INTERIM REPORT

COMINAR REAL ESTATE INVESTMENT TRUST

Quarter ended March 31, 2016

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MESSAGE TO UNITHOLDERS

Our results for the quarter ended March 31, 2016 reflect our capital optimization strategy in close connection with our financial management principles to maintain a strong and healthy long-term balance sheet.

Since the adoption of our capital optimization strategy in September 2015, we completed property sales aggregating $210 million, including $71.7 million during the first quarter of 2016 and $39.5 million after quarter end. The sale proceeds of these properties were used to pay down our debt, in line with our long-term strategy, and to repurchase units under the NCIB.

One of the highlights of this quarter is the repurchase of 2,717,396 units under the NCIB for a total consideration of $40.8 million. These transactions were made as we considered the repurchase of our units to be a very attractive investment in a context where stock market conditions did not reflect the intrinsic value of our units. It is from this perspective that we have also decided to suspend the distribution reinvestment plan in January 2016.

At the end of the quarter, our debt ratio is 54.2% and we continue to move towards our debt ratio goal of 53% by the end of fiscal year 2016.

At the operational level, our more aggressive leasing policy in the most affected markets and segments helped us increase our occupancy rate to 92.5% as at March 31, 2016, up 0.6% from December 31, 2015. In addition, the increase in average minimum rent of renewed leases for the quarter amounted to 0.9%.

At the end of the first quarter, we remain focused on our operational objectives and on optimizing the occupancy rate of our properties, while maintaining the quality of our assets. We rely on our expertise in operational and financial management and to implement our strategy in the best interests of our unitholders.

Michel Dallaire, Eng.
Chief Executive Officer

May 3, 2016

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Interim Management's Discussion and Analysis ("MD&A") is provided to enable the reader to assess the results of operations of Cominar Real Estate Investment Trust ("Cominar," the "Trust" or the "REIT") for the quarter ended March 31, 2016, in comparison with the corresponding quarter of 2015, as well as its financial position as at that date and its outlook. Dated May 3, 2016, this MD&A reflects all significant information available as of that date and should be read in conjunction with the condensed interim consolidated financial statements and accompanying notes included in this report, as well as the consolidated financial statements, accompanying notes and MD&A appearing in Cominar's most recent Annual Report.

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

BASIS OF PRESENTATION

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

Additional information on Cominar, including its 2015 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 OF THE QUARTER ENDED MARCH 31, 2016

INCREASE IN CASH FLOWS PROVIDED BY OPERATING ACTIVITIES

27.9%

INCREASE IN AVERAGE MINIMUM RENT OF RENEWED LEASES

0.9%

INCREASE IN OCCUPANCY RATE

91.9%
as at December 31, 2015

92.5%
as at March 31, 2016

REPURCHASE OF UNITS UNDER THE NCIB

$48.5M
since September 2015

$40.8M
during Q1-2016

DISPOSITIONS OF INCOME PROPERTIES

$207.2M
since September 2015

$70.4M
during Q1-2016

UNENCUMBERED INCOME PROPERTIES

$3.5B

SUBSEQUENT EVENTS

On April 15, 2016, Cominar declared a monthly distribution of $0.1225 per unit payable on May 16, 2016.

On May 2, 2016, Cominar completed the sale of a portfolio of 5 retail properties located in Québec and Montréal, for a total price of $39.3 million, net of selling expenses, with a capitalization rate of 7.0 %.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, we make written or oral forward-looking statements within the meaning of applicable Canadian securities legislation. We may make such statements in this document and in other reports filed with Canadian regulators, in reports to unitholders or in other communications. These forward-looking statements include, among other things, statements with respect to our medium-term and 2016 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," and "intend," 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 financial 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 plans and to raise capital to finance growth as well as the interest rate variations.

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. Unless otherwise stated, all forward-looking statements are valid only as at the date of this MD&A. We do not assume any obligation to update the aforementioned forward-looking statements, except as required by applicable laws.

Additional information about these factors can be found in the "Risks and Uncertainties" section of this MD&A, as well as in the "Risk Factors" section of Cominar's 2015 Annual Information Form.

NON-IFRS FINANCIAL MEASURES

In this MD&A, we provide guidance and report on certain non-IFRS measures, including "net operating income," "adjusted net income," "recurring funds from operations," "recurring adjusted funds from operations" and "proportionate share in joint ventures adjustments," which management uses to evaluate Cominar's performance. Because non-IFRS measures do not have standardized meanings and may differ from similar measures presented by other entities, securities regulations require that non-IFRS measures be clearly defined and qualified, reconciled with their closest IFRS measure and given no more prominence than the latter. You may find such information in the sections dealing with each of these measures.

PERFORMANCE INDICATORS

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

- **Same property net operating income**, which provides an indication of the operating profitability of the same property portfolio, that is, Cominar's ability to increase revenues, reduce costs, and generate organic growth;
- **Recurring funds from operations ("FFO") per unit**, which represents 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, provides 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;
- **Growth in the average minimum rent of renewed leases**, which is a measure of organic growth and gives an indication of our capacity to increase our rental revenue;
- **Leasable area growth**, a decisive factor in Cominar's strategy for reaching its main objectives of providing unitholders with growing cash distributions and increasing and maximizing unit value;
- **Segment and geographic diversification**, which contributes to revenue stability by spreading real estate risk.

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

FINANCIAL AND OPERATIONAL HIGHLIGHTS

For the quarters ended March 31	2016	2015	% Δ	Page
FINANCIAL PERFORMANCE				
Operating revenues – Financial statements	**221,424**	229,411	(3.5)	15
Operating revenues – Cominar's proportionate share[(1)]	**223,857**	231,868	(3.5)	15
Net operating income[(1)] – Financial statements	**113,670**	119,066	(4.5)	16
Net operating income[(1)] – Cominar's proportionate share	**115,053**	120,252	(4.3)	16
Same property net operating income[(1)]	**111,394**	114,435	(2.7)	16
Net income	**68,081**	71,153	(4.3)	18
Cash flows provided by operating activities	**38,632**	30,201	27.9	22
Recurring funds from operations[(1)]	**68,835**	71,983	(4.4)	19
Recurring adjusted funds from operations[(1)]	**59,849**	62,516	(4.3)	21
Distributions	**61,970**	62,369	(0.6)	22
Total assets	**8,223,600**	8,191,866	0.4	14
PER UNIT FINANCIAL PERFORMANCE				
Net income (basic)	**0.40**	0.43	(7.0)	18
Recurring funds from operations (FD)[(1)(2)]	**0.41**	0.44	(7.0)	19
Recurring adjusted funds from operations (FD)[(1)(2)]	**0.35**	0.38	(7.9)	21
Distributions	**0.3675**	0.3675	—	22
Payout ratio of recurring adjusted funds from operations	**105.0%**	96.7%		21
FINANCING				
Debt ratio[(3)]	**54.2%**	54.2%		25
Interest coverage ratio[(4)]	**2.67:1**	2.65:1		25
Weighted average interest rate on total debt	**4.08%**	4.27%		24
Residual weighted average term of total debt (years)	**4.4**	4.0		24
Senior unsecured debts-to-total-debt ratio[(5)]	**52.9%**	52.2%		25
Unencumbered income properties	**3,495,064**	3,725,581		25
Unencumbered assets to unsecured debt ratio[(6)]	**1.48:1**	1.61:1		25
OPERATIONAL DATA				
Number of investment properties	**542**	563		26
Leasable area (in thousands of sq. ft.)	**44,986**	45,252		26
Occupancy rate	**92.5%**	93.7%		28
Retention rate	**30.9%**	41.4%		28
Growth in average minimum rent of renewed leases	**0.9%**	0.1%		29
DEVELOPMENT ACTIVITIES				
Properties under development – Cominar's proportionate share[(1)]	**68,748**	55,703		12

(1) Non-IFRS financial measure. See relevant section for definition and reconciliation to closest IFRS measure.
(2) Fully diluted.
(3) Total of cash and cash equivalents, bank borrowings, mortgages payable, debentures and convertible debentures divided by total assets less cash and cash equivalents.
(4) Net operating income less Trust administrative expenses divided by finance charges.
(5) Senior unsecured debts divided by total debt.
(6) Fair value of unencumbered income properties divided by the unsecured debt (excluding convertible debentures).

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, 2016**	Dec. 31, 2015	Sept. 30, 2015	June 30, 2015	March 31, 2015	Dec. 31, 2014	Sept. 30, 2014	June 30, 2014
Operating revenues – Financial statements	**221,424**	217,049	217,946	224,769	229,411	217,492	171,262	177,459
Operating revenues – Cominar's proportionate share(5)	**223,857**	219,201	220,102	226,871	231,868	219,734	173,497	179,625
Net operating income(5) – Financial statements	**113,670**	122,775	122,854	122,793	119,066	125,435	97,792	97,274
Net operating income(5) – Cominar's proportionate share	**115,053**	123,958	124,057	124,111	120,252	126,539	99,131	98,539
Net income	**68,081**	53,000 (1)	73,995	74,286	71,153	45,827 (1)(4)	38,997 (3)	59 559
Adjusted net income(5)	**68,081**	77,244	75,097	75,416	71,153	77,497	61,022	59,559
Cash flows provided by operating activities	**38,632**	107,679	100,635	25,427	30,201	110,266	48,436	26,112
Recurring FFO(5)	**68,835**	78,169	75,900	76,188	71,983	77,429	61,713	60,308
Recurring AFFO(5)	**59,849**	67,989	65,429	65,711	62,516	68,541	52,331	51,172
Distributions	**61,970**	63,198	62,959	62,769	62,369	59,199	51,211	46,688
PER UNIT								
Net income (basic)	**0.40**	0.31 (1)	0.44	0.44	0.43	0.29 (1)(4)	0.30 (3)	0.47
Net income (diluted)	**0.40**	0.31 (1)	0.44	0.44	0.43	0.29 (1)(4)	0.30 (3)	0.45
Adjusted net income (diluted)(5)	**0.40**	0.45	0.44	0.45	0.43	0.48	0.45	0.45
Recurring FFO (FD)(2)(5)	**0.41**	0.46	0.45	0.45	0.44	0.49	0.47	0.47
Recurring AFFO (FD)(2)(5)	**0.35**	0.40	0.39	0.39	0.38	0.43	0.40	0.40
Distributions	**0.3675**	0.3675	0.3675	0.3675	0.3675	0.3675	0.3650	0.3600

(1) Includes the change in fair value of investment properties of -$23.3 million in 2015 and of -$34.0 million in 2014.

(2) Fully diluted

(3) Includes non-recurring transaction costs of $21.5 million resulting from the acquisition of an investment property portfolio for a purchase price of $1.63 billion in 2014.

(4) Includes non-recurring transaction costs of $5.2 million resulting from the acquisition of an investment property portfolio for a purchase price of $1.63 billion in 2014.

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

GENERAL BUSINESS OVERVIEW

Cominar Real Estate Investment Trust is one of the largest diversified REITs in Canada and remains the largest commercial property owner and manager in the province of Quebec. As at March 31, 2016, Cominar owned and managed a high-quality portfolio of 542 properties including 134 office buildings, 173 retail buildings and 235 industrial and mixed-use buildings located in Quebec, Ontario, the Atlantic Provinces and Western Canada, representing a total leasable area of 45.0 million square feet. Cominar's properties are mostly situated in prime locations and benefit from high visibility and easy access by both our tenants and their clients.

Since its inception in 1998, Cominar has made a series of acquisitions and completed numerous construction and property development projects, increasing the value of its assets to $8.2 billion as at March 31, 2016.

Cominar's asset and property management is internalized. Cominar is an integrated and self-managed real estate investment operation. This property management structure enables to rapidly and efficiently respond to our clients' needs, while minimizing our operating cost.

PROPERTIES SUMMARY AS AT MARCH 31, 2016

Segment	Number of properties	Leasable area (sq. ft.)	Occupancy rate (%)
Office	134	14,574,000	90.9
Retail	173	12,524,000	91.2
Industrial and mixed-use	235	17,888,000	94.8
TOTAL	**542**	**44,986,000**	**92.5**

OBJECTIVES AND STRATEGY

Cominar's primary objectives are to provide unitholders with stable and growing monthly cash distributions which are tax deferred, from investments in a diversified portfolio of properties, and to increase and maximize unit value through the proactive management of properties and the ongoing expansion of its real estate 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, Cominar developed a strategy of assets dispositions. The net proceeds on disposition of assets shall be used to pay down debt and, if it turns out to be an attractive investment, to repurchase units under the NCIB. While we are maintaining our long-term debt ratio target of 50%, we have set our 2016 year-end target goal at 53%.

RECONCILIATIONS TO COMINAR'S PROPORTIONATE SHARE

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

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

As at March 31, 2016	Condensed interim consolidated financial statements	Joint ventures	Cominar's proportionate share[1]
	$	$	$
ASSETS			
Investment properties			
Income properties	7,648,038	91,880	7,739,918
Properties under development	51,395	17,353	68,748
Land held for future development	72,866	38,766	111,632
	7,772,299	147,999	7,920,298
Income properties held for sale	93,302	—	93,302
Investments in joint ventures	82,324	(82,324)	—
Goodwill	166,971	—	166,971
Mortgage receivable	8,250	—	8,250
Accounts receivable	55,633	113	55,746
Prepaid expenses and other assets	41,311	691	42,002
Cash and cash equivalents	3,510	410	3,920
Total assets	8,223,600	66,889	8,290,489
LIABILITIES			
Mortgages payable	2,094,044	55,333	2,149,377
Mortgage payable related to a property held for sale	8,525	—	8,525
Debentures	1,995,804	—	1,995,804
Bank borrowings	358,637	8,750	367,387
Accounts payable and accrued liabilities	111,423	2,806	114,229
Deferred tax liabilities	10,970	—	10,970
Distributions payable to unitholders	20,604	—	20,604
Total liabilities	4,600,007	66,889	4,666,896
UNITHOLDERS' EQUITY			
Unitholders' equity	3,623,593	—	3,623,593
Total liabilities and unitholders' equity	8,223,600	66,889	8,290,489

(1) Non-IFRS financial measure.

For the quarters ended March 31	2016			2015		
	Condensed interim consolidated financial statements	Joint ventures	Cominar's proportionate share[1]	Condensed interim consolidated financial statements	Joint ventures	Cominar's proportionate share[1]
	$	$	$	$	$	$
Operating revenues	**221,424**	**2,433**	**223,857**	229,411	2,457	231,868
Operating expenses	**107,754**	**1,050**	**108,804**	110,345	1,271	111,616
Net operating income	**113,670**	**1,383**	**115,053**	119,066	1,186	120,252
Finance charges	**(42,210)**	**(648)**	**(42,858)**	(44,142)	(629)	(44,771)
Trust administrative expenses	**(3,997)**	**(24)**	**(4,021)**	(4,227)	—	(4,227)
Share of joint ventures' net income and comprehensive income	**711**	**(711)**	**—**	557	(557)	—
Income before income taxes	**68,174**	**—**	**68,174**	71,254	—	71,254
Income taxes	**(93)**	**—**	**(93)**	(101)	—	(101)
Net income and comprehensive income	**68,081**	**—**	**68,081**	71,153	—	71,153

(1) Non-IFRS financial measure.

PERFORMANCE ANALYSIS

FINANCIAL POSITION

The following table indicates the changes in assets and liabilities as well as in unitholders' equity as at March 31, 2016 and December 31, 2015, as shown in our consolidated financial statements:

	March 31, 2016	December 31, 2015	$ Δ	% Δ
ASSETS				
Investment properties				
Income properties	**7,648,038**	7,614,990	33,048	0.4
Properties under development	**51,395**	49,114	2,281	4.6
Land held for future development	**72,866**	71,646	1,220	1.7
	7,772,299	7,735,750	36,549	0.5
Income properties held for sale	**93,302**	163,733	(70,431)	(43.0)
Investments in joint ventures	**82,324**	74,888	7,436	9.9
Goodwill	**166,971**	166,971	–	–
Mortgage receivable	**8,250**	8,250	–	–
Accounts receivable	**55,633**	56,756	(1,123)	(2.0)
Prepaid expenses and other assets	**41,311**	14,099	27,212	193.0
Cash and cash equivalents	**3,510**	5,250	(1,740)	(33.1)
Total assets	**8,223,600**	8,225,697	(2,097)	–
LIABILITIES				
Mortgages payable	**2,094,044**	2,052,640	41,404	2.0
Mortgage payable related to a property held for sale	**8,525**	8,590	(65)	(0.8)
Debentures	**1,995,804**	1,995,506	298	–
Bank borrowings	**358,637**	381,166	(22,529)	(5.9)
Accounts payable and accrued liabilities	**111,423**	118,921	(7,498)	(6.3)
Deferred tax liabilities	**10,970**	10,877	93	(0.9)
Distributions payable to unitholders	**20,604**	–	20,604	100.0
Total liabilities	**4,600,007**	4,567,700	32,307	0.7
UNITHOLDERS' EQUITY				
Unitholders' equity	**3,623,593**	3,657,997	(34,404)	(0.9)
Total liabilities and unitholders' equity	**8,223,600**	8,225,697	(2,097)	–

RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The following table indicates the main changes in our results of operations for the quarters ended March 31, 2016 and 2015, as shown in our condensed interim consolidated financial statements:

For the quarters ended March 31	2016	2015	% Δ
Operating revenues	**221,424**	229,411	(3.5)
Operating expenses	**107,754**	110,345	(2.3)
Net operating income	**113,670**	119,066	(4.5)
Finance charges	**(42,210)**	(44,142)	(4.4)
Trust administrative expenses	**(3,997)**	(4,227)	(5.4)
Share of joint ventures' net income and comprehensive income	**711**	557	27.6
Income taxes	**(93)**	(101)	(7.9)
Net income	**68,081**	71,153	(4.3)

OPERATING REVENUES

For the quarters ended March 31	2016	2015	% Δ
Operating revenues – Financial statements	**221,424**	229,411	(3.5)
Operating revenues – Joint ventures	**2,433**	2,457	(0.1)
Operating revenues – Cominar's proportionate share(1)	**223,857**	231,868	(3.5)

(1) Non-IFRS financial measure.

For the quarters ended March 31	2016	2015	% Δ
Same property portfolio – Financial statements	**215,583**	220,005	(2.0)
Same property portfolio – Joint ventures	**2,264**	2,457	(7.9)
Same property portfolio(1) – Cominar's proportionate share(2)	**217,847**	222,462	(2.1)
Acquisitions, developments and dispositions – Financial statements	**5,841**	9,406	(37.9)
Acquisitions and developments – Joint ventures	**169**	—	100.0
Operating revenues – Cominar's proportionate share(2)	**223,857**	231,868	(3.5)

(1) The same property portfolio includes the properties owned by Cominar as at December 31, 2014, except for the properties sold in 2015 and 2016, but does not include the results of properties acquired and those under development in 2015 and 2016.

(2) Non-IFRS financial measure.

During the first quarter of 2016, operating revenues according to financial statements and to Cominar's proportionate share decreased by 3.5% from the corresponding quarter of 2015. This decrease resulted primarily from the dispositions of income properties completed in 2015 and 2016 as well as the decreased overall occupancy rate.

During the first quarter of 2016, operating revenues of the same property portfolio according to financial statements decreased by 2.0% from the corresponding quarter of 2015, due mainly to a lower overall occupancy rate.

NET OPERATING INCOME

Although net operating income ("NOI") is not an IFRS financial measure, it is widely used in the real estate industry to assess operating performance. We define it as operating income before the change in fair value of investment properties, finance charges, Trust administrative expenses and income taxes. This definition may differ from that of other entities and, therefore, Cominar's NOI may not be comparable to similar measures presented by such other entities.

For the quarters ended March 31	2016	2015	% Δ
Net operating income – Financial statements	**113,670**	119,066	(4.5)
Net operating income – Joint ventures	**1,383**	1,186	16.6
Net operating income – Cominar's proportionate share[(1)]	**115,053**	120,252	(4.3)

(1) Non-IFRS financial measure.

For the quarters ended March 31	2016	2015	% Δ
Same property portfolio – Financial statements	**110,131**	113,249	(2,8)
Same property portfolio – Joint ventures	**1,263**	1,186	6.5
Same property portfolio[(1)] – Cominar's proportionate share[(2)]	**111,394**	114,435	(2,7)
Acquisitions, developments and dispositions – Financial statements	**3,539**	5,817	(39,2)
Acquisitions and developments – Joint ventures	**120**	—	100,0
Net operating income – Cominar's proportionate share[(2)]	**115,053**	120,252	(4,3)

(1) The same property portfolio includes the properties owned by Cominar as at December 31, 2014, except for the properties sold in 2015 and 2016, but does not include the results of properties acquired and those under development in 2015 and 2016.
(2) Non-IFRS financial measure.

For the quarters ended March 31	2016	2015	% Δ
Operating segment			
Office	**47,588**	49,182	(3.2)
Retail	**41,530**	43,270	(4.0)
Industrial and mixed-use	**22,276**	21,983	1.3
Same property portfolio net operating income – Cominar's proportionate share[(1)]	**111,394**	114,435	(2.7)

(1) Non-IFRS financial measure.

During the first quarter of 2016, NOI according to financial statements and to Cominar's proportionate share decreased respectively by 4.5% and 4.3% from the corresponding quarter of 2015, due mainly to the dispositions of income properties completed in 2015 and 2016 as well as the decreased overall occupancy rate.

Same property net operating income according to financial statements decreased by 2.8% during the first quarter of 2016 from the corresponding quarter of 2015, due mainly to the decreased overall occupancy rate.

SEGMENT NET OPERATING INCOME

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

BY OPERATING SEGMENT

For the quarters ended March 31	2016	2015	% Δ
Operating segment			
Office	**48,272**	52,111	(7.4)
Retail	**42,920**	45,297	(5.2)
Industrial and mixed-use	**23,861**	22,844	4.5
Net operating income – Cominar's proportionate share[(1)]	**115,053**	120,252	(4.3)

(1) Non-IFRS financial measure.

For the quarters ended March 31	2016	2015
Operating segment		
Office	**42.0%**	43.3%
Retail	**37.3%**	37.7%
Industrial and mixed-use	**20.7%**	19.0%
	100.0%	100.0%

Net operating income for the office segment decreased in the first quarter of 2016 compared to the same period in 2015, due mainly to the disposition of 2 income properties during the third quarter of 2015 and to a lower occupancy rate in this segment, mainly in the Montréal and Ottawa areas.

Net operating income for the retail segment decreased in the first quarter of 2016 compared to the same period in 2015, due mainly to the disposition of 24 income properties during the first quarter of 2016 and to a lower occupancy rate, caused mainly by the closing of Target stores.

Cominar management is confident that the efforts of its leasing and property management teams will contribute to improving growth in both segments during fiscal 2016.

During the first quarter of 2016, net operating income for the industrial and mixed-use segment progressed by 4.5% compared to the same period in 2015, due mainly to the increase in average minimum rent of renewed leases.

BY GEOGRAPHIC MARKET

For the quarters ended March 31	2016	2015	% Δ
Geographic market			
Quebec	**25,868**	26,813	(3.5)
Montréal	**59,589**	61,881	(3.7)
Ontario(1)	**18,714**	20,544	(8.9)
Atlantic Provinces	**4,692**	5,284	(11.2)
Western Canada	**6,190**	5,730	8.0
Net operating income – Cominar's proportionate share(2)	**115,053**	120,252	(4.3)

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

For the quarters ended March 31	2016	2015
Geographic market		
Quebec	**22.5%**	22.3%
Montréal	**51.8%**	51.4%
Ontario(1)	**16.2%**	17.1%
Atlantic Provinces	**4.1%**	4.4%
Western Canada	**5.4%**	4.8%
	100.0%	100.0%

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

During the first quarter of 2016, the Montréal market experienced a decrease of $2.3 million compared to the same period of 2015, due mainly to the disposition of 2 income properties in the third quarter of 2015.

During the first quarter of 2016, the Ontario market experienced a decrease of $1.8 million compared to the same period of 2015, due mainly to a lower occupancy rate in the office segment in Ottawa.

With regard to the Atlantic Provinces, the $0.6 million lower net operating income resulted primarily from a client's bankruptcy that occurred during the last fiscal year.

FINANCE CHARGES

For the quarters ended March 31	2016	2015	% Δ
Interest on mortgages payable	**22,111**	22,789	(3.0)
Interest on debentures	**19,720**	18,942	4.1
Interest on convertible debentures	**—**	2,861	(100.0)
Interest on bank borrowings	**2,982**	2,545	17.2
Net amortization of premium and discount on debenture issuances	**(197)**	(193)	2.1
Amortization of deferred financing costs and others	**982**	1,235	(20.5)
Amortization of fair value adjustments on assumed indebtedness	**(1,804)**	(2,599)	(30.6)
Less: Capitalized interests(1)	**(1,584)**	(1,438)	10.2
Total finance charges – Financial statements	**42,210**	44,142	(4.4)
Percentage of operating revenues	**19.1%**	19.2%	
Weighted average interest rate on total debt	**4.08%**	4.27%	

(1) Includes capitalized interest on properties under development and on major revitalization projects for income properties that take place over a substantial period of time.

The decrease in finance charges was mostly due to a decrease in weighted average interest rate on total debt of 19 basis points since March 31, 2015.

TRUST ADMINISTRATIVE EXPENSES

During the first quarter of 2016, Trust administrative expenses stood at $4.0 million, accounting for 1.8% of operating revenues, down $0.2 million from the corresponding quarter of 2015.

NET INCOME

For the quarters ended March 31	2016	2015	% Δ
Net income	**68,081**	71,153	(4.3)
Net income per unit (basic)	**0.40**	0.43	(7.0)
Net income per unit (diluted)	**0.40**	0.43	(7.0)
Weighted average number of units (basic)	**169,150,236**	164,301,125	
Weighted average number of units (diluted)	**169,405,138**	174,918,767	

Net income for the first quarter of 2016 amounted to $68.1 million, down $3.1 million compared to net income for the corresponding period of 2015. This $3.1 million decrease results from the $5.4 million decrease in net operating income previously explained, which was partially offset by a reduction in finance charges of $1.9 million, a reduction in Trust administrative expenses of $0.2 million and an increase in share of joint ventures' net income of $0.2 million.

The calculation of diluted net income per unit includes the elimination of interest at the effective rate on the convertible debentures of $nil for the quarter ended March 31, 2016 [$3.3 million in 2015].

FUNDS FROM OPERATIONS

Although the concept of funds from operations ("FFO") is not an IFRS financial measure, it is widely used in the real estate investment trust industry. REALpac defines this measure as net income (calculated in accordance with IFRS), adjusted for, among other things, change in fair value of investment properties, deferred taxes, initial and re-leasing salary costs and transaction costs incurred upon a business combination.

FFO does not substitute 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. This measure may not be useful for comparisons with other entities.

The fully diluted weighted average number of units outstanding for the calculation of FFO is adjusted to take into account the potential issuance of units under the long-term incentive plan and the potential conversion of convertible debentures at their conversion price, if dilutive.

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

FUNDS FROM OPERATIONS

For the quarters ended March 31	2016	2015	% Δ
Net income	**68,081**	71,153	(4.3)
+ Deferred income taxes	**93**	101	(7.9)
+ Initial and re-leasing salary costs	**661**	729	(9.3)
Recurring funds from operations(1)	**68,835**	71,983	(4.4)
Per unit information:			
Recurring funds from operations (FD)(2)(3)	**0.41**	0.44	(7.0)
Weighted average number of units outstanding for recurring funds from operations (FD)(2)	**169,405,138**	172,994,360	
Payout ratio(4)	**89.6%**	83.5%	
Cash payout ratio(5)	**89.6%**	57.0%	

(1) Including Cominar's proportionate share in joint ventures.
(2) Fully diluted.
(3) The calculation of fully diluted recurring funds from operations per unit includes the elimination of interest at the effective rate on the dilutive convertible debentures of $nil for the quarter ended March 31, 2016 [$3.3 million in 2015].
(4) The payout ratio corresponds to the distribution per unit, divided by fully diluted recurring FFO per unit.
(5) The cash payout ratio corresponds to the cash distribution per unit, divided by fully diluted recurring FFO per unit.

Recurring FFO for the first quarter of 2016 decreased by 4.4% from the corresponding quarter of 2015, due mainly to the dispositions of income properties completed in 2015 and 2016 and to the decrease in global occupancy rate. Recurring FFO per unit on a fully diluted basis stood at $0.41 for the quarter ended March 31, 2016, down 7.0% from the corresponding quarter of 2015. This decrease resulted primarily from the decrease in funds from operations for the reasons mentioned above. To address the decrease due to the dispositions of income properties, Cominar repurchased a total of 2,717,396 units as part of the repurchase program under the NCIB during the quarter. The full effect of these repurchases of units will be felt in periods subsequent to this quarter.

TRACK RECORD OF RECURRING FUNDS FROM OPERATIONS PER UNIT

For the quarters ended March 31	2016	2015	2014	2013	2012
Recurring funds from operations per unit (FD)(1)	**0.41**	0.44	0.44	0.44	0.45

(1) Fully diluted.

The following table presents a reconciliation of the cash flows from operating activities as shown in the condensed interim consolidated financial statements with recurring funds from operations:

For the quarters ended March 31	**2016**	2015
Cash flows provided by operating activities as shown in the condensed interim consolidated financial statements	**38,632**	30,201
− Adjustments – Investments in joint ventures[1]	**(87)**	(38)
+ Amortization	**774**	1,301
− Compensation expense related to long-term incentive plan	**(261)**	(469)
+ Recognition of leases on straight-line basis[1]	**1,200**	1,419
+ Excess of proportionate share of net income and comprehensive income over distributions received from the joint ventures	**711**	357
+ Initial and re-leasing salary costs	**661**	729
+ Change in non-cash working capital items	**27,205**	38,483
Recurring funds from operations[1]	**68,835**	71,983

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

ADJUSTED FUNDS FROM OPERATIONS

The concept of adjusted funds from operations ("AFFO") is a key financial measure in the real estate investment trust industry. Cominar defines this measure as FFO adjusted for certain non-cash items such as the amortization of deferred financing costs, the amortization of fair value adjustments on assumed indebtedness, the compensation expense related to the long-term incentive plan and the recognition of leases on a straight-line basis, 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 an IFRS measure and should not be substituted for net income or cash flows from operating activities established in accordance with IFRS when measuring Cominar's performance. Cominar's method of calculating AFFO may differ from the methods used by other entities, and therefore may not be appropriate for comparative analysis purposes.

In calculating AFFO, Cominar 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 fully diluted weighted average number of units outstanding for the calculation of AFFO takes into account the potential issuance of units under the long-term incentive plan, if dilutive.

The following table presents a reconciliation of FFO and AFFO:

ADJUSTED FUNDS FROM OPERATIONS

For the quarters ended March 31	2016	2015	% Δ
Recurring funds from operations[1]	**68,835**	71,983	(4.4)
− Net amortization of premium and discount on debenture issuances	**(197)**	(193)	2.1
+ Amortization of deferred financing costs[1]	**990**	1,182	(16.2)
− Amortization of fair value adjustments of assumed indebtedness	**(1,804)**	(2,599)	(30.6)
+ Amortization of fair value adjustment of bond investments	**7**	18	(61.1)
+ Compensation expense related to long-term incentive plan	**261**	469	(44.3)
− Capital expenditures – maintenance of rental income generating capacity	**(1,418)**	(1,181)	20.1
+ Accretion of the liability component of convertible debentures	**—**	56	(100.0)
− Provision for leasing costs	**(5,625)**	(5,800)	(3.0)
− Recognition of leases on a straight-line basis[1]	**(1,200)**	(1,419)	(15.4)
Recurring adjusted funds from operations[1]	**59,849**	62,516	(4.3)
Per unit information:			
Recurring adjusted funds from operations (FD)[2][3]	**0.35**	0.38	(7.9)
Weighted average number of units outstanding for recurring adjusted funds from operations (FD)[2]	**169,405,138**	172,994,360	
Payout ratio[4]	**105.0%**	96.7%	
Cash payout ratio[5]	**105.0%**	65.9%	

(1) Including Cominar's proportionate share in joint ventures.
(2) Fully diluted.
(3) The calculation of fully diluted recurring adjusted funds from operations per unit includes the elimination of interest on the dilutive convertible debentures of $nil for the quarter ended March 31, 2016 [$3.0 million in 2015].
(4) The payout ratio corresponds to the distribution per unit, divided by fully diluted recurring AFFO per unit.
(5) The cash payout ratio corresponds to the cash distribution per unit, divided by fully diluted recurring AFFO per unit.

Recurring AFFO for the first quarter of 2016, decreased by 4.3% compared to the corresponding quarter of 2015, due mainly to the dispositions of income properties completed in 2015 and 2016 and to the decrease in global occupancy rate.

Fully diluted recurring AFFO per unit totalled $0.35 for the quarter ended March 31, 2016, down 7.9% from the corresponding quarter of 2015. This decrease resulted primarily from the decrease in adjusted funds from operations for the reasons mentioned above. To address the decrease due to the dispositions of income properties, Cominar repurchased a total of 2,717,396 units as part of the repurchase program under the NCIB during the quarter. The full effect of these repurchases of units will be felt in periods subsequent to this quarter.

TRACK RECORD OF RECURRING ADJUSTED FUNDS FROM OPERATIONS PER UNIT

For the quarters ended March 31	2016	2015	2014	2013	2012
Recurring adjusted funds from operations per unit (FD)[1]	**0.35**	0.38	0.38	0.38	0.38

(1) Fully diluted.

The Canadian Securities Administrators ("CSA") requires Cominar to reconcile cash flows provided by operating activities as shown in the condensed interim consolidated financial statements to adjusted funds from operations (non-IFRS measures) presented in this interim management's discussion & analysis.

The following table presents this reconciliation:

For the quarters ended March 31	2016	2015
Cash flows provided by operating activities as shown in the condensed interim consolidated financial statements	**38,632**	30,201
+ Adjustments – Investments in joint ventures[1]	**632**	322
- Amortization of other assets	**(238)**	(238)
- Provision for leasing costs	**(5,625)**	(5,800)
+ Initial and re-leasing salary costs	**661**	729
+ Change in non-cash working capital items	**27,205**	38,483
- Capital expenditures – maintenance of rental income generating capacity	**(1,418)**	(1,181)
Recurring adjusted funds from operations[1]	**59,849**	62,516

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

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

DISTRIBUTIONS TO UNITHOLDERS

For the quarters ended March 31	2016	2015	% Δ
Cash distributions	**61,970**	42 510	45.8
Distributions reinvested under the distribution reinvestment plan[1]	**—**	19 859	(100.0)
Distributions to unitholders	**61,970**	62,369	(0.6)
Percentage of distributions reinvested	**0.0%**	31.8%	
Per unit distributions	**0.3675**	0.3675	

(1) This amount includes units to be issued under the plan upon payment of distributions.

Distributions to unitholders for the first quarter of 2016 totalled $62.0 million, down 0.6% from the corresponding period of 2015.

On January 20, 2016, Cominar announced the suspension of the distribution reinvestment plan based on the fact that the market value of units did not reflect the intrinsic value of Cominar and that units issued under the distribution reinvestment plan offset the advantages generated by the repurchases of units made under Cominar's NCIB. The suspension of the distribution reinvestment plan does not affect the regular monthly cash distribution per unit.

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

For the quarters ended March 31	2016	2015	2014
Net income	**68,081**	71,153	55,070
Cash flows provided by operating activities as shown in the condensed interim consolidated financial statements	**38,632**	30,201	44,216
Distributions to unitholders	**61,970**	62,369	46,277
Cash distributions	**61,970**	42,510	32,773
Excess (deficit) of cash flows from operating activities over cash distributions to unitholders	**(23,338)**	(12,309)	11,443

For the quarter ended March 31, 2016, cash flows from operating activities were insufficient to fund cash distributions to unitholders, mainly due to the seasonal nature of certain disbursements, such as realty taxes. Annually, cash flows from operations have always been sufficient to finance cash distributions to unitholders.

LIQUIDITY AND CAPITAL RESOURCES

During the first quarter of 2016, Cominar generated $38.6 million in cash flows from operating activities. Of this amount, $62.0 million has been allocated to cash distributions to unitholders. Cominar foresees no difficulty in meeting its short-term obligations and its commitments with funds from operations, refinancing of mortgages payable, debenture or unit issuances, amounts available on its credit facility and cash and cash equivalents.

On November 27, 2014, Cominar filed a short form base shelf prospectus allowing it to issue up to $1.5 billion in securities during the 25-month period that this prospectus remains valid. Since then, Cominar has issued $200.0 million in senior unsecured debentures in December 2014 and $300.0 million in June 2015, as well as $155.3 million in units in January 2015, leaving an available balance of $844.7 million for future issuances.

MORTGAGES PAYABLE[(1)]

As at March 31, 2016, the nominal balance of mortgages payable was $2,094.8 million, up $43.5 million from $2,051.3 million as at December 31, 2015. This increase is explained by contracted net mortgages payable for $119.9 million at a weighted average contractual rate of 3.40%, by the repayments of balances at maturity for $62.1 million at a weighted average contractual rate of 5.47% and by the monthly repayments of capital for $14.3 million. At the end of the quarter, the weighted average contractual rate was 4.37%, down 9 basis points from 4.46% as at December 31, 2015. As at March 31, 2016, the effective weighted average interest rate was 4.04%, down 1 basis point from 4.05% as at December 31, 2015.

Cominar's mortgages payable contractual maturity dates are staggered over a number of years to reduce risks related to renewal. As at March 31, 2016, the residual weighted average term of mortgages payable was 5.5 years, compared to 5.4 years as at December 31, 2015.

The following table shows mortgage contractual maturity dates for the specified years:

CONTRACTUAL MATURITY DATES OF MORTGAGES PAYABLE

For the years ending December 31	Repayment of principal	Balances at maturity	Total	Weighted average contractual rate
2016 (period from April 1 to December 31)	41,032	142,810	183,842	4.68%
2017	53,401	177,190	230,591	4.70%
2018	42,613	451,983	494,596	4.91%
2019	35,019	4,255	39,274	6.20%
2020	36,425	82,013	118,438	4.37%
2021	35,319	89,517	124,836	5.48%
2022	33,847	56,136	89,983	4.14%
2023	29,407	254,826	284,233	4.56%
2024	20,714	181,733	202,447	4.09%
2025	15,541	210,838	226,379	3.15%
2026 and thereafter	9,730	90,450	100,180	3.39%
Total	353,048	1,741,751	2,094,799	4.37%

Cominar's management intends to refinance a portion of the mortgages payable maturing in 2016 and to increase, in general, the loan/value ratio of the properties used as collateral.

(1) Including the $8.5 million mortgage payable related to a property held for sale.

SENIOR UNSECURED DEBENTURES

The following table presents the features of Cominar's senior unsecured debentures:

	Contractual interest rate	Effective interest rate	Date of issuance	Dates of interest payments	Maturity date	Nominal value as at March 31, 2016
						$
Series 1	**4.274%**	**4.32%**	**June 2012[(1)]**	**June 15 and December 15**	**June 2017**	**250,000**
Series 2	**4.23%**	**4.37%**	**December 2012[(2)]**	**June 4 and December 4**	**December 2019**	**300,000**
Series 3	**4.00%**	**4.24%**	**May 2013**	**May 2 and November 2**	**November 2020**	**100,000**
Series 4	**4.941%**	**4.81%**	**July 2013[(3)]**	**July 27 and January 27**	**July 2020**	**300,000**
Series 6	**1.96%[(4)]**	**2.11%**	**September 2014**	**September 22, December 22, March 22 and June 22**	**September 2016**	**250,000**
Series 7	**3.62%**	**3.70%**	**September 2014**	**December 21 and June 21**	**June 2019**	**300,000**
Series 8	**4.25%**	**4.34%**	**December 2014**	**June 8 and December 8**	**December 2021**	**200,000**
Series 9	**4.164%**	**4.25%**	**June 2015**	**June 1 and December 1**	**June 2022**	**300,000**
Weighted average interest rate	**3.95%**	**4.02%**				
Total						**2,000,000**

(1) Re-opened in September 2012 ($125.0 million).
(2) Re-opened in February 2013 ($100.0 million).
(3) Re-opened in January 2014 ($100.0 million) and March 2014 ($100.0 million).
(4) Variable interest rate fixed quarterly for the period from March 22, 2016 to June 21, 2016 (corresponding to the three-month CDOR rate plus 108 basis points).

As at March 31, 2016, the residual weighted average term of senior unsecured debentures was 3.7 years.

BANK BORROWINGS

As at March 31, 2016, Cominar had an unsecured revolving operating and acquisition credit facility of up to $700.0 million maturing in August 2018. This credit facility bears interest at prime rate plus 70 basis points or at bankers' acceptance rate plus 170 basis points. This credit facility contains certain restrictive clauses, with which Cominar was in compliance as at March 31, 2016. As at March 31, 2016, bank borrowings totalled $358.6 million and cash available was $341.4 million.

DEBT SUMMARY

	As at March 31, 2016			As at December 31, 2015		
	$	**Weighted average contractual rate**	**Residual weighted average term**	$	Weighted average contractual rate	Residual weighted average term
Mortgages payable	**2,102,569**	**4.37%**	**5.5 years**	2,061,230	4.46%	5.4 years
Debentures	**1,995,804**	**3.95%**	**3.7 years**	1,995,506	3.95%	3.9 years
Bank borrowings	**358,637**	**2.82%**	**2.4 years**	381,166	2.85%	2.6 years
Total debt	**4,457,010**	**4.08%**	**4.4 years**	4,437,902	4.09%	4.5 years

During the first quarter of 2016, the weighted average interest rate on Cominar's total debt decreased by 1 basis point from 4.09% as at December 31, 2015, to 4.08% as at March 31, 2016.

DEBT RATIO

The following table presents the evolution of the debt ratio:

	March 31, 2016	December 31, 2015	March 31, 2015
Cash and cash equivalents	**(3,510)**	(5,250)	(4,401)
Mortgages payable	**2,102,569**	2,061,230	1,942,992
Debentures	**1,995,804**	1,995,506	1,945,944
Convertible debentures	**—**	—	183,425
Bank borrowings	**358,637**	381,166	372,086
Total net debt	**4,453,500**	4,432,652	4,440,046
Total assets less cash and cash equivalents	**8,220,090**	8,220,447	8,187,465
Debt ratio(1)(2)	**54.2%**	53.9%	54.2%

(1) Total of cash and cash equivalents, bank borrowings, mortgages payable, debentures and convertible debentures divided by total assets less cash and cash equivalents.

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

In accordance with Cominar's financial management policies on maintaining a sound and strong financial position over the long-term, Cominar developed a strategy of assets dispositions. The net proceeds on disposition of assets shall be used to pay down debt and, if it turns out to be an attractive investment, to repurchase units under the NCIB. While we are maintaining our long-term debt ratio target of 50%, we have set our 2016 year-end target goal at 53%.

INTEREST COVERAGE RATIO

Cominar calculates its interest coverage ratio by dividing net operating income less Trust administrative expenses by finance charges. The interest coverage ratio is used to assess Cominar's ability to pay interest on its total debt from operating revenues. For the quarter ended March 31, 2016, the interest coverage ratio stood at 2.67:1 [2.67:1 as at December 31, 2015], evidence of its capacity to meet its interest payment obligations.

UNENCUMBERED ASSETS AND UNSECURED DEBTS

The following table presents information on Cominar's unencumbered income properties and senior unsecured debts:

	As at March 31, 2015		As at December 31, 2015	
	Number of properties	**Fair value of properties ($)**	Number of properties	Fair value of properties ($)
Unencumbered income properties	**312**	**3,495,064**	326	3,621,513
Unencumbered assets to unsecured debt ratio(1)(2)		**1.48:1**		1.52:1
Senior unsecured debts-to-total-debt ratio(2)(3)		**52.9%**		53.6%

(1) Fair value of unencumbered income properties divided by the unsecured debt.

(2) These ratios are not defined by IFRS and may differ from similar measures presented by other entities.

(3) Senior unsecured debts divided by total debt.

As at March 31, 2016, Cominar owned unencumbered income properties whose fair value was approximately $3.5 billion. The unencumbered assets to unsecured debt ratio stood at 1.48:1, which represents considerable flexibility compared to the 1.30:1 ratio that Cominar must meet.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL COMMITMENTS

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

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

PROPERTY PORTFOLIO

The following table presents information on the property portfolio, including Cominar's proportionate share:

	March 31, 2016	December 31, 2015	% Δ
Income properties – Cominar's proportionate share(1)	**7,739,918**	7,706,575	0.4
Income properties held for sale	**93,302**	163,733	(43.0)
Properties under development and land held for future development – Cominar's proportionate share(1)	**180,380**	169,553	6.4
Number of income properties	**542**	566	
Leasable area (sq. ft.)	**44,986,000**	45,352,000	

(1) Non-IFRS financial measure.

SUMMARY BY OPERATING SEGMENT

	March 31, 2016	
	Number of properties	Leasable area (sq. ft.)
Office	**134**	**14,574,000**
Retail	**173**	**12,524,000**
Industrial and mixed-use	**235**	**17,888,000**
Total	**542**	**44,986,000**

SUMMARY BY GEOGRAPHIC MARKET

	March 31, 2016	
	Number of properties	Leasable area (sq. ft.)
Quebec	**128**	**10,161,000**
Montréal	**292**	**25,299,000**
Ontario(1)	**48**	**5,722,000**
Atlantic Provinces	**60**	**2,698,000**
Western Canada	**14**	**1,106,000**
Total	**542**	**44,986,000**

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

ACQUISITIONS, INVESTMENTS AND DISPOSITIONS

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 business segments, namely, office buildings, retail buildings and industrial and mixed-use properties, and geographic diversification of its property portfolio.

In accordance with Cominar's financial management policies on maintaining a sound and strong financial position over the long-term, Cominar developed a strategy of assets dispositions.

DISPOSITIONS OF INCOME PROPERTIES

On January 29, 2016, Cominar completed the sale of a portfolio of 10 retail properties located in Quebec and Ontario, for a total price of $14.9 million, net of selling expenses, at a capitalization rate of 6.7%. The net sale proceeds of these properties were used to reimburse a portion of the credit facility as well as to repurchase units under the NCIB.

On March 31, 2016, Cominar completed the sale of a portfolio of 14 retail properties located in Quebec and Ontario, for a total price of $55.5 million, net of selling expenses, at a capitalization rate of 7.1%. The net sale proceeds of these properties were used to reimburse a portion of the credit facility.

INVESTMENTS IN INCOME PROPERTIES

Cominar continues to develop its income properties in the normal course of business. Investments made include 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 2016, Cominar incurred $23.0 million [$23.2 million in 2015] in capital expenditures particularly to increase the rental income generating capacity of its properties or to reduce the related operating expenses. During the first quarter of 2016, Cominar also incurred $1.4 million [$1.2 million in 2015] in 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 for the coming years. These expenditures do not include current repair and maintenance costs.

Finally, Cominar invests in leasehold improvements that aim to 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 renewals and the signing of new leases. It also depends on increases in rental space due to newly acquired, expanded or upgraded properties, or rental space transferred from properties under development. During the first quarter of 2016, Cominar made investments of $7.5 million in this respect [$7.6 million in 2015].

INCOME PROPERTIES HELD FOR SALE

Cominar entered into commitments to sell income properties subject to usual closing requirements. Cominar's management intends to use the total net proceeds of these dispositions to pay down debt and, if it turns out to be an attractive investment, to repurchase units under the NCIB and expects to close these transactions during fiscal year 2016. Here is the fair value of these income properties less costs of sale by geographic market as at March 31, 2016:

	Quebec	Montréal	Atlantic Provinces	Total
	$	$	$	$
Assets – Retail properties				
Income properties held for sale	50,880	28,822	13,600	93,302
Liabilities				
Mortgage payable related to a property held for sale	—	8,525	—	8,525

PROPERTIES UNDER CONSTRUCTION AND DEVELOPMENT PROJECTS

Cominar owns an office property currently under development with a leasable area of 118,000 square feet located in Laval as part of the Centropolis complex, for total estimated cost of $30.7 million, including leasing cost and leasehold improvements. The occupancy rate of this property is currently 60 % and occupancy will continue in 2016. The capitalization rate of this property is estimated at 7.1%.

Cominar, at 50%, and Groupe Dallaire Inc., are in joint venture for the purpose of commercial land development located on Highway 40, one of the main arteries of Québec. This project, Espace Bouvier, will consist primarily of commercial space, the first three phases being comprised of an office building of approximately 83,000 square feet and two retail buildings totalling 85,000 square feet. The first building, a retail property of 65,000 square feet 100% leased by a single tenant, was delivered in December 2015. The second building, a retail property of 20,000 square feet to be leased by a single tenant, was delivered to the tenant for an official opening in May 2016. The average weighted capitalization rate of these properties is estimated at 8.8%.

Moreover, Cominar, at 75%, and Groupe Dallaire Inc., are in joint ventures for the purpose of commercial land development strategically located in Québec.

Cominar has begun a project on Louis-B.-Mayer Street, in Laval, of an industrial and mixed-use property for a single tenant that will occupy 100% of the leasable area of 130,000 square feet, with a total estimated cost of $14.9 million. The estimated capitalization rate of the project is 8.7% and the delivery is expected in December 2016.

REAL ESTATE OPERATIONS

OCCUPANCY RATE

As at March 31, 2016, the average occupancy rate of our properties was 92.5%, compared to 91.9% as at December 31, 2015, and 93.7% as at March 31, 2016. This decrease is largely due to the decreased occupancy rate in the retail segment, particularly as a result of the closing of Target stores and the weakness of the office segment in the Montréal area and in Ottawa.

OCCUPANCY RATE TRACK RECORD

	March 31, 2016	December 31, 2015	March 31, 2015	December 31, 2014	December 31, 2013
Operating segment (%)					
Office	**90.9**	90.3	92.5	93.5	93.3
Retail	**91.2**	90.3	93.7	94.7	94.2
Industrial and mixed-use	**94.8**	94.3	94.8	94.9	92.4
Portfolio total	**92.5**	91.9	93.7	94.4	93.1

LEASING ACTIVITY

	Office	**Retail**	**Industrial and mixed-use**	**Total**
Leases maturing in 2016				
Number of clients	424	579	309	1,312
Leasable area (sq. ft.)	2,097,000	1,730,000	3,115,000	6,942,000
Average minimum rent ($/sq. ft.)	17.24	19.41	6.12	12.79
Renewed leases				
Number of clients	144	181	85	410
Leasable area (sq. ft.)	735,000	667,000	746,000	2,148,000
Average minimum rent of leases maturing ($/sq. ft.)	17.98	15.99	6.56	13.37
Average minimum rent of renewed leases ($/sq. ft.)	18.02	15.92	6.75	13.49
Retention rate (%)	**35.1**	**38.6**	**24.0**	**30.9**
New leases				
Number of clients	68	59	60	187
Leasable area (sq. ft.)	385,000	436,000	857,000	1,678,000
Average minimum rent ($/sq. ft.)	14.74	11.56	5.41	9.04

In 2016, 15.4% of leasable area expired or will expire. 30.9% of these leases have already been renewed during the first quarter of 2016 and new leases were also signed, representing 1.7 million square feet of leasable area.

GROWTH IN AVERAGE MINIMUM RENT OF RENEWED LEASES

	For the quarter ended March 31, 2016	For the year ended December 31, 2015
	%	%
Operating segment		
Office	**0.2**	(5.1)
Retail	**(0.4)**	(1.7)
Industrial and mixed-use	**2.8**	3.6
Portfolio total	**0.9**	(1.5)

Growth in average minimum rent of renewed leases turned positive during the first quarter of 2016 at 0.9% after a decrease of 1.5% during fiscal 2015.

LEASE MATURITIES

	2017	**2018**	**2019**	**2020**	**2021**
Office					
Leasable area (sq. ft.)	1,979,000	2,022,000	1,751,000	1,005,000	980,000
Average minimum rent ($/sq. ft.)	17.77	18.69	17.96	18.17	18.92
% of portfolio – Office	13.6	13.9	12.0	6.9	6.7
Retail					
Leasable area (sq. ft.)	1,896,000	2,019,000	1,542,000	1,369,000	936,000
Average minimum rent ($/sq. ft.)	16.88	15.29	17.98	21.11	20.71
% of portfolio – Retail	14.9	16.0	12.3	10.9	7.4
Industrial and mixed-use					
Leasable area (sq. ft.)	2,986,000	2,704,000	1,288,000	2,180,000	1,149,000
Average minimum rent ($/sq. ft.)	7.23	6.76	7.62	6.65	6.21
% of portfolio – Industrial and mixed-use	16.7	15.1	7.2	12.2	6.4
Portfolio total					
Leasable area (sq. ft.)	6,861,000	6,745,000	4,581,000	4,554,000	3,065,000
Average minimum rent ($/sq. ft.)	12.94	12.89	15.06	13.54	14.70
% of portfolio	15.2	15.0	10.2	10.1	6.8

The following table summarizes information on leases as at March 31, 2016:

	Average remaining lease term	**Average leased area per client**	**Average minimum rent/ sq. ft.**
	years	**sq. ft.**	**$**
Office	4.5	6,900	17.64
Retail	4.3	4,100	17.66
Industrial and mixed-use	4.4	13,800	6.57
Portfolio average	**4.4**	**7,000**	**13.15**

Cominar has a broad, highly diversified retail client base consisting of about 6,000 clients occupying an average of approximately 7,000 square feet each. Our top three clients, Société québécoise des infrastructures, Public Works Canada and Canadian National Railway Company, account respectively for approximately 4.9%, 4.8% and 3.8% of our operating revenues 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 representing approximately 100 leases.

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

Client	% of operating revenues
Société québécoise des infrastructures	4.9
Public Works Canada	4.8
Canadian National Railway Company	3.8
Scotiabank	1.1
Harvest Operations Corp.	0.9
Jean Coutu Group	0.8
Thales Canada	0.8
Desjardins Real Estate Group Inc.	0.7
Shoppers Drug Mart	0.7
Dollarama	0.6
Total	**19.1**

ISSUED AND OUTSTANDING UNITS

In 2015, Cominar obtained the approval of the Toronto Stock Exchange to set up a NCIB for up to 4,000,000 units. The bid expires on September 1, 2016, or on any earlier date on which Cominar would have completed the maximum purchase pursuant to the bid.

During the first quarter of 2016, Cominar has repurchased 2,717,396 units at an average price of $15.01, for a total consideration of $40.8 million paid cash. Since the program has been implemented, Cominar has repurchased a total of 3,248,232 units at an average price of $14.94, for a total consideration of $48.5 million paid cash.

On January 20, 2016 Cominar announced the suspension of the distribution reinvestment plan based on the fact that the market value of units did not reflect the intrinsic value of Cominar and that units issued under the distribution reinvestment plan offset the advantages generated by purchases of units made under Cominar's NCIB. The suspension of the distribution reinvestment plan does not affect the regular monthly cash distribution per unit.

	For the quarter ended March 31, 2016	For the year ended December 31, 2015
Units issued and outstanding, beginning of period	**170,912,647**	158,689,195
+ Public offering	—	7,901,650
− Repurchase of units under NCIB	**(2,717,396)**	(530,836)
+ Exercise of options	—	266,200
+ Distribution reinvestment plan	—	4,582,780
+ Conversion of convertible debentures	—	3,658
Units issued and outstanding, end of period	**168,195,251**	170,912,647

Additional information	**May 3, 2016**
Issued and outstanding units	168,208,286
Outstanding unit options	10,264,850
Deferred units and restricted units	228,072

RELATED PARTY TRANSACTIONS

Michel Dallaire and Alain Dallaire, trustees and members of Cominar's management team, exercise indirect control over Dallaire Group Inc. and Dalcon Inc. During the first quarter of 2016, Cominar had operations with these companies, the details of which are as follows:

	For the quarter ended March 31, 2016
	$
Investment properties – Capital costs	16,874
Investment properties held by joint ventures – Acquisition	6,204
Investment properties held by joint ventures – Capital costs	639
Share of joint ventures' net income and comprehensive income	711
Net rental revenue from investment properties	74
Interest income	69

Balances shown in the consolidated balance sheets are detailed as follows:

	As at March 31, 2016	As at December 31, 2015
	$	$
Investments in joint ventures	82,324	74,888
Mortgage receivable	8,250	8,250
Accounts receivable – related parties	593	701
Accounts payable – related parties	4,055	8,804

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 time and cost savings while providing better service to its clients.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Evaluations are performed regularly to assess the effectiveness of DC&P, including this MD&A and the condensed interim consolidated financial statements. Based on these evaluations, the Chief Executive Officer and the Executive Vice President and Chief Financial Officer concluded that the DC&P were effective as at the end of the quarter ended March 31, 2016, and that the current controls and procedures provide reasonable assurance that material information about Cominar, including its consolidated subsidiaries, is made known to them during the period in which these reports are being prepared.

Evaluations are also performed to assess the effectiveness of ICFR. Based on those evaluations, the Chief Executive Officer and the Executive Vice President and Chief Financial Officer of Cominar concluded that ICFR was effective as at the end of the quarter ended March 31, 2016, and, more specifically, that the financial reporting is reliable and that the condensed interim consolidated financial statements have been prepared for financial reporting purposes in accordance with IFRS.

No changes were made to the Trust's internal controls over financial reporting during the first quarter of 2016 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, which have been prepared in accordance with IFRS applicable to the preparation of interim financial statements. The accounting policies and application methods thereof have been consistently applied throughout each of the periods presented in these condensed interim consolidated financial statements and are the same as those used in the preparation of the audited annual financial statements as at December 31, 2015. The preparation and presentation of the condensed interim consolidated financial statements and any other financial information contained in this interim MD&A includes the proper selection and application of appropriate accounting principles and policies, which require management to make estimates and informed judgments. Our estimates are based upon assumptions which we believe to be reasonable, such as those often based upon past experience. They represent the basis of our judgments to establish the carrying 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 properties

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

The fair value of Cominar's investment properties recorded on the balance sheet in accordance with IFRS is the sum of the fair values 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 business segments; (ii) synergies among different investment properties; and (iii) a fully integrated management approach. Therefore, the fair value of Cominar's investment properties taken as a whole could differ from that appearing on the consolidated balance sheet.

Properties under development in 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 properties the costs incurred to increase their capacity, replace certain components and make improvements after the acquisition date. Cominar also capitalizes major maintenance and repair expenses providing benefits that will last far beyond the end of the reporting period. For construction, expansion or major revitalization projects of income properties that take place over a substantial period of time, Cominar capitalizes the borrowing costs that are directly attributable to the investments in question.

Leasehold improvements, incurred directly by Cominar or through an allowance to tenants, which represent capital investments that increase the service capacity and value of properties and for which the economic advantage will extend beyond the term of the lease and will mainly benefit Cominar, as well as initial direct costs, mostly brokerage fees incurred to negotiate or prepare leases, are added to the carrying value of investment properties when incurred, and are not amortized subsequently.

Concerning properties under development and land held for future development, Cominar capitalizes all direct costs incurred for their acquisition, development 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 when 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.

When Cominar determines that the acquisition of an investment property is an asset acquisition, it capitalizes all costs that are directly related to the acquisition of the property, as well as all expenses incurred to carry out the transaction.

Leasing costs

Tenant inducements, mostly the payment of a monetary allowance to tenants and the granting of free occupancy periods, are added to the carrying amount of investment properties as they are incurred and are subsequently amortized against rental revenue from investment properties on a straight-line basis over the related lease term.

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 uses the following classifications for its financial instruments:

– Cash and cash equivalents, the mortgage receivable and accounts receivable 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, 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.

Cash and cash equivalents

Cash and cash equivalents consist of cash and investments that are readily convertible into a known amount of cash, that are not subject to a significant risk of change in value and that have original maturities of three months or less. Bank borrowings are considered to be financing arrangements.

Deferred financing costs

Issue costs incurred to obtain term loan financing, typically through mortgages payable and debentures, are applied against the borrowings and are amortized using the effective interest rate method over the term of the related debt.

Financing costs related to the operating and acquisition credit facility are recorded as assets under prepaid expenses and other assets and are amortized on a straight-line basis over the term of the credit facility.

Revenue recognition

Management has determined that all leases concluded between Cominar and its tenants are operating leases. Minimum lease payments are recognized using the straight-line method over the term of the related leases, and the excess of payments recognized over amounts payable is recorded on Cominar's consolidated balance sheet under investment properties. Leases generally provide for the tenants' payment of maintenance expenses 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. Lastly, incidental income is recognized when services are rendered.

Long term incentive plan

Cominar has a long term incentive plan in order to attract, retain and motivate its employees to attain Cominar's objectives. This plan does not provide for any cash settlements.

Unit purchase options

Cominar recognizes a compensation expense on units granted, based on their fair value on the date of the grant, which is calculated using an option valuation model. The compensation expense is amortized using the graded vesting method.

Restricted units

Cominar recognizes a compensation expense on restricted unit options granted, based on their fair value, which corresponds to 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 vesting period.

Deferred units

Cominar recognizes compensation expense on deferred units granted, based on their fair value, which corresponds to the market value of Cominar units on the date of the grant. The compensation expense is amortized using the graded vesting method.

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 allocations from its income for tax purposes. Therefore, no provision for income taxes is required.

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 taxes payable or recoverable at the current enacted tax rates and use the asset and liability method to account for deferred taxes. The net deferred tax liability represents the cumulative amount of taxes applicable to temporary differences between the reported carrying amounts and tax bases of the assets and liabilities.

Per unit calculations

Basic net income per unit is calculated based on the weighted average number of units outstanding for the period. The calculation of net income per unit on a diluted basis considers the potential issuance of units in accordance with the long term incentive plan, if dilutive.

Segment information

Segment information is presented in accordance with IFRS 8, "Operating segments," which requires segment information to be presented and disclosed in accordance with the information that is regularly assessed by the chief operating decision makers when they determine the performance of these segments.

FUTURE ACCOUNTING POLICY CHANGES

IFRS 9, "Financial Instruments"

In July 2014, the International Accounting Standards Board ("IASB") published its final version of IFRS 9, which will replace IAS 39, "Financial Instruments: Recognition and Measurement" and modifications to IFRS 7, "Financial Instruments: Disclosures," in order to add disclosure requirements regarding the transition to IFRS 9. The new standard includes guidance on recognition and derecognition of financial assets and financial liabilities, impairment and hedge accounting. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Cominar is currently assessing the impacts of adopting this new standard on its consolidated financial statements.

IFRS 15, "Revenue from Contracts with Customers"

In May 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers." IFRS 15 specifies how and when to recognize revenue and requires entities to provide users of financial statements with more informative, relevant disclosures. The standard will supersede IAS 18, "Revenue," IAS 11, "Construction Contracts," and related interpretations. Adoption of the standard will be mandatory for all IFRS reporters, and will apply to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 will be effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. Cominar is currently assessing the impacts of adopting this new standard on its consolidated financial statements.

IFRS 16, "Leases"

In January 2016, the IASB issued IFRS 16, "Leases". IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (lessee) and the supplier (lessor). IFRS 16 will cancel and replace the previous leases Standard, IAS 17, "Leases", and related interpretations. IFRS 16 will be effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 is also applied. Cominar is currently assessing the impacts of adopting this new standard on its consolidated financial statements.

RISKS AND UNCERTAINTIES

Like all real estate entities, Cominar is exposed, in the normal course of business, to various risk factors that may have an impact on its ability to attain strategic objectives, despite all the measures implemented to counter them. The risks and uncertainties identified by Cominar are:

- Access to capital and debt financing, and current global financial conditions
- Debt financing
- Ownership of immovable property
- Environmental matters
- Legal risks
- Competition
- Acquisitions
- Property development program
- Recruitment and retention of employees and executives
- Government regulation
- Limit on activities
- General uninsured losses
- Potential conflicts of interest
- Risk factors related to the ownership of units
- Risk factors related to the ownership of debentures
- Status for tax purposes

Therefore, unitholders should consider these risks and uncertainties when assessing the Trust's outlook in terms of investment potential. To obtain a complete description of the risks and uncertainties identified by Cominar, the reader is invited to refer to our 2015 Annual Report, as well as our 2015 Annual Information Form.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

COMINAR REAL ESTATE INVESTMENT TRUST
March 31, 2016

Unaudited

CONSOLIDATED BALANCE SHEETS

[unaudited, in thousands of Canadian dollars]

	Note	March 31, 2016	December 31, 2015
		$	$
ASSETS			
Investment properties			
Income properties	4	**7,648,038**	7,614,990
Properties under development	5	**51,395**	49,114
Land held for future development	5	**72,866**	71,646
		7,772,299	7,735,750
Income properties held for sale	6	**93,302**	163,733
Investments in joint ventures	7	**82,324**	74,888
Goodwill		**166,971**	166,971
Mortgage receivable		**8,250**	8,250
Accounts receivable		**55,633**	56,756
Prepaid expenses and other assets		**41,311**	14,099
Cash and cash equivalents		**3,510**	5,250
Total assets		**8,223,600**	8,225,697
LIABILITIES			
Mortgages payable	8	**2,094,044**	2,052,640
Mortgage payable related to a property held for sale	6, 8	**8,525**	8,590
Debentures	9	**1,995,804**	1,995,506
Bank borrowings	10	**358,637**	381,166
Accounts payable and accrued liabilities		**111,423**	118,921
Deferred tax liabilities		**10,970**	10,877
Distributions payable to unitholders		**20,604**	—
Total liabilities		**4,600,007**	4,567,700
UNITHOLDERS' EQUITY			
Unitholders' equity		**3,623,593**	3,657,997
Total liabilities and unitholders' equity		**8,223,600**	8,225,697

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, 2016		3,063,920	2,008,364	(1,421,233)	6,946	—	3,657,997
Net income and comprehensive income		—	68,081	—	—	—	68,081
Distributions to unitholders	11	—	—	(61,970)	—	—	(61,970)
Repurchase of units under NCIB [1]	11	(40,779)	—	—	—	—	(40,779)
Long-term incentive plan		—	—	—	264	—	264
Balance as at March 31, 2016		**3,023,141**	**2,076,445**	**(1,483,203)**	**7,210**	**—**	**3,623,593**

(1) Normal course issuer bid ("NCIB")

	Note	Unitholders' contributions	Cumulative net income	Cumulative distributions	Contributed surplus	Equity component of convertible debentures	Total
		$	$	$	$	$	$
Balance as at January 1, 2015		2,839,515	1,733,684	(1,169,938)	5,746	1,424	3,410,431
Net income and comprehensive income		—	71,153	—	—	—	71,153
Distributions to unitholders	11	—	—	(62,369)	—	—	(62,369)
Unit issuances		173,015	—	—	—	—	173,015
Unit issuance expenses		(6,548)	—	—	—	—	(6,548)
Long-term incentive plan		—	130	—	366	—	496
Balance as at March 31, 2015		3,005,982	1,804,967	(1,232,307)	6,112	1,424	3,586,178

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	2016	2015
		$	$
Operating revenues			
Rental revenue from investment properties		**221,424**	229,411
Operating expenses			
Operating costs		**50,970**	52,783
Realty taxes and services		**52,611**	53,434
Property management expenses		**4,173**	4,128
		107,754	110,345
Net operating income		**113,670**	119,066
Finance charges	12	**(42,210)**	(44,142)
Trust administrative expenses		**(3,997)**	(4,227)
Share of joint ventures' net income and comprehensive income	7	**711**	557
Income before income taxes		**68,174**	71,254
Income taxes		**(93)**	(101)
Net income and comprehensive income		**68,081**	71,153
Basic net income per unit	13	**0.40**	0.43
Diluted net income per unit	13	**0.40**	0.43

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	2016	2015
		$	$
OPERATING ACTIVITIES			
Net income		**68,081**	71,153
Adjustments for:			
Excess of share of net income and comprehensive income over distributions received from the joint ventures	7	**(711)**	(357)
Amortization		**(774)**	(1,301)
Compensation expense related to long-term incentive plan		**261**	469
Deferred income taxes		**93**	101
Recognition of leases on a straight-line basis	4	**(1,113)**	(1,381)
Changes in non-cash working capital items	14	**(27,205)**	(38,483)
Cash flows provided by operating activities		**38,632**	30,201
INVESTING ACTIVITIES			
Acquisitions of and investments in income properties	4	**(38,494)**	(27,132)
Acquisitions of and investments in properties under development and land held for future development	5	**(3,344)**	(3,422)
Net proceeds from the sale of investment properties	3	**70,431**	—
Contributions to the capital of the joint ventures	7	**(6,725)**	(18,450)
Return of capital from a joint venture	7	**—**	1,231
Change in other assets		**(424)**	(60)
Cash flows provided by (used in) investing activities		**21,444**	(47,833)
FINANCING ACTIVITIES			
Mortgages payable		**119,290**	(12)
Repayments of mortgages payable at maturity	8	**(62,078)**	(9,142)
Monthly repayments of mortgages payable	8	**(14,313)**	(14,335)
Financing cost of debentures		**(41)**	(33)
Bank borrowings		**(22,529)**	(85,237)
Distributions to unitholders		**(41,366)**	(28,239)
Net proceeds from issuance of units	11	**—**	153,122
Repurchase of units under NCIB	11	**(40,779)**	—
Cash flows provided by (used in) financing activities		**(61,816)**	16,124
Net change in cash and cash equivalents		**(1,740)**	(1,508)
Cash and cash equivalents, beginning of period		**5,250**	5,909
Cash and cash equivalents, end of period		**3,510**	4,401
Other information			
Interest paid		**33,999**	41,597
Distributions received from joint ventures	7	**—**	200

See accompanying notes to the condensed interim consolidated financial statements.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the quarters ended March 31, 2016 and 2015
[unaudited, in thousands of Canadian dollars, except per unit amounts]

1) DESCRIPTION OF THE TRUST

Cominar Real Estate Investment Trust ("Cominar" or the "Trust") is an unincorporated closed-end real estate investment trust created by a Contract of Trust on March 31, 1998, under the laws of the Province of Quebec. As at March 31, 2016, Cominar owned and managed a real estate portfolio of 542 high-quality properties that covered a total area of 45.0 million square feet in Quebec, Ontario, the Atlantic Provinces and Western Canada.

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

The Board of Trustees approved Cominar's condensed interim consolidated financial statements on May 3, 2016.

2) SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation
Cominar's unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, and comply notably with the requirements of IAS 34, "Interim Financial Reporting." They do not include all the disclosures that will normally be found in the Trust's annual consolidated financial statements. The accounting policies and application methods thereof have been consistently applied throughout each of the periods presented in these condensed interim consolidated financial statements. These condensed interim consolidated financial statements should be read in conjunction with Cominar's IFRS annual consolidated financial statements for the fiscal year ended December 31, 2015.

3) DISPOSITIONS

DISPOSITIONS OF INCOME PROPERTIES

On January 29, 2016, Cominar completed the sale of a portfolio of 10 retail properties located in Quebec and Ontario, for a total price of $14,949, net of selling expenses.

On March 31, 2016, Cominar completed the sale of a portfolio of 14 retail properties located in Quebec and Ontario, for a total price of $55,482, net of selling expenses.

4) INCOME PROPERTIES

	Note	For the quarter ended March 31, 2016	For the year ended December 31, 2015
		$	$
Balance, beginning of period		**7,614,990**	7,697,823
Acquisitions and related costs		**—**	33,081
Fair value adjustment		**—**	(23,322)
Capital costs		**29,669**	137,161
Dispositions		**—**	(97,444)
Transfers from properties under development	5	**—**	13,292
Transfers to income properties held for sale	6	**—**	(163,733)
Change in initial direct costs		**2,266**	10,992
Recognition of leases on a straight-line basis		**1,113**	7,140
Balance, end of period		**7,648,038**	7,614,990

5) PROPERTIES UNDER DEVELOPMENT AND LAND HELD FOR FUTURE DEVELOPMENT

	Note	For the quarter ended March 31, 2016	For the year ended December 31, 2015
		$	$
Balance, beginning of period		**120,760**	121,938
Capital costs		**2,263**	6,875
Capitalized interest		**1,238**	5,239
Transfers to income properties	4	**—**	(13,292)
Balance, end of period		**124,261**	120,760
Breakdown:			
Properties under development		**51,395**	49,114
Land held for future development		**72,866**	71,646

6) INCOME PROPERTIES HELD FOR SALE

Cominar entered into commitments to sell income properties subject to usual closing requirements. Cominar's management intends to use the total net proceeds of these dispositions to pay down debt and, if it turns out to be an attractive investment, to repurchase units under the NCIB. Cominar's management expects to close these transactions during fiscal year 2016. Here is the fair value of these income properties less costs of sale by geographic market:

For the quarter ended March 31, 2016	Note	Quebec	Montréal	Ontario	Atlantic Provinces	Total
		$	$	$	$	$
Assets – Retail properties						
Income properties held for sale						
Balance, beginning of period		78,308	62,142	9,683	13,600	163,733
Dispositions	3	(27,428)	(33,320)	(9,683)	—	(70,431)
Balance, end of period		50,880	28,822	—	13,600	93,302

For the quarter ended March 31, 2016	Quebec $	Montréal $	Ontario $	Atlantic Provinces $	Total $
Liabilities					
Mortgage payable related to a property held for sale					
Balance, beginning of period	—	8,590	—	—	8,590
Monthly repayments of principal	—	(65)	—	—	(65)
Balance, end of period	—	8,525	—	—	8,525

7) JOINT VENTURES

As at March 31			2016	2015
Joint venture	**Address**	**City/province**	**Ownership interest**	Ownership interest
Société en commandite Complexe Jules-Dallaire	2820 Laurier Boulevard	Québec, Quebec	**50%**	50%
Société en commandite Bouvier-Bertrand	Espace Bouvier	Québec, Quebec	**50%**	50%
Société en commandite Chaudière-Duplessis	De la Chaudière Boulevard	Québec, Quebec	**75%**	75%
Société en commandite Marais	Du Marais Street	Québec, Quebec	**75%**	—

The business objective of these joint ventures is the ownership, management and development of real estate projects.

The following table summarizes the financial information of the investments in these joint ventures accounted for under the equity method:

	For the quarter ended March 31, 2016 $	For the year ended December 31, 2015 $
Investments in joint ventures, beginning of period	**74,888**	41,633
Contributions to the capital of the joint ventures	**6,725**	33,259
Share of joint ventures' net income and comprehensive income	**711**	1,427
Liquidities distributed by a joint venture	**—**	(200)
Return of capital from a joint venture	**—**	(1,231)
Investments in joint ventures, end of period	**82,324**	74,888

The following tables summarize the net assets and the net income and comprehensive income of the joint ventures:

	As at March 31, 2016 $	As at December 31, 2015 $
Income properties	**183,760**	183,168
Properties under development	**34,705**	32,921
Land held for future development	**51,767**	43,122
Other assets	**2,419**	2,806
Mortgage payable	**(110,665)**	(102,312)
Bank borrowings	**(17,500)**	(25,002)
Other liabilities	**(5,551)**	(6,440)
Net assets of the joint ventures	**138,935**	128,263
Proportionate share of joint ventures' net assets	**82,324**	74,888

For the quarters ended March 31	**2016**	2015
	$	$
Operating revenues	**4,866**	4,914
Operating expenses	**2,102**	2,542
Net operating income	**2,764**	2,372
Finance charges	**(1,296)**	(1,258)
Administrative expenses	**(46)**	—
Net income and comprehensive income	**1,422**	1,114
Share of joint ventures' net income and comprehensive income	**711**	557

8) MORTGAGES PAYABLE

	For the quarter ended March 31, 2016		For the year ended December 31, 2015	
		Weighted average contractual rate		Weighted average contractual rate
	$	**%**	$	%
Balance, beginning of period	**2,051,335**	**4.46**	1,948,462	4.79
Net mortgages payable, contracted or assumed	**119,855**	**3.40**	371,407	3.07
Monthly repayments of principal	**(14,313)**	**—**	(57,120)	—
Repayments of balances at maturity	**(62,078)**	**5.47**	(211,414)	4.77
	2,094,799	**4.37**	2,051,335	4.46
Plus: Fair value adjustments on assumed mortgages payable	**12,443**		14,246	
Less: Deferred financing costs	**(4,673)**		(4,351)	
Balance, end of period(1)	**2,102,569**		2,061,230	

(1) Including the $8,525 [$8,590 as at December 31, 2015] mortgage payable related to a property held for sale.

Mortgages payable are primarily secured by immovable hypothecs on investment properties having a carrying value of $4,246,276 [$4,162,353 as at December 31, 2015]. They bear annual contractual interest rates ranging from 2.35% to 7.75% [2.35% to 7.75% as at December 31, 2015], representing a weighted average contractual rate of 4.37% as at March 31, 2016 [4.46% as at December 31, 2015], and are renewable at various dates from April 2016 to January 2039. As at March 31, 2016, the weighted average effective interest rate was 4.04% [4.05% as at December 31, 2015].

As at March 31, 2016, nearly all mortgages payable were bearing interest at fixed rates. Some of the mortgages payable include covenants, with which Cominar was in compliance as at March 31, 2016 and December 31, 2015.

9) DEBENTURES

The following table presents characteristics of outstanding debentures as at March 31, 2016:

	Date of issuance	Contractual interest rate	Effective interest rate	Maturity date	Nominal value as at March 31, 2016
		%	%		$
Series 1	June 2012 (1)	4.274	4.32	June 2017	**250,000**
Series 2	December 2012 (2)	4.23	4.37	December 2019	**300,000**
Series 3	May 2013	4.00	4.24	November 2020	**100,000**
Series 4	July 2013 (3)	4.941	4.81	July 2020	**300,000**
Series 6	September 2014	1.96 (4)	2.11	September 2016	**250,000**
Series 7	September 2014	3.62	3.70	June 2019	**300,000**
Series 8	December 2014	4.25	4.34	December 2021	**200,000**
Series 9	June 2015	4.164	4.25	June 2022	**300,000**
Total		**3.95**	**4.02**		**2,000,000**

(1) Re-opened in September 2012 ($125,000).
(2) Re-opened in February 2013 ($100,000).
(3) Re-opened in January 2014 ($100,000) and March 2014 ($100,000).
(4) Variable interest rate fixed quarterly for the period from March 22, 2016 to June 21, 2016 (corresponding to the three-month CDOR rate plus 108 basis points).

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

	For the quarter ended March 31, 2016		For the year ended December 31, 2015	
		Weighted average contractual rate		Weighted average contractual rate
	$	**%**	$	%
Balance, beginning of period	**2,000,000**	**3.95**	1,950,000	3.89
Issuances	**—**	**—**	300,000	4.16
Repayment at maturity	**—**	**—**	(250,000)	3.03
	2,000,000	**3.95**	2,000,000	3.95
Less: Deferred financing costs	**(6,918)**		(7,413)	
Plus: Net premium and discount on issuance	**2,722**		2,919	
Balance, end of period	**1,995,804**		1,995,506	

Debentures, under the trust indenture, contain covenants, with which Cominar was in compliance as at March 31, 2016 and December 31, 2015.

10) BANK BORROWINGS

As at March 31, 2016, Cominar had an unsecured revolving operating and acquisition credit facility of up to $700.0 million maturing in August 2018. This credit facility bears interest at prime rate plus 70 basis points or at bankers' acceptance rate plus 170 basis points. This credit facility contains certain restrictive clauses, with which Cominar was in compliance as at March 31, 2016 and December 31, 2015. As at March 31, 2016, bank borrowings totalled $358.6 million and cash available was $341.4 million.

11) 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.

	For the quarter ended March 31, 2016		For the year ended December 31, 2015	
	Units	**$**	Units	$
Units issued and outstanding, beginning of period	**170,912,647**	**3,063,920**	158,689,195	2,839,515
Public offering	**—**	**—**	7,901,650	148,701
Repurchase of units under NCIB	**(2,717,396)**	**(40,779)**	(530,836)	(7,755)
Exercise of options	**—**	**—**	266,200	4,672
Distribution reinvestment plan	**—**	**—**	4,582,780	78,643
Conversion of convertible debentures	**—**	**—**	3,658	75
Reversal of contributed surplus	**—**	**—**	—	69
Units issued and outstanding, end of period	**168,195,251**	**3,023,141**	170,912,647	3,063,920

DISTRIBUTIONS TO UNITHOLDERS

For the quarters ended March 31	**2016**	2015
	$	$
Distributions	**61,970**	62,369
Distributions per unit	**0.3675**	0.3675

12) FINANCE CHARGES

For the quarters ended March 31	**2016**	2015
	$	$
Interest on mortgages payable	**22,111**	22,789
Interest on debentures	**19,720**	18,942
Interest on convertible debentures	**—**	2,861
Interest on bank borrowings	**2,982**	2,545
Net amortization of premium and discount on debenture issues	**(197)**	(193)
Amortization of deferred financing costs and others	**982**	1,235
Amortization of fair value adjustments on assumed borrowings	**(1,804)**	(2,599)
Less: Capitalized interest(1)	**(1,584)**	(1,438)
Total finance charges	**42,210**	44,142

(1) Includes capitalized interest on properties under development and on major revitalization projects for income properties that take place over a substantial period of time. The weighted average capitalization rate used in 2016 was 4.19% [4.40% in 2015].

13) PER UNIT CALCULATION BASIS

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 years indicated:

For the quarters ended December 31	2016 Units	2015 Units
Weighted average number of units outstanding – basic	**169,150,236**	164,301,125
Dilutive effect related to the long-term incentive plan	**254,902**	375,625
Dilutive effect of convertible debentures	**—**	10,242,017
Weighted average number of units outstanding – diluted	**169,405,138**	174,918,767

The calculation of the diluted weighted average number of units outstanding does not take into account the effect of the conversion into units of 7,358,417 options outstanding as at March 31, 2016 [4,100,183 options as at March 31, 2015] since the exercise price of the options, including the unrecognized portion of the related compensation expense, is higher than the average price of units. The calculation of diluted net income per unit also includes the elimination of interest at the effective rate on the convertible debentures of $nil for the quarter ended March 31, 2016 [$3,320 in 2015].

14) SUPPLEMENTAL CASH FLOW INFORMATION

For the quarters ended March 31	2016 $	2015 $
Prepaid expenses and other assets	**(27,235)**	(28,464)
Accounts receivable	**1,123**	(1,513)
Accounts payable and accrued liabilities	**(1,093)**	(8,506)
Changes in non-cash working capital items	**(27,205)**	(38,483)
Other information		
Unpaid acquisitions and investments with respect to investment properties	**9,233**	18,313

15) RELATED PARTY TRANSACTIONS

During the quarters ended March 31, 2016 and 2015, Cominar entered into transactions with companies controlled by unitholders who are also officers of Cominar over which they have significant influence.

These transactions were entered into in the normal course of business and are measured at the exchange amount. They are reflected in the condensed interim consolidated financial statements as follows:

For the quarters ended March 31	Note	2016 $	2015 $
Investment properties – Capital costs		**16,874**	13,977
Investment properties held by joint ventures – Acquisition		**6,204**	—
Investment properties held by joint ventures – Capital costs		**639**	2,756
Share of joint ventures' net income and comprehensive income	7	**711**	557
Net rental revenue from investment properties		**74**	101
Interest income		**69**	101

	Note	As at March 31,2016	As at December 31, 2015
		$	$
Investments in joint ventures	7	**82,324**	74,888
Mortgage receivable		**8,250**	8,250
Accounts receivable – Related parties		**593**	701
Accounts payable – Related parties		**4,055**	8,804

16) FAIR VALUE

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

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

Cominar's policy is to recognize transfers between hierarchy levels on the date of changes in circumstances that caused the transfer. There was no transfer between hierarchy levels in the first quarter of 2016 and fiscal 2015.

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

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

Carrying amount and fair value of financial liabilities, when that fair value does not approximate the carrying amount, are classified as follows:

		As at March 31, 2016		As at December 31, 2015	
	Level	Carrying amount	Fair value	Carrying amount	Fair value
		$	$	$	$
FINANCIAL LIABILITIES					
Mortgages payable	2	**2,102,569**	**2,175,941**	2,061,230	2,140,424
Debentures	2	**1,995,804**	**2,034,961**	1,995,506	2,026,127

17) SEGMENT INFORMATION

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

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

The following tables provide financial information on Cominar's three property types:

For the quarter ended	Office properties	Retail properties	Industrial and mixed-use properties	Cominar's proportionate share	Joint ventures	Condensed interim consolidated financial statements
March 31, 2016	**$**	**$**	**$**	**$**	**$**	**$**
Rental revenue from investment properties	**97,382**	**83,199**	**43,276**	**223,857**	**(2,433)**	**221,424**
Net operating income	**48,272**	**42,920**	**23,861**	**115,053**	**(1,383)**	**113,670**
Share of joint ventures' net income and comprehensive income	**—**	**—**	**—**	**—**	**711**	**711**
March 31, 2015	**$**	**$**	**$**	**$**	**$**	**$**
Rental revenue from investment properties	103,012	86,938	41,918	231,868	(2,457)	229,411
Net operating income	52,111	45,297	22,844	120,252	(1,186)	119,066
Share of joint ventures' net income and comprehensive income	—	—	—	—	557	557

	Office properties	Retail properties	Industrial and mixed-use properties	Cominar's proportionate share	Joint ventures	Condensed interim consolidated financial statements
As at March 31, 2016	**$**	**$**	**$**	**$**	**$**	**$**
Income properties	**3,276,550**	**3,003,984**	**1,459,384**	**7,739,918**	**(91,880)**	**7,648,038**
Income properties held for sale	**—**	**93,302**	**—**	**93,302**	**—**	**93,302**
Investments in joint ventures	**—**	**—**	**—**	**—**	**82,324**	**82,324**
As at December 31, 2015	**$**	**$**	**$**	**$**	**$**	**$**
Income properties	3,253,449	3,002,584	1,450,542	7,706,575	(91,585)	7,614,990
Income properties held for sale	—	163,733	—	163,733	—	163,733
Investments in joint ventures	—	—	—	—	74,888	74,888

18) SUBSEQUENT EVENTS

On April 15, 2016, Cominar declared a monthly distribution of $0.1225 per unit payable on May 16, 2016.

On May 2, 2016, Cominar completed the sale of a portfolio of 5 retail properties located in Québec and Montréal, for a total price of $39.3 million, net of selling expenses.

CORPORATE INFORMATION

BOARD OF TRUSTEES

KEY OFFICERS

Michel Dallaire, Eng.
Chief Executive Officer

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

Gilles Hamel, CPA, CA
Executive Vice President
and Chief Financial Officer

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

Alain Dallaire
Executive Vice President, Operations
Office and Industrial and Asset Management

Todd Bechard, CPA, CMA, CFA
Executive Vice President, Acquisitions

Jean Laramée, Eng.
Executive Vice President, Development

Michael Racine
Executive Vice President, Leasing
Office and Industrial

Manon Deslauriers
Vice President, Legal Affairs and
Corporate Secretary

UNITHOLDERS INFORMATION

COMINAR REAL ESTATE INVESTMENT TRUST

Complexe Jules-Dallaire – T3
2820 Laurier Boulevard, Suite 850
Québec, Quebec, Canada G1V 0C1

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Email: info@cominar.com
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LISTING

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

TRANSFER AGENT

Computershare Trust Company of Canada
1500 Robert-Bourassa Blvd., Suite 700
Montréal, Quebec, Canada H3A 3S8

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

TAXABILITY OF DISTRIBUTIONS

In 2015, 73.94% of the distributions made by Cominar to unitholders were tax deferred.

LEGAL COUNSEL

Davies Ward Phillips & Vineberg LLP

AUDITORS

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.

UNITHOLDERS DISTRIBUTION REINVESTMENT PLAN

On January 20, 2016 Cominar announced the suspension of the distribution reinvestment plan ("DRIP"). If Cominar elects to reinstate the DRIP in the future, unitholders that were enrolled in the DRIP at suspension and remain enrolled at reinstatement will automatically resume participation in the DRIP. The suspension of the DRIP does not affect the regular monthly cash distribution per unit.