	841,082	5.38
Mortgages payable, contracted or assumed		**107,762**	**4.40**	70,741	3.97
Business combinations		**—**	**—**	887,303	5.40
Monthly repayments of principal		**(12,805)**	**—**	(45,681)	—
Repayment of balances at maturity		**(22,209)**	**6.30**	(102,243)	6.42
		1,723,950	**5.17**	1,651,202	5.23
Plus: Fair value adjustments on assumed mortgages		**43,482**		45,282	
Less: Deferred financing costs		**(1,233)**		(1,262)	
Balance, end of period		**1,766,199**		1,695,222	

7) DEBENTURES

On February 5, 2013, Cominar re-opened the Series 2 investment by issuing $100,000 in unsecured debentures bearing an interest rate of 4.23% and expiring on December 4, 2019.

The following table presents changes in debentures for the periods indicated:

	For the quarter ended March 31, 2013		For fiscal year ended December 31, 2012	
		Weighted Average Rate		Weighted Average Rate
	$	%	$	%
Balance, beginning of period	450,000	4.25	—	—
Issues	100 000	4.23	450,000	4.25
	550 000	4.25	450,000	4.25
Less: Deferred financing costs	(3,297)		(2,867)	
Plus: Net premium and discount on issuance	540		1,397	
Balance, end of period	547,243		448,530	

8) 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:

	For the quarter ended March 31, 2013		For fiscal year ended December 31, 2012	
	Units	$	Units	$
Units issued and outstanding, beginning of period	124,349,608	2,197,826	77,051,260	1,150,735
Units issued under public offerings	—	—	28,088,750	633,184
Units issued under a business combination	—	—	15,999,999	346,879
Units issued under exercise of options	172,700	3,240	1,019,050	18,298
Units issued under distribution reinvestment plan	271,167	6,110	1,601,096	37,633
Units issued under conversion of convertible debentures	—	—	589,453	10,270
Reversal of contributed surplus on exercise of options	—	162	—	827
Units issued and outstanding, end of period	124,793,475	2,207,338	124,349,608	2,197,826

INCENTIVE PLAN BASED ON EQUITY SECURITIES

Unit options

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

	For the quarter ended March 31, 2013		For fiscal year ended December 31, 2012	
	Options	Weighted average exercise price	Options	Weighted average exercise price
		$		$
Outstanding, beginning of period	**5,979,500**	**21.63**	4,481,850	20.04
Exercised	**(172,700)**	**18.83**	(1,019,050)	18.12
Granted	**—**	**—**	2,691,300	22.94
Forfeited	**(141,100)**	**22.37**	(174,600)	21.34
Outstanding, end of period	**5,665,700**	**21.70**	5,979,500	21.63
Exercisable options, end of period	**2,116,200**	**20.52**	2,288,900	20.39

Restricted units

Restricted units consist of allocations whose values rise and fall according to the value of Cominar units on the stock market. When the vesting period is over, each restricted unit provides the right to receive one Cominar unit on the settlement date. Vesting periods are determined by the Board of Trustees on the date of the grant. These rights are usually acquired three years after the date of the grant. The fair value of restricted units represents the market value of Cominar units. During the quarter ended March 31, 2013, Cominar granted 500 restricted units.

Deferred units

Deferred units consist of allocations whose values rise and fall according to the value of Cominar units on the stock market. Vesting periods are determined by the Board of Trustees on the date of the grant. These rights are usually acquired at a rate of 33 1/3% per anniversary year of the grant date. Each deferred unit provides the right to receive one Cominar unit when the holder ceases to be a Cominar trustee, member of management or employee. The fair value of restricted units represents the market value of Cominar units. During the quarter ended March 31, 2013, Cominar granted 36,308 deferred units.

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.

Quarters ended March 31,	2013	2012
	$	$
Distributions to unitholders	**45,155**	35,630
Distributions per unit	**0.36**	0.36

9) OTHER REVENUES

In connection with the restructuring of Homburg Invest Inc. ("HII") under the Companies' Creditors Arrangement Act (Canada), Cominar filed a number of proofs of claim against HII. As of February 5, 2013, Cominar and HII entered into a memorandum of understanding related to, among other things, the settlement of these proofs of claim. Under this settlement, Cominar received a cash payment of approximately $6,260 in settlement of various claims.

10) 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 periods indicated:

Quarters ended March 31	2013	2012
Weighted average number of units outstanding – basic	**124,476,706**	91,025,021
Dilutive effect of unit options	**246,096**	393,420
Dilutive effect of convertible debentures	**12,675,021**	16,483,523
Weighted average number of units outstanding – diluted	**137,397,823**	107,901,964

The calculation of the diluted weighted average number of units outstanding does not take into account 2,621,100 outstanding options [30,000 as at March 31, 2012] since the exercise price of the options, including the fair value of any asset or service to be provided to the entity in the future as part of these plans, is higher than the price of the units, as well as 36,808 restricted and deferred units [0 as at March 31, 2012]. The calculation of diluted net income per unit also includes the elimination of $4,466 [$5,860 for the quarter ended March 31, 2012] in interest on convertible debentures.

11) SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital items were as follows:

Quarters ended March 31,	2013	2012
	$	**$**
Prepaid expenses	**(19,720)**	(17,552)
Accounts receivable	**(9,237)**	(4,309)
Accounts payable and accrued liabilities	**7,165**	(3,196)
Income taxes payable	**(12)**	—
	(21,804)	(25,057)
Other information		
Additions to investment property through assumption of mortgages payable	**43,733**	—

12) FINANCIAL INSTRUMENTS

The carrying amounts and fair values of financial assets and liabilities are as follows:

	March 31, 2013		December 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
ASSETS				
Bond investments held to maturity	**21,220**	**21,133**	21,509	21,431
LIABILITIES				
Mortgages payable	**1,766,199**	**1,811,636**	1,695,222	1,743,079
Debentures	**547,243**	**546,814**	448,530	446,648
Convertible debentures	**289,624**	**317,289**	289,134	316,740

The fair value of cash and cash equivalents, restricted cash, the bridge loan and bank borrowings approximates the carrying amount since they are short-term in nature or bear interest at current market rates.

13) SEGMENT INFORMATION

Cominar's activities include four property types located across several Canadian provinces. The accounting policies followed for each property type are the same as those disclosed in the significant accounting policies. Cominar uses net operating income as its main criterion to measure operating performance, i.e. operating revenues less operating expenses related to its investment property. Management of expenses, such as interest and administrative expenses, is centralized and, consequently, these expenses have not been allocated to Cominar's various segments.

The following table provides financial information on these four property types:

Quarter ended March 31, 2013	Office properties	Retail properties	Industrial and mixed-use properties	Residential[1]	Total
	$	$	$	$	$
Rental revenue from investment property	**88,333**	**41,993**	**37,585**	**1,682**	**169,593**
Net operating income	**46,219**	**22,497**	**20,277**	**929**	**89,922**
Income properties	**2,868,366**	**1,362,212**	**1,183,690**	**52,665**	**5,466,933**

Quarter ended March 31, 2012	Office properties	Retail properties	Industrial and mixed-use properties	Residential[1]	Total
	$	$	$	$	$
Rental revenue from investment property	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

1) The residential segment consists of 485 apartments located in three retail buildings. This segment was part of the Canmarc acquisition, completed in 2012.

14) CONTINGENCIES

On July 18, 2012, Cominar received from the City of Laval a notice of assessment for transfer duties for an aggregate amount of approximately $1,350 relating to the transfer of Centre Laval in January 2010, prior to the Canmarc's initial public offering. On March 8, 2013, the City of Laval filed a motion to institute proceedings to request payment for these duties. Cominar's preliminary assessment is that no transfer duties apply to this transaction. Furthermore, Cominar's assessment of the situation is that the City's claim is prescribed. Should transfer duties be payable further to the motion, HII agreed to fully indemnify and release Cominar from any obligation to pay any realty transfer duties, interest or penalties related to the above-mentioned transaction.

15) SUBSEQUENT EVENTS

On April 29, 2013, Cominar issued $100,000 worth of Series 3 senior unsecured debentures bearing an interest rate of 4.0% and maturing in November 2020. Cominar allocated the net proceeds to repaying its credit facility.

On May 1, 2013, Cominar acquired an industrial building located in Pointe-Claire, Québec, for a purchase price of $12,000, paid in cash; this property has a leasable area of 199,000 square feet.

CORPORATE INFORMATION

BOARD OF TRUSTEES

OFFICERS

Michel Dallaire, Eng.
President and Chief Executive Officer

Sylvain Cossette, B.C.L.
Executive Vice-President and Chief Operating Officer

Michel Berthelot, CPA, CA
Executive Vice-President and Chief Financial Officer

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

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

Alain Dallaire
Executive Vice-President, Operations — Office and Industrial

Todd Bechard, CMA, CFA
Executive Vice-President, Atlantic Provinces

Guy Charron, CPA, CA
Executive Vice-President, Operations – Retail

UNITHOLDER INFORMATION

COMINAR REAL ESTATE INVESTMENT TRUST

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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.C, CUF.DB.D and CUF.DB.E.

TRANSFER AGENT

Computershare Trust Company of Canada
1500 University St., Suite 700
Montréal, Québec, Canada H3A 3S8

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Fax: 514 982-7850
Toll-free: 1 800 564-6253
Email: service@computershare.com

TAXABILITY OF DISTRIBUTIONS

In 2012, 90.34% of the distributions made by Cominar to unitholders were tax deferred.

LEGAL COUNSEL

Davies Ward Phillips & Vineberg LLP

AUDITORS

PricewaterhouseCoopers LLP

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 further information about the DRIP, please refer to the DRIP section of our website at www.cominar.com or contact us by email at info@cominar.com or contact the Plan agent: Computershare Trust Company of Canada, 1500 University St., Suite 700, Montréal, Québec, Canada, H3A 3S8

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