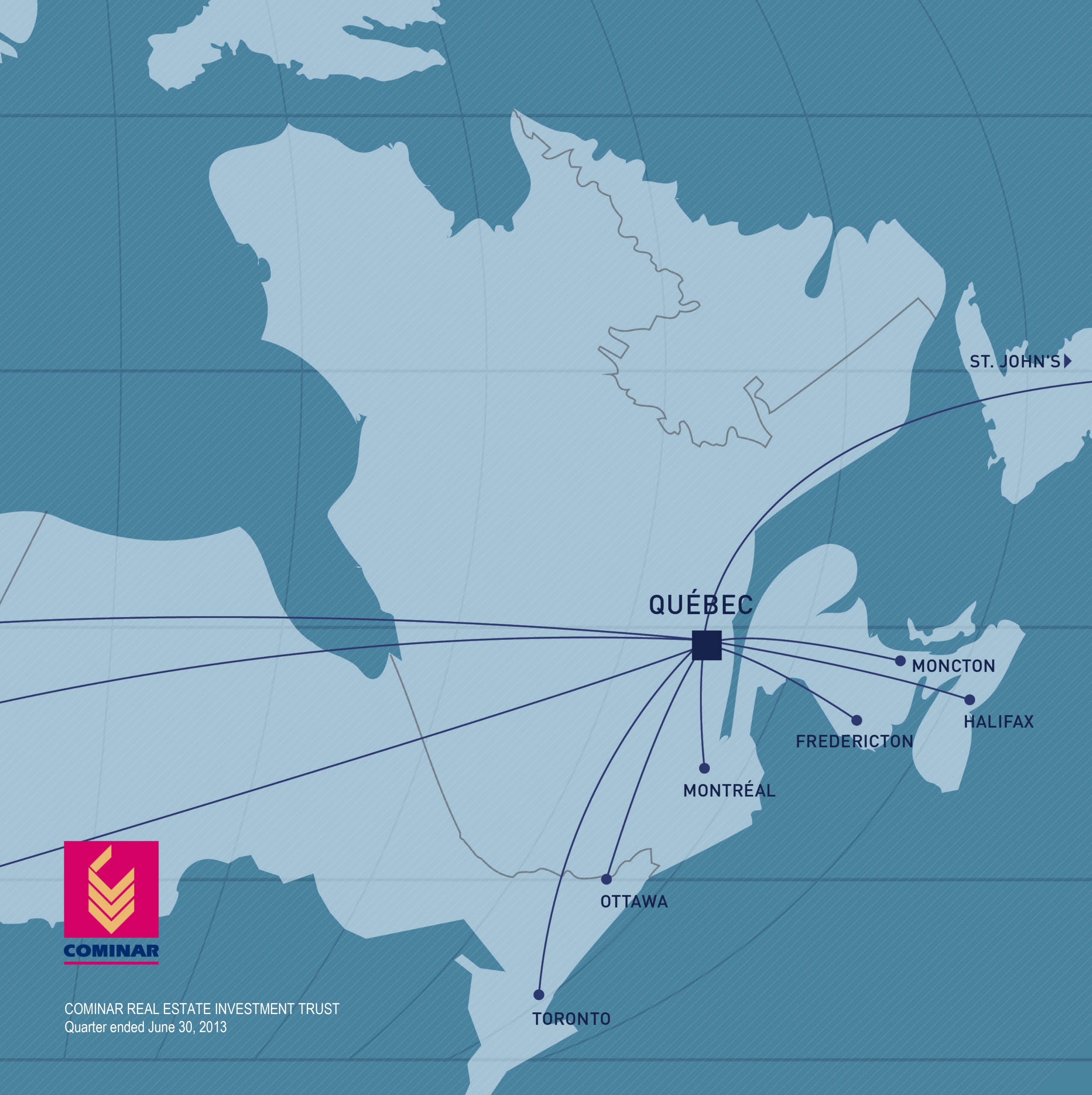
ON TRACK FROM COAST TO COAST

2013 Interim Report



COMINAR

COMINAR REAL ESTATE INVESTMENT TRUST
Quarter ended June 30, 2013

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MESSAGE TO UNITHOLDERS

Our second-quarter results continue to show good growth overall, which notably translates into a 19.5% increase in operating revenues, a 36.3% increase in net income, and a 15.9% increase in recurring distributable income compared to the same period last year.

It is also satisfying to note that, during this period, our adjusted funds from operations have increased 16.5% and that per unit fully diluted, they remained stable, despite the dilutive effect of the debt reduction strategy we put forth at the same time as the major acquisitions we made in 2012.

It is on that basis that we continue to carry on our activities in the rigorous and dynamic manner that has ensured our success for many, many years, and we are particularly focused on optimizing the diversification of our portfolio. Since the beginning of 2013, we invested nearly $200 million in the strategic acquisitions of 21 income properties and development projects at very attractive capitalization rates (ranging from 7.0% to 9.3%), as well as in land for future development.

We are also currently deploying significant efforts for the revitalization of Place Alexis Nihon, Centre Laval and Place Longueuil, which will soon welcome new retailer, Target, to boost customer traffic and increase demand for our retail spaces. We are convinced that the investments we are making to ensure that our malls are always increasingly attractive for customers will continue to improve performance.

Also during the second quarter, based on the strong trust of our financial partners, we successfully issued $100 million worth of senior unsecured debentures bearing interest at 4.0% and maturing in November 2020. In line with our risk management strategy, we allocated the net proceeds of this investment to reducing our credit facility, thereby replacing short-term debt with long-term debt at a favourable rate, without increasing overall debt.

As at June 30, 2013, our debt ratio stood at 51.3%, and our annualized interest coverage ratio was 2.82:1.

MICHEL DALLAIRE, Eng.
President and Chief Executive Officer

Our financial strength combined with our expertise allows us to be well-positioned to take advantage of opportunities as we gain ground on the Canadian market. At the same time, we remain cautious and mindful of optimizing cost control and maintaining quality customer service—two factors that are inherent to our success and that contribute to maintaining an overall occupancy rate that is comparable to that of the market. We are confident that our initiatives as a whole will keep contributing to the improvement of our distributable income.

President, Chief Executive Officer and Trustee,

Michel Dallaire, Eng.
August 6, 2013

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

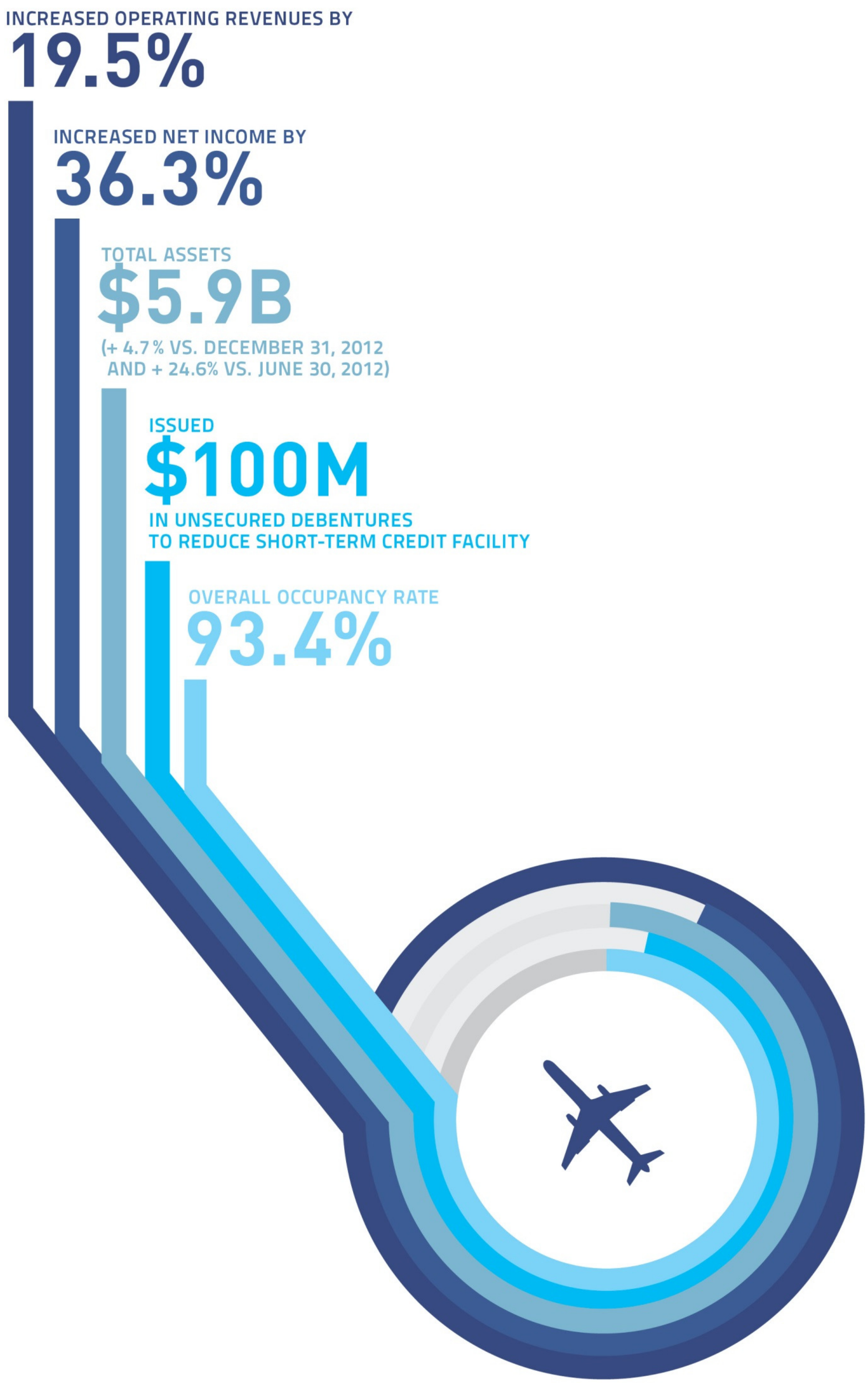
The following Interim Management's Discussion and Analysis ("MD&A") is provided to enable a reader to assess the results of operations of Cominar Real Estate Investment Trust ("Cominar," the "Trust" or the "REIT") for the quarter ended June 30, 2013, in comparison with the corresponding quarter of 2012, as well as its financial position at that date and its outlook. Dated August 6, 2013, this interim MD&A reflects all significant information available as of that date and should be read in conjunction with unaudited condensed interim consolidated financial statements and accompanying notes included in this document, as well as the consolidated financial statements, accompanying notes and MD&A appearing in Cominar's most recent Annual Report.

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

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

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

HIGHLIGHTS FOR THE SECOND QUARTER ENDED JUNE 30, 2013



HIGHLIGHTS FOR THE SECOND QUARTER ENDED JUNE 30, 2013 (continued)

ACQUISITION ACTIVITIES

On May 1, 2013, Cominar acquired an industrial building located in Pointe-Claire, Québec, for a purchase price of $12.0 million, paid in cash; this property represents a leasable area of 199,000 square feet. The capitalization rate for this transaction is 7.6%.

FINANCING ACTIVITIES

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

DISPOSAL OF A SUBSIDIARY

On May 22, 2013, Cominar sold its interest in Hardegane Investments Limited ("Hardegane"), which holds 100% of the shares of Dyne Holdings Limited ("Dyne"), to Homburg International Limited ("Homburg"), for a nominal consideration and the reimbursement of certain Cominar advances. Dyne owned three income properties, two of which were categorized as office properties and one as a retail property, as well as an unexploited hotel. This transaction allowed Cominar to remove Dyne's liabilities from its balance sheet and to record a gain of $8.0 million on this disposal.

SUBSEQUENT EVENTS

On July 8, 2013, Cominar redeemed all its outstanding Series C convertible unsecured subordinated debentures, bearing interest at 5.80% and totalling $110.0 million.

On July 11, 2013, the Québec Administrative Court rendered its final decision regarding the expropriation process initiated by the *Centre hospitalier de l'Université de Montréal* (the "CHUM") in June 2006 in relation to the property located at 300 Viger Avenue in Montréal, Québec. The Québec Administrative Court set the definitive expropriation indemnity at $33.5 million. The CHUM will pay Cominar a sum of approximately $3.5 million, which represents the difference between the amount of the provisional indemnity of $30,000 that was already paid to Cominar in 2007 and the total definitive indemnity.

On July 22, 2013, Cominar issued $100 million worth of Series 4 senior unsecured debentures bearing an interest rate of 4.941% and maturing in July 2020. Cominar allocated the net proceeds of $99.6 million to reducing its credit facility.

On July 25, 2013, Cominar sold six industrial and mixed-use properties located in Prince George, British Columbia, for $4.0 million. These properties acquired with Canmarc did not fit in our business strategy. This transaction will not have a significant impact on Cominar's future results.

Today, August 8, 2013, Cominar intends to file a preliminary short form base shelf prospectus with the securities regulatory authorities in each of the provinces and territories of Canada. Once a visa for the final short form base shelf prospectus has been obtained from the applicable Canadian securities regulatory authorities, this will enable Cominar to offer for sale and issue trust units, unsecured debt securities (including, without limitation, senior unsecured debentures and convertible unsecured subordinated debentures), warrants and subscription receipts of Cominar, units comprising any of the foregoing or any combination thereof (collectively, the "Securities") having an offer price of up to $1 billion in the aggregate from time to time during the 25 month period during which the base shelf prospectus remains valid.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, we make written or oral forward-looking statements within the meaning of applicable Canadian securities legislation. We may make such statements in this document and in other filings with Canadian regulators, in reports to unitholders or in other communications. These forward-looking statements include, among other things, statements with respect to our medium-term and 2013 objectives, and strategies to achieve our objectives, as well as statements with respect to our beliefs, outlooks, plans, objectives, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast" and "objective" and the use of the conditional tense, and words and expressions of similar import are intended to identify forward-looking statements.

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

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Cominar, investors and others should carefully consider the foregoing factors, as well as other factors and uncertainties.

Additional information about these factors can be found in the "Risks and Uncertainties" section of this MD&A, as well as in the "Risk Factors" section of Cominar's 2012 Annual Information Form.

NON-IFRS FINANCIAL MEASURES

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

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Quarter			Cumulative (six months)		
For the periods ended June 30	2013	2012	Δ%	2013	2012	Δ%
FINANCIAL DATA						
Operating revenues	**167,840**	140,419	19.5	**337,433**	266,707	26.5
Net operating income[1]	**91,733**	79,035	16.1	**181,655**	145,915	24.5
Same property net operating income[1]	**(2.4%)**	(0.9%)		**(0.6%)**	(0.1%)	
Net income	**62,356**	45,762	36.3	**122,053**	78,488	55.5
Recurring distributable income[1]	**48,473**	41,816	15.9	**96,342**	77,062	25.0
Recurring funds from operations[1]	**54,797**	49,363	11.0	**110,187**	91,871	19.9
Recurring adjusted funds from operations[1]	**47,765**	40,990	16.5	**95,139**	76,012	25.2
Distributions	**45,598**	39,505	15.4	**90,753**	75,135	20.8
Payout ratio of recurring DI	**92.3%**	90.0%		**93.5%**	92.3%	
Cash payout ratio	**69.2%**	65.0%		**72.7%**	70.5%	
Debt ratio				**51.3%**	50.9%	
Interest coverage ratio				**2.82:1**	2.64:1	
Weighted average interest rate on debt				**4.9%**	5.3%	
Total assets				**5,878,889**	4,717,086	24.6
Market capitalization				**2,614,537**	2,675,776	(2.3)
PER UNIT FINANCIAL DATA						
Net income (basic)	**0.50**	0.43	16.3	**0.98**	0.80	22.5
Recurring distributable income (basic)[1]	**0.39**	0.40	(2.5)	**0.77**	0.78	(1.3)
Recurring distributable income (FD)[1][2]	**0.38**	0.39	(2.6)	**0.76**	0.77	(1.3)
Recurring funds from operations (FD)[1][2]	**0.43**	0.45	(4.4)	**0.87**	0.90	(3.3)
Recurring adjusted funds from operations (FD)[1][2]	**0.38**	0.38	—	**0.76**	0.76	—
Distributions	**0.36**	0.36	—	**0.72**	0.72	—
Weighted average number of units outstanding (basic)	**125,039,993**	105,830,003		**124,759,905**	98,427,512	
Weighted average number of units outstanding (FD)[2]	**137,977,004**	122,453,810		**137,688,969**	115,177,887	
OPERATIONAL DATA						
Number of properties				**499**	415	
Leasable area (in thousands of sq. ft.)				**36,868**	30,715	
Occupancy rate				**93.4%**	94.5%	
ACQUISITIONS						
Number of properties				**21**	146	
Leasable area (in thousands of sq. ft.)				**1,989**	9,518	
Total investment				**168,900**	916,154	
Weighted average capitalization rate				**7.1%**	6.8%	
DEVELOPMENT ACTIVITIES						
Number of properties transferred from properties under development to income properties				**2**	—	
Value of properties transferred from properties under development to income properties				**7,172**	—	
Properties under development				**2**	2	
Value of properties under development				**18,445**	5,122	

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

SELECTED QUARTERLY INFORMATION

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

For the quarters ended	June 30, 2013	March 31, 2013	Dec. 31, 2012	Sept. 30, 2012	June 30, 2012	March 31, 2012	Dec. 31, 2011	Sept. 30, 2011
Operating revenues	**167,840**	169,593	157,312	140,518	140,419	126,288	77,983	78,002
Net operating income	**91,733**	89,922	90,334	81,566	79,035	66,880	47,202	47,270
Net income	**62,356**	59,697	231,859(1)	31,824	45,762	32,726	95,703(1)	27,918
Net income per unit (basic)	**0.50**	0.48	1.87(1)	0.27	0.43	0.36	1.38(1)	0.44
Net income per unit (diluted)	**0.48**	0.47	1.73(1)	0.27	0.42	0.36	1.18(1)	0.42
Distributable income	**48,228**	52,485	48,717	44,126	41,816	35,246	26,738	25,931
Recurring DI per unit (FD)	**0.38**	0.38	0.39	0.37	0.39	0.38	0.38	0.39
Recurring FFO from operations	**54,797**	55,100	57,071	51,508	49,363	42,508	29,666	28,624
Recurring FFO per unit (FD)	**0.43**	0.43	0.45	0.43	0.45	0.45	0.41	0.43
Recurring AFFO	**47,765**	47,084	47,025	43,375	40,990	35,022	26,216	25,438
Recurring AFFO per unit (FD)	**0.38**	0.38	0.38	0.37	0.38	0.38	0.37	0.39
Distributions	**45,598**	45,155	45,287	43,598	39,505	35,630	26,429	23,272
Distributions per unit	**0.36**	0.36	0.36	0.36	0.36	0.36	0.36	0.36

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

GENERAL BUSINESS OVERVIEW

Cominar Real Estate Investment Trust is the third-largest diversified REIT in Canada and remains the largest commercial property owner in the Province of Québec. As at June 30, 2013, Cominar owned and managed a high-quality portfolio of 499 properties including 120 office buildings, 157 retail buildings and 222 industrial and mixed-use buildings located in Québec, Ontario, the Atlantic Provinces and Western Canada.

Since its inception in 1998, Cominar has made a series of acquisitions and completed many construction and property development projects, increasing the carrying amount of its assets to $5.9 billion as at June 30, 2013.

As a self-managed and fully integrated real estate investment trust, asset and property management is entirely internalized. Except for some recently acquired properties whose management currently does not match Cominar's business model, the Trust is not bound to any third party by management contracts or property management fees. This mode of operation enables more direct, faster and more efficient contact with our clientele. The result is improved efficiency for Cominar.

PROPERTIES SUMMARY AS AT JUNE 30, 2013			
Segment	Number of Buildings	Leasable Space (sq. ft.)	Occupancy Rate (%)
Office	120	13,025,500	93.6
Retail	157	7,603,500	94.3
Industrial and Mixed-Use	222	16,239,000	93.0
TOTAL	**499**	**36,868,000**	**93.4**

OBJECTIVES AND STRATEGY

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

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

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

Cominar's development strategy consists of a two-fold approach: acquiring properties or property portfolios and carrying out development projects.

To sustain and eventually increase the pace of its growth, Cominar is developing new markets outside the province of Québec, as demonstrated by certain large acquisitions realized over the last three years. Through this strategy, Cominar has enhanced its geographical diversification. Cominar also intends to keep investing in Québec in order to benefit from the competitive advantage it has in this market.

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

PERFORMANCE INDICATORS

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

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

The following table summarizes our key performance indicators for the periods ending June 30, 2013, and 2012.

PERFORMANCE INDICATORS

		Quarter			Cumulative (six months)		
Periods ended June 30	**Page**	**2013**	**2012**	**Δ%**	**2013**	**2012**	**Δ%**
Net operating income	16	**91,733**	79,035	16,1	**181,655**	145,915	24.5
Same property net operating income	16	**45,366**	46,491	(2.4)	**90,403**	90,925	(0.6)
Recurring DI per unit (FD)[1]	20	**0.38**	0.39	(2.6)	**0.76**	0.77	(1.3)
Recurring FFO per unit (FD)[1]	22	**0.43**	0.45	(4.4)	**0.86**	0.90	(4.4)
Recurring AFFO per unit (FD)[1]	24	**0.38**	0.38	—	**0.76**	0.76	(1.3)
Debt ratio (including convertible debentures)	27				**51.3%**	50.9%	
Interest coverage ratio	27				**2.82: 1**	2.64: 1	
Occupancy rate	31				**93.4%**	94.5%	
Increase in leasable area	28				**5.1%**	44.8%	

(1) Fully diluted.

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

GROWTH OUTLOOK

Cominar ensures that its growth is achieved in an orderly and disciplined manner, and never losing sight of its main criterion — the long-term profitability of acquired assets. Recent acquisitions, including those of Canmarc Real Estate Investment Trust, a portfolio of 67 income properties from GE Capital Real Estate made in 2012, as well as a portfolio of 19 income properties purchased during the first quarter, increased Cominar's assets by 113% since 2011 and has optimized the portfolio's geographical diversification.

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

PERFORMANCE ANALYSIS

OPERATIONAL RESULTS

The following tables summarize our main operating results for the periods ended June 30, 2013 and 2012.

CONSOLIDATED STATEMENT OF NET INCOME

	Quarter			Cumulative (six months)		
For the periods ended June 30	2013	2012	Δ%	2013	2012	Δ%
Operating revenues	**167,840**	140,419	19.5	**337,433**	266,707	26.5
Operating expenses	**76,107**	61,384	24.0	**155,778**	120,792	29.0
Net operating income	**91,733**	79,035	16.1	**181,655**	145,915	24.5
Other revenues	**—**	850	(100.0)	**4,906**	1,560	214.5
Finance charges	**(33,598)**	(27,894)	20.5	**(65,577)**	(56,251)	16.6
Trust administrative expenses	**(3,586)**	(2,593)	38.3	**(6,429)**	(5,049)	27.3
Restructuring charges	**(657)**	(2,212)	(70.3)	**(911)**	(2,449)	(62.8)
Transaction costs – business combinations	**—**	(1,274)	(100.0)	**—**	(11,181)	(100.0)
Gain on an investment in a public entity	**—**	—	—	**—**	6,222	(100.0)
Gain on disposal of a subsidiary	**8,010**	—	—	**8,010**	—	—
Gain on disposal of an investment property	**507**	—	—	**507**	—	—
Income taxes	**(53)**	(150)	(64.7)	**(108)**	(279)	(61.3)
Net income	**62,356**	45,762	36.3	**122,053**	78,488	55.5

NON-IFRS FINANCIAL MEASURES

	Quarter			Cumulative (six months)		
For the periods ended June 30	2013	2012	Δ%	2013	2012	Δ%
Recurring DI	**48,473**	41,816	15.9	**96,342**	77,062	25.0
Distributions	**45,598**	39,505	15.4	**90,753**	75,135	20.8
Recurring FFO	**54,797**	49,363	11.0	**110,187**	91,871	19.9
Recurring AFFO	**47,765**	40,990	16.5	**95,139**	76,012	25.2

FINANCIAL POSITION

The following table summarizes assets and liabilities as well as unitholders' equity as at June 30, 2013 and December 31, 2012.

	June 30, 2013	December 31, 2012	Δ$	Δ%
ASSETS				
Investment properties				
Income properties	**5,487,891**	5,294,984	192,907	3.6
Properties under development and land held for future development	**81,889**	53,234	28,655	53.8
Bond investments	**20,786**	21,509	(723)	(3.4)
Goodwill	**166,971**	166,971	—	—
Other assets	**121,352**	80,351	41,001	51,0
Total	**5,878,889**	5,617,049	261,840	4.7
LIABILITIES				
Mortgages payable	**1,804,453**	1,695,222	109,231	6.4
Debentures	**645,833**	448,530	197,303	44.0
Convertible debentures	**290,113**	289,134	979	0.3
Bridge loan	**—**	84,000	(84,000)	(100.0)
Bank borrowings	**282,177**	300,368	(18,191)	(6.1)
Other liabilities	**102,578**	102,900	(322)	(0.3)
Total	**3,125,154**	2,920,154	205,000	7.0
UNITHOLDERS' EQUITY	**2,753,735**	2,696,895	56,840	2.1
Total	**5,878,889**	5,617,049	261,840	4.7

RESULTS OF OPERATIONS

OPERATING REVENUES

	Quarter			Cumulative (six months)		
For the periods ended June 30	2013	2012	Δ%	2013	2012	Δ%
Same property portfolio[(1)]	**84,258**	84,218	—	**170,790**	168,375	1.4
Acquisitions and developments	**83,582**	56,201	48.7	**166,643**	98,332	69.5
Total operating revenues	**167,840**	140,419	19.5	**337,433**	266,707	26.5

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

During the second quarter of 2013, operating revenues rose 19.5% from the corresponding period in 2012. This increase resulted primarily from the contribution of acquisitions completed in 2012 and 2013.

NET OPERATING INCOME

	Quarter			Cumulative (six months)		
For the periods ended June 30	2013	2012	Δ%	2013	2012	Δ%
Same property portfolio[1]	**45,366**	46,491	(2.4)	**90,403**	90,925	(0.6)
Acquisitions and developments	**46,367**	32,544	42.5	**91,252**	54,990	65.9
Total NOI	**91,733**	79,035	16.1	**181,655**	145,915	24.5

(1) See "Operating revenues."

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

Overall NOI rose 16.1% during the second quarter of 2013, compared to the same period in 2012, due mainly to the acquisitions completed in 2012 and 2013.

For the second quarter of 2013, the NOI of our same property portfolio decreased 2.4% compared to the same period in 2012. This decrease is mostly due to a reduction in the occupancy rate in the Montreal office operating segment and in the Québec City industrial segment. Note, however, that the leasable space of its property portfolio has doubled since the beginning of fiscal year 2012, so the same-property NOI figure is not representative of the organic growth of the overall portfolio.

SEGMENT NET OPERATING INCOME

BY OPERATING SEGMENT

	Quarter			Cumulative (six months)		
For the periods ended June 30	2013	2012	Δ%	2013	2012	Δ%
Operating segment						
Office	**46,336**	37,901	22.3	**92,555**	69,365	33.4
Retail	**22,494**	23,044	(2.4)	**44,991**	41,974	7.2
Industrial and mixed-use	**22,044**	17,279	27.6	**42,321**	33,117	27.8
Residential	**859**	811	5.9	**1,788**	1,459	22.6
Total NOI	**91,733**	79,035	16.1	**181,655**	145,915	24.5

	Quarter		Cumulative (six months)	
For the periods ended June 30	2013	2012	2013	2012
Operating segment				
Office	**50.5%**	48.0%	**51.0%**	47.5%
Retail	**24.5%**	29.1%	**24.8%**	28.8%
Industrial and mixed-use	**24.0%**	21.9%	**23.2%**	22.7%
Residential	**1.0%**	1.0%	**1.0%**	1.0%
	100.0%	100.0%	**100.0%**	100.0%

The overall NOI for the second quarter of 2013 rose for all our operating segments, except for the retail segment, which decreased 2.4%.

BY GEOGRAPHIC MARKET

	Quarter			Cumulative (six months)		
For the periods ended June 30	2013	2012	Δ%	2013	2012	Δ%
Geographic market						
Québec City	**18,187**	17,686	2.8	**35,920**	33,688	6.6
Montréal	**48,313**	42,765	13.0	**95,532**	79,465	20.2
Other – Québec	**2,122**	2,111	0.5	**4,213**	3,616	16.5
Ottawa(1)	**8,426**	2,349	258.7	**17,188**	4,541	278.5
Other – Ontario	**1,772**	1,635	8.4	**3,471**	2,779	24.9
Atlantic provinces	**6,282**	5,847	7.4	**11,698**	10,848	7.8
Western Canada	**6,631**	6,642	(0.2)	**13,633**	10,978	24.2
Total NOI	**91,733**	79,035	16.1	**181,655**	145,915	24.5

	Quarter		Cumulative (six months)	
For the periods ended June 30	2013	2012	2013	2012
Geographic market				
Québec City	**19.8%**	22.4%	**19.8%**	23.1%
Montréal	**52.7%**	54.1%	**52.6%**	54.5%
Other – Québec	**2.3%**	2.7%	**2.3%**	2.5%
Ottawa(1)	**9.2%**	3.0%	**9.5%**	3.1%
Other – Ontario	**1.9%**	2.1%	**1.9%**	1.9%
Atlantic provinces	**6.9%**	7.4%	**6.4%**	7.4%
Western Canada	**7.2%**	8.3%	**7.5%**	7.5%
	100.0%	100.0%	**100.0%**	100.0%

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

OTHER REVENUES

In connection with the restructuring of Homburg Invest Inc. ("HII") under the Company's Creditors Arrangement Act (Canada), Cominar filed a number of proofs of claim against HII. On February 5, 2013, Cominar and HII entered into a memorandum of understanding related to, among other things, the settlement of these proofs of claim. Under this arrangement, Cominar received a cash payment of approximately $6.3 million in settlement of various claims. A portion of the payment was recognized against the receivables recorded in the balance sheet, and the excess was immediately recorded as revenue in the first-quarter results.

FINANCE CHARGES

	Quarter			Cumulative (six months)		
For the periods ended June 30	2013	2012	Δ%	2013	2012	Δ%
Interest on mortgages payable	**21,840**	21,491	1.6	**43,605**	40,963	6.5
Interest on debentures	**6,528**	222	2,840.5	**11,906**	222	5,263.1
Interest on convertible debentures	**4,467**	5,795	(22.9)	**8,933**	11,655	(23.4)
Interest on bank borrowings and bridge loan	**3,914**	3,410	14.8	**7,353**	6,626	11.0
Amortization of capitalized financing costs and other	**1,383**	1,218	13.6	**2,901**	4,587	(36.8)
Amortization of fair value adjustments on assumed indebtedness	**(3,455)**	(3,920)	(11.9)	**(7,412)**	(7,012)	5.7
Less: Capitalized interests	**(1,079)**	(322)	235.1	**(1,709)**	(790)	116.3
Total finance charges	**33,598**	27,894	20.5	**65,577**	56,251	16.6
Percentage of operating revenues	**20.0%**	19.9%		**19.4%**	21.1%	
Weighted average interest rate on debt				**4.9%**	5.3%	

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

Although finance charges for the quarter increased 20.5%, compared to the same period in 2012, they remained stable as a percentage of operating revenues, from 19.9% in 2012 to 20.0% in 2013. The finance charge for the six-month period ended June 30, 2013 represented only 19.4% of operating revenues, a decrease of 1.7% compared to 2012. This decrease is primarily attributable to the issuance of debt in the form of unsecured debentures and to newly negotiated mortgages that reduced the weighted average interest rate on total long-term debt, which was 4.9% at the end of the second quarter of 2013, compared to 5.3% in June 2012.

TRUST ADMINISTRATIVE EXPENSES

Trust administrative expenses amounted to $3.6 million as at June 30, 2013, compared to $2.6 million in 2012. Although trust administrative expenses represented 2.1% of operating income for the second quarter of 2013 [1.8% in 2012], they represented only 1.9% of total operating revenues after two quarters, the same percentage as 2012.

RESTRUCTURING CHARGES

During fiscal year 2012, Cominar incurred charges related to the integration of Canmarc's activities, namely for changes to organizational structure. These charges consisted mainly of direct salaries of employees retained through the transition period, severance benefits paid during the period, as well as consulting and legal fees. During the six-month period ended June 30, 2013, Cominar continued to incur restructuring charges related to the integration of Canmarc's activities.

GAIN ON DISPOSAL OF A SUBSIDIARY

On May 22, 2013, Cominar sold its interest in Hardegane Investments Limited ("Hardegane"), which held 100% of the shares of Dyne Holdings Limited ("Dyne"), to Homburg International Limited ("Homburg"), for a nominal consideration and the reimbursement of certain Cominar advances. Dyne owned three income properties, two of which were categorized as office properties and one as retail property, as well as an unexploited hotel. This transaction will allow Cominar to remove Dyne's liabilities from its balance sheet and to record a gain of $8.0 million on this disposal.

GAIN ON DISPOSAL OF AN INVESTMENT PROPERTY

On June 28, 2013, Cominar disposed of an office building in Lévis, Québec, for $1.5 million, as a tenant exercised the purchase option included in the lease. The transaction resulted in a gain on disposal of $0.5 million.

NET INCOME

	Quarter			Cumulative (six months)		
For the periods ended June 30	2013	2012	Δ%	2013	2012	Δ%
Net income	**62,356**	45,762	36.3	**122,053**	78,488	55.5
Net income per unit (basic)(1)	**0.50**	0.43	16.3	**0.98**	0.80	22.5
Net income per unit (diluted)(1)	**0.48**	0.42	14.3	**0.95**	0.78	21.8

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

Cominar reported $62.4 million in net income for the second quarter of 2013, up 36.3% from the corresponding period in 2012. Net income per unit stood at $0.50, up 16.3% from the same period in 2012.

DISTRIBUTABLE INCOME AND DISTRIBUTIONS

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

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

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

DISTRIBUTABLE INCOME

	Quarter			Cumulative (six months)		
For the periods ended June 30	2013	2012	Δ%	2013	2012	Δ%
Net income	**62,356**	45,762	36.3	**122,053**	78,488	55.5
- Net amortization of premium and discount on debenture issue	**(45)**	—	—	**(90)**	—	—
- Amortization of fair value adjustments on assumed indebtedness	**(3,455)**	(3,920)	(11.9)	**(7,412)**	(7,012)	5.7
+ Amortization of fair value adjustments on bond investments	**78**	78	—	**156**	124	25.8
+ Amortization of capitalized financing costs	**1,444**	1,218	18.6	**2,870**	4,587	(37.4)
+ Compensation expense related to long term incentive plan	**881**	245	259.6	**1,550**	484	220.3
+ Accretion of liability component of convertible debentures	**63**	58	8.6	**122**	114	7.0
+ Restructuring charges	**657**	2,212	(70.3)	**911**	2,449	(62.8)
+ Transaction costs – business combinations	**—**	1,274	(100.0)	**—**	11,181	(100.0)
- Gain on disposal of a subsidiary	**(8,010)**	—	—	**(8,010)**	—	—
- Gain on disposal of an investment property	**(507)**	—	—	**(507)**	—	—
+ Deferred taxes	**56**	115	(51.3)	**111**	244	(54.5)
- Provision for leasing costs	**(4,131)**	(3,609)	14.5	**(8,420)**	(7,949)	5.9
- Change in fair value of an investment in a public entity	**—**	—	—	**—**	(2,582)	(100.0)
- Change in accounts receivable – recognition of leases on a straight-line basis	**(1,159)**	(1,617)	(28.3)	**(2,621)**	(3,066)	(14.5)
Distributable income	**48,228**	41,816	15.3	**100,713**	77,062	30.7
Unusual item – other revenues	**—**	—	—	**(4,906)**	—	—
Unusual item – Holman Grand Hotel	**245**	—	—	**535**	—	—
Recurring DI	**48,473**	41,816	15.9	**96,342**	77,062	25.0
DISTRIBUTIONS TO UNITHOLDERS	**45,598**	39,505	15.4	**90,753**	75,135	20.8
Distributions reinvested under the distribution reinvestment plan(1)	**11,229**	10,860	3.4	**20,337**	17,822	14.1
Cash distributions	**34,369**	28,645	20.0	**70,416**	57,313	22.9
Percentage of distributions reinvested	**24.6%**	27.5%		**22.4%**	23.7%	
Per unit information:						
Recurring DI (basic)	**0.39**	0.40	(2.5)	**0.77**	0.78	(1.3)
Recurring DI (FD)(2)	**0.38**	0.39	(2.6)	**0.76**	0.77	(1.3)
DISTRIBUTIONS PER UNIT	**0.36**	0.36		**0.72**	0.72	
Payout ratio(3)	**92.3%**	90.0%		**93.5%**	92.3%	
Cash payout ratio(4)	**69.2%**	65.0%		**72.7%**	70.5%	

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

Cominar adjusted the distributable income calculation to take into account two unusual items. The first is the gain which resulted from the settlement of claims against HII, and the second is an adjustment to exclude the impact of the retrocession of the Holman Grand Hotel to Cominar as part of HII's restructuring.

Recurring DI for the quarter ended June 30, 2013, amounted to $48.5 million, up 15.9% from the same period of 2012. This increase was primarily due to the contribution of the acquisitions completed in 2012 and 2013. Fully diluted per unit, it totalled

$0.38 for the quarter ended June 30, 2013, down $0.01, compared to the same period last year. This decrease mainly resulted from the dilutive effect of the debt reduction we undertook over this period.

Distributions to unitholders in the second quarter of 2013 totalled $45.6 million, up 15.4% from the same quarter of 2012. Per unit distributions were $0.36 for the second quarters of both 2012 and 2013.

The recurring DI payout ratio for the quarter ended June 30, 2013 was 92.3%.

TRACK RECORD OF RECURRING DI PER UNIT

For the six-month periods ended June 30	2013	2012	2011	2010	2009[(2)]
Recurring DI per unit (basic)	**0.77**	0.78	0.76	0.77	0.83
Recurring DI per unit (FD)[(1)]	**0.76**	0.77	0.75	0.75	0.81

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

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

The following table presents this reconciliation:

	Quarter		Cumulative (six months)	
For the periods ended June 30	2013	2012	2013	2012
Cash flows provided by operating activities	**10,781**	15,357	**45,640**	19,902
- Amortization of other assets	**(186)**	(199)	**(329)**	(359)
+ Restructuring charges	**657**	2,212	**911**	2,449
+ Transaction costs – business combinations	**—**	1,274	**—**	11,181
- Provision for leasing costs	**(4,131)**	(3,609)	**(8,420)**	(7,949)
+ Change in non-cash working capital items	**41,107**	26,781	**62,911**	51,838
Distributable income	**48,228**	41,816	**100,713**	77,062

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

For the six-month periods ended June 30	2013	2012	2011
Net income	**122,053**	78,488	53,840
Cash flows provided by operating activities	**45,640**	19,902	24,903
Distributions to unitholders	**90,753**	75,135	45,866
Cash distributions	**70,416**	57,313	38,371
Deficiency of cash flows from operating activities over cash distributions to unitholders	**(24,776)**	(37,411)	(13,468)
Adjustments:			
+ Transaction costs – business combinations	**—**	11,181	—
+ Restructuring charges	**911**	2,449	—
- Unusual item – other revenues	**(4,906)**	—	—
+ Unusual item – Holman Grand Hotel	**535**	—	—
Deficiency of adjusted cash flows from operating activities over cash distributions to unitholders	**(28,236)**	(23,781)	(13,468)

For the periods ended June 30, 2013, as in previous years, adjusted cash flows from operating activities were insufficient to fund cash distributions to unitholders, mainly due to the cyclical nature of certain expenses. Annual cash flows from operations are usually sufficient to finance cash distributions to unitholders.

FUNDS FROM OPERATIONS

Although the concept of funds from operations ("FFO") is not a financial measure defined under IFRS, it is widely used in the field of real estate investment trusts. The Real Property Association of Canada ("REALpac") defines this measure as net income (calculated in accordance with IFRS), adjusted for, among other things, fair value adjustments of investment property, deferred taxes, transaction costs incurred upon a business combination, gains on disposal of subsidiaries and gains on disposal of investment properties.

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

The following table presents a reconciliation of net income, as determined in accordance with IFRS, and FFO for the periods ended June 30, 2013 and 2012:

FUNDS FROM OPERATIONS

	Quarter			Cumulative (six months)		
For the periods ended June 30	2013	2012	Δ%	2013	2012	Δ%
Net income (IFRS)	**62,356**	45,762	36.3	**122,053**	78,488	55.5
+ Deferred income taxes	**56**	115	(51.3)	**111**	244	(54.5)
+ Transaction costs – completed business combination	**—**	1,274	(100.0)	**—**	11,181	(100.0)
- Gain on disposal of a subsidiary	**(8,010)**	—	—	**(8,010)**	—	—
- Gain on disposal of an investment property	**(507)**		—	**(507)**		—
Funds from operations	**53,895**	47,151	14.3	**113,647**	89,913	26.4
+ Amortization of capitalized financing costs[1]	**—**	—	—	**—**	2,091	(100.0)
+ Restructuring charges	**657**	2,212	(70.3)	**911**	2,449	(62.8)
- Unusual item – other revenues	**—**	—	—	**(4,906)**	—	—
+ Unusual item – Holman Grand Hotel	**245**	—	—	**535**	—	—
- Change in fair value of an investment in a public entity	**—**	—	—	**—**	(2,582)	(100.0)
Recurring FFO	**54,797**	49,363	11.0	**110,187**	91,871	19.9
Per unit information:						
FFO (basic)	**0.43**	0.45	(4.4)	**0.91**	0.91	—
Recurring FFO (basic)	**0.44**	0.47	(6.4)	**0.88**	0.93	(5.4)
Recurring FFO (FD)[2]	**0.43**	0.45	(4.4)	**0.87**	0.90	(3.3)

(1) The amortization of capitalized financing costs includes a non-recurring expense of $2.1 million.
(2) Fully diluted.

For the second quarter of 2013, FFO calculated according to REALpac recommendations stood at $53.9 million, up 14.3% compared to the same period last year.

Recurring FFO for the second quarter of 2013 rose 11.0% from the same period in 2012, due mainly to the acquisitions completed in 2012 and 2013. Recurring FFO per unit on a fully diluted basis stood at $0.43 in the second quarter of 2013, down 4.4% compared to the same period in 2012.

The dilutive effect of the debt reduction we undertook over this period and the increase in compensation charges related to the long-term incentive plan, due to the increase in the number of employees following the major acquisitions made in 2012 are the main causes of this decrease.

TRACK RECORD OF RECURRING FUNDS FROM OPERATIONS PER UNIT

For the six-month periods ended June 30	2013	2012	2011	2010	2009(2)
Recurring FFO per unit (basic)	**0.88**	0.93	0.85	0.85	0.94
Recurring FFO per unit (FD)(1)	**0.87**	0.90	0.82	0.81	0.90

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

ADJUSTED FUNDS FROM OPERATIONS

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

In calculating AFFO, the 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 following table presents a reconciliation of FFO and AFFO for the periods ended June 30, 2013 and 2012:

ADJUSTED FUNDS FROM OPERATIONS

	Quarter			Cumulative (six months)		
For the periods ended June 30	**2013**	**2012**	**Δ%**	**2013**	**2012**	**Δ%**
Funds from operations	**53,895**	47,151	14.3	**113,647**	89,913	26.4
- Net amortization of premium and discount on debenture issue	**(45)**	—	—	**(90)**	—	—
+ Amortization of fair value adjustment on bond investments	**78**	78	—	**156**	124	25.8
+ Amortization of capitalized financing costs	**1,444**	1,218	18.6	**2,870**	4,587	(37.4)
- Amortization of fair value adjustments on assumed indebtedness	**(3,455)**	(3,920)	(11.9)	**(7,412)**	(7,012)	5.7
+ Compensation expense related to unit options	**881**	245	259.6	**1,550**	484	220.3
- Capital expenditures – maintenance of rental income generating capacity	**(708)**	(826)	(14.3)	**(1,203)**	(1,050)	14.6
+ Accretion of liability component of convertible debentures	**63**	58	8.6	**122**	114	7.0
+ Restructuring charges	**657**	2,212	(70.3)	**911**	2,449	(62.8)
- Provision for leasing costs	**(4,131)**	(3,609)	14.5	**(8,420)**	(7,949)	5.9
- Change in fair value of an investment in a public entity	**—**	—	—	**—**	(2,582)	(100.0)
- Change in accounts receivable – recognition of leases on a straight-line basis	**(1,159)**	(1,617)	(28.3)	**(2,621)**	(3,066)	(14.5)
AFFO	**47,520**	40,990	15.9	**99,510**	76,012	30.9
- Unusual item – other revenues	**—**	—	—	**(4,906)**	—	—
+ Unusual item – Holman Grand Hotel	**245**	—	—	**535**	—	—
Recurring AFFO	**47,765**	40,990	16.5	**95,139**	76,012	25.2
Per unit information:						
AFFO (basic)	**0.38**	0.39	(2.6)	**0.80**	0.77	3.9
Recurring AFFO (basic)	**0.38**	0.39	(2.6)	**0.76**	0.77	(1.3)
Recurring AFFO (FD)(1)	**0.38**	0.38	—	**0.76**	0.76	—
Distributions per unit	**0.36**	0.36		**0.72**	0.72	
Payout ratio(2)	**94.7%**	92.3%		**94.7%**	93.5%	
Cash payout ratio(3)	**71.1%**	66.7%		**73.7%**	70.1%	

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

Recurring AFFO attained $47.5 million for the second quarter of 2013, up 15.9% from the same period of 2012; this was due mostly to the acquisitions completed in 2012 and 2013.

Fully diluted AFFO per unit for the quarter ended June 30, 2013 are comparable to those of 2012, despite the dilutive effect of the debt reduction that took place over this period.

TRACK RECORD OF RECURRING ADJUSTED FUNDS FROM OPERATIONS PER UNIT

For the six-month periods ended June 30	2013	2012	2011	2010	2009(2)
Recurring AFFO per unit (basic)	**0.76**	0.77	0.75	0.76	0.81
Recurring AFFO per unit (FD)(1)	**0.75**	0.76	0.74	0.74	0.79

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

LIQUIDITY AND CAPITAL RESOURCES

MORTGAGES PAYABLE

As at June 30, 2013, the balance of mortgages payable was $1,766.7 million, up $126.9 million from $1,639.8 million as at June 30, 2012, arising primarily from the acquisitions of income properties completed in 2012 and 2013. At the end of the period, the weighted average contractual interest rate was 5.10%, down 25 basis points from 5.35% as at June 30, 2012.

Cominar's mortgage maturity dates are staggered over a number of years to reduce the risks related to renewal. As at June 30, 2013, the residual average term of mortgages payable was 3.9 years.

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

REPAYMENTS OF MORTGAGES PAYABLE

For the years ending December 31	Repayment of principal	Repayment of balances at maturity	Total	Weighted average contractual interest rate (%)
2013 (from July 1 to December 31)	24,428	295,107	319,535	4.88
2014	45,662	148,001	193,663	5.91
2015	37,279	250,611	287,890	5.01
2016	31,646	75,927	107,573	4.99
2017	28,947	151,725	180,672	4.97
2018 and thereafter	64,846	612,563	677,409	5.09
Total	232,808	1,533,934	1,766,742	5.10

As at the date of this MD&A, all mortgages payable maturing between now and the end of 2013 have either been renewed, reimbursed, or are in the process of being refinanced, with the exception of a $86.5 million loan on a high-quality building, which will mature in November 2013, and which management intends to reimburse.

DEBENTURES

The following table presents the characteristics of Cominar's unsecured debentures, as well as the balance per series, as at June 30, 2013:

DEBENTURES

	Series 1	Series 2	Series 3	Weighted average interest rate
Contractual interest rate	**4.274%**	**4.23%**	**4.00%**	**4.21%**
Effective interest rate	**4.32%**	**4.32%**	**4.24%**	**4.31%**
Date of issuance	**June 15, 2012**	**December 4, 2012**	**May 2, 2013**	
Date of interest payment	**June 15 and December 15**	**June 4 and December 4**	**May 2 and November 2**	
Maturity date	**June 15, 2017**	**December 4, 2019**	**November 2, 2020**	
				Total
	$	$	$	$
Balance as at June 30, 2013	**250,000**	**300,000**	**100,000**	**650,000**

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

On April 29, 2013, Cominar issued $100 million worth of Series 3 senior unsecured debentures bearing an interest rate of 4.0%, and maturing in November 2020.

Cominar allocated the net proceeds of both series of debentures to repaying its credit facility.

CONVERTIBLE DEBENTURES

The following table shows the characteristics of Cominar's unsecured subordinated convertible debentures and their balances by series, as at June 30, 2013.

CONVERTIBLE DEBENTURES

	Series C	Series D	Series E	Weighted average interest rate
Contractual interest rate	5.80%	6.50%	5.75%	6.02%
Effective interest rate	6.60%	7.50%	6.43%	6.85%
Date of issuance	October 2007	September 2009	January 2010	
Amount issued	$110,000	$115,000	$86,250	
Unit conversion price	$25.25	$20.50	$25.00	
Date of interest payment	March 31 & September 30	March 31 & September 30	June 30 & December 31	
Date of redemption at Cominar's option – conditional	September 2010	September 2012	June 2013	
Date of redemption at Cominar's option – unconditional	September 2012	September 2014	June 2015	
Maturity date	September 2014	September 2016	June 2017	

				Total
	$	$	$	$
Balance as at June 30, 2013	110,000	99,791	86,250	296,041

As at June 30, 2013, only Series C met all the conditions necessary for an authorized redemption of convertible debentures. On June 7, 2013, Cominar announced the redemption of its Series C debentures, which was completed on July 8, 2013.

BRIDGE LOAN

During the first quarter of 2012, Cominar obtained an $84.0 million acquisition bridge loan following the Canmarc business combination. This one-year, non-renewable credit facility bore interest at the prime rate plus 1.0%, or at the bankers' acceptance rate plus 2.5%, and it was secured by a first-rank lien on investment properties. On June 18, 2013, Cominar converted this bridge loan into a mortgage payable maturing in April 2018, at an interest rate of 3.70%.

BANK BORROWINGS

As at June 30, 2013, Cominar had operating and acquisition credit facilities of up to $550.0 million. These facilities are reimbursable in two parts over two and three years and bear interest at prime rate plus 1.0% or at the bankers' acceptance rate plus 2.0%. These credit facilities are secured by movable and immovable hypothecs on specific assets. As at June 30, 2013, bank borrowings totalled $282.2 million.

DEBT RATIO

The following table presents debt ratios as at June 30, 2013 and 2012, and at December 31, 2012:

DEBT RATIO

	June 30 2013	December 31, 2012	June 30, 2012
Cash and cash equivalents[(1)]	**(7,316)**	(10,664)	(5,470)
Mortgages payable	**1,804,453**	1,695,222	1,690,184
Debentures	**645,833**	448,530	123,793
Convertible debentures	**290,113**	289,134	368,246
Bridge loan	**—**	84,000	84,000
Bank borrowings	**282,177**	300,368	138,768
Total debt	**3,015,260**	2,806,590	2,399,521
Total assets	**5,878,889**	5,617,049	4,717,086
Overall debt ratio[(2)(3)]	**51.3%**	50.0%	50.9%
Debt ratio (excluding convertible debentures)	**46.4%**	44.8%	43.1%
Additional borrowing capacity – 65% of carrying amount[(4)]	**2,303,000**	2,413,000	1,904,000

(1) Cash and cash equivalents do not include restricted cash since it cannot be used to reduce borrowings.
(2) The overall debt ratio is equal to total cash and cash equivalents, bank borrowings, mortgages payable, bridge loan, debentures and convertible debentures divided by total assets.
(3) This ratio is not defined by IFRS and may differ from similar measures presented by other entities.
(4) Pursuant to its Contract of Trust, Cominar's maximum debt ratio is 60% of the carrying amount (65% if convertible debentures are outstanding).

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

As at June 30, 2013, the overall debt ratio was 51.3%. The increase in debt ratio since December 2012 is due to the acquisition of a portfolio of 18 industrial properties and one office building in the Montreal area realized during the first quarter of 2013.

DILUTIVE EFFECT OF DEBT REDUCTION ON PER UNIT RESULTS

The following table presents the weighted average debt ratio for the periods indicated:

	Quarter		Cumulative (six months)	
Periods ended June 30	2013	2012	2013	2012
Weighted average debt ratio for the period	**51.2%**	53.2%	**51.0%**	52.2%

The decrease in weighted average debt ratio between the second quarters is 2% and 1.2% between the two six-month periods of 2012 and 2013 and it is in line with Cominar's management principles that aim to maintain its debt ratio at about 50%. This debt reduction, financed by the issue of units, has a dilutive effect on the per unit results of our key performance indicators.

INTEREST COVERAGE RATIO

Cominar calculates its interest coverage ratio by dividing net operating income by finance charges. The interest coverage ratio is used to assess Cominar's ability to pay interest on its debt from operating revenues. As at June 30, 2013, Cominar's annualized interest coverage ratio stood at 2.82:1 [2.74:1 on December 31, 2012], proving its capacity to meet its obligations in this respect.

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

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL COMMITMENTS

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

On June 30, 2013, Cominar had contractual commitments in the amount of $40.9 million for work to be performed on properties under development.

Cominar has no significant contractual commitments other than the one mentioned above, as well as those arising from its long-term debt and the payments due under emphyteutic leases for land held for income properties.

PROPERTY PORTFOLIO

The following table presents information on the property portfolio:

	June 30, 2013	December 31, 2012
Income properties	**5,487,891**	5,294,984
Properties under development and land held for future development	**81,889**	53,234
Number of properties	**499**	481
Leasable area (sq. ft.)	**36,868,000**	35,097,000

SUMMARY BY OPERATING SEGMENT

As at June 30, 2013	Number of properties	Leasable area (sq. ft.)
Office	**120**	**13,025,500**
Retail	**157**	**7,603,500**
Industrial and mixed-use	**222**	**16,239,000**
Residential[1]	**—**	**—**
Total	**499**	**36,868,000**

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

SUMMARY BY GEOGRAPHIC MARKET

As at June 30, 2013	Number of properties	Leasable area (sq. ft.)
Québec City	**107**	**7,683,500**
Montréal	**253**	**21,667,000**
Other – Québec	**27**	**814,000**
Ottawa[1]	**19**	**2,212,000**
Other – Ontario	**13**	**589,000**
Atlantic provinces	**60**	**2,691,500**
Western Canada	**20**	**1,211,000**
Total	**499**	**36,868,000**

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

PROPERTY ACQUISITION AND DEVELOPMENT PROGRAM

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

ACQUISITION OF INCOME PROPERTIES

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

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

On May 1, 2013, Cominar acquired an industrial building located in Pointe-Claire, Québec, for a purchase price of $12.0 million, paid in cash; this property represents a leasable area of 199,000 square feet. The capitalization rate for this transaction is 7.6%.

The following table presents detailed information on these acquisitions:

Investment Property	City/Province	Market Segment(1)	Closing Date	Leasable Area	Acquisition Price	Capitalization Rate	Occupancy Rate(4)
				sq. ft.	$	%	%
600-610 Bériault(2)	Longueuil, QC	I	January 31, 2013	56,000	151,200	7.0	100.0
2044 de la Province(2)	Longueuil, QC	I	January 31, 2013	50,000	—	—	100.0
2060-2068 de la Province(2)	Longueuil, QC	I	January 31, 2013	45,000	—	—	100.0
2099-2111 de la Province(2)	Longueuil, QC	I	January 31, 2013	51,000	—	—	100.0
789-799 Jean-Paul-Vincent(2)	Longueuil, QC	I	January 31, 2013	125,000	—	—	96.8
839-859 Jean-Paul-Vincent(2)	Longueuil, QC	I	January 31, 2013	92,000	—	—	94.9
877 Jean-Paul-Vincent(2)	Longueuil, QC	I	January 31, 2013	106,000	—	—	100.0
2099-2109 Fernand-Lafontaine(2)	Longueuil, QC	I	January 31, 2013	65,000	—	—	100.0
2177 Fernand-Lafontaine(2)	Longueuil, QC	I	January 31, 2013	74,000	—	—	100.0
2199 Fernand-Lafontaine(2)	Longueuil, QC	I	January 31, 2013	208,000	—	—	100.0
2525 Fernand-Lafontaine(2)	Longueuil, QC	I	January 31, 2013	72,000	—	—	100.0
730 Delage(2)	Longueuil, QC	I	January 31, 2013	62,000	—	—	100.0
830 Delage(2)	Longueuil, QC	I	January 31, 2013	50,000	—	—	100.0
770 Guimond(2)	Longueuil, QC	I	January 31, 2013	119,000	—	—	100.0
2625 Jacques-Cartier(2)	Longueuil, QC	I	January 31, 2013	63,000	—	—	100.0
1280 Nobel(2)	Boucherville, QC	I	January 31, 2013	52,000	—	—	68.5
1201-1203 Marie-Victorin(2)(3)	Saint-Bruno, QC	I	January 31, 2013	155,000	—	—	89.4
3300 Trans-Canada Highway(2)	Pointe-Claire, QC	I	January 31, 2013	218,000	—	—	100.0
1555 Carrie-Derick(2)	Montréal, QC	O	January 31, 2013	82,000	—	—	100.0
432 Queen Street	Fredericton, NB	O	March 21, 2013	44,500	5,700	8.0	100.0
3000 Trans-Canada Highway	Pointe-Claire, QC	I	May 1, 2013	199,000	12,000	7.6	100.0
				1,988,500	**168,900**	**7.1**	**97.6**

(1) I: Industrial; O: Office.
(2) These 19 buildings were part of the same transaction.
(3) Includes the 174,000 sq. ft. vacant lot acquired for a purchase price of $1.4 million.
(4) As of June 30, 2013.

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

ACQUISITION OF LAND HELD FOR FUTURE DEVELOPMENT

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

DISPOSAL OF INCOME PROPERTIES

On January 9, 2013, Cominar sold a retail property in the Montreal area for $3.5 million upon receipt of a sound offer from a buyer.

On June 28, 2013, Cominar disposed of an office building in Lévis, Québec, for $1.5 million, as a tenant exercised the purchase option included in the lease; this transaction resulted in a gain on disposal of $0.5 million.

The results generated by the sale of these buildings are not included in our same property portfolio results. The sale of these buildings will not have a significant impact on Cominar's future results.

DISPOSAL OF A SUBSIDIARY

On May 22, 2013, Cominar sold its interest in Hardegane Investments Limited ("Hardegane"), which holds 100% of the shares of Dyne Holdings Limited ("Dyne"), to Homburg International Limited ("Homburg"), for a nominal consideration and the reimbursement of certain Cominar advances. Dyne owned three income properties, two of which were categorized as office properties and one as a retail property, as well as an unexploited hotel. This transaction will allow Cominar to remove Dyne's liabilities from its balance sheet and to record a gain of $8.0 million on this disposal.

INVESTMENTS IN INCOME PROPERTIES

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

During the second quarter of 2013, Cominar incurred $12.8 million [$8.3 million in 2012] in capital expenditures in order to increase the rental income generating capacity of its properties or to reduce the related operating expenses. Cominar also incurred $0.7 million [$0.8 million in 2012] 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 over the coming years. These expenditures do not include current repair and maintenance costs.

Finally, Cominar invests in leasehold improvements that increase the value of its properties through higher lease rates, as well as in other leasing costs, mostly brokerage fees and tenant inducements. The level of investment required may vary from quarter to quarter since it closely depends on lease renewal and the signing of new leases. It also depends on the increase in rental space due to newly acquired, expanded or upgraded properties, or rental space transferred from properties under development. During the second quarter of 2013, Cominar made investments of $8.4 million in this respect ($6.6 million in 2012), of which $3.0 million ($2.4 million in 2012) was in newly acquired, expanded or upgraded properties, or those recently transferred from properties under development.

PROPERTY DEVELOPMENT PROGRAM

As at June 30, 2013, Cominar was working on two projects relating to properties under development.

The first project concerns an office building located in Laval. This project, which was initially planned at 240,000 square feet distributed over 12 floors, has now grown to 284,000 square feet distributed over 14 floors and its construction cost is estimated at $38.8 million. Adjacent to the Place Laval 1, 2, 3 and 4 complex, this building will be mainly occupied by a Government of Québec agency, under a long-term lease, for an area representing 79.0% of the building, being the current pre-rental rate. This project is expected to be completed in the second quarter of 2014. The expected capitalization rate for this project is 8.1%.

The second project consists of an industrial and mixed-use building located at 190 Alison Boulevard, in Fredericton, New Brunswick. With an area of 29,000 square feet and representing an estimated construction cost of $2.1 million, this project is expected to be completed during the fourth quarter of 2013. The expected capitalization rate for this project is 8.9%.

During the second quarter of 2013, Cominar transferred two properties under development to income properties. The first is an industrial and mixed-use property located at 125 Fortin Street, in Québec City. With an area of 49,000 square feet and representing a total investment of $5.6 million, the capitalization rate for this project is 8.9%. The second project consists of a 5,500-square-foot retail building located on the land of the Promenades Beauport retail complex, in Québec City; the total investment for this project is valued at $1.6 million and its capitalization rate is 9.3%.

REAL ESTATE OPERATIONS

OCCUPANCY RATE

OCCUPANCY RATE TRACK RECORD

	June 30, 2013	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009
Operating segment (%)					
Office	**93.6**	94.3	95.2	95.2	94.1
Retail	**94.3**	94.6	96.9	96.1	96.3
Industrial and mixed-use	**93.0**	93.1	91.8	92.3	92.5
Portfolio total	**93.4**	93.9	93.6	93.8	93.5
Residential[(1)]	**96.3**	97.9	—	—	—

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

LEASING ACTIVITY

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

LEASE MATURITIES AND RENEWALS BY OPERATING SEGMENT

	Office	Retail	Industrial and mixed-use	Total
Leases maturing in 2013				
Number of tenants	363	305	299	967
Leasable area (sq. ft.)	1,532,000	943,000	2,213,000	4,688,000
Average net rent ($/sq. ft.)	12.22	11.22	6.28	9.21
Renewed leases				
Number of tenants	132	135	103	370
Leasable area (sq. ft.)	686,000	423,000	708,000	1,817,000
Average net rent ($/sq. ft.)	13.96	11.47	6.96	10.65
Renewal (%)	**44.8**	**44.9**	**32.0**	**38.8**
New leases				
Number of tenants	75	41	68	184
Leasable area (sq. ft.)	327,000	205,000	398,000	930,000
Average net rent ($/sq. ft.)	11.12	12.25	6.13	9.23

Since the beginning of the year, leasing activity reached a satisfactory level across our portfolio, with 38.8% of maturing leases renewed. We also signed new leases for a total leasable area of 0.9 million square feet. Lease renewal rates rose 6.5% overall. The lease rate for renewed leases in the office segment, as well as the industrial and mixed-use segment, increased 11.8% and 3.3%, respectively, whereas the lease rate for renewed leases in the retail segment experienced a slight decrease of 0.8%.

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

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

LEASE MATURITIES

	2014	2015	2016	2017	2018
Office					
Leasable area (sq. ft.)	2,215,000	2,002,000	1,688,000	1,473,000	1,286,000
Lease rate ($/sq. ft.)	13.37	13.10	13.91	13.84	13.47
% of portfolio – Office	17.0	15.4	13.0	11.3	9.9
Retail					
Leasable area (sq. ft.)	760,000	678,000	732,000	797,000	1,265,000
Lease rate ($/sq. ft.)	13.33	14.61	16.07	13.01	10.64
% of portfolio – Retail	10.0	8.9	9.6	10.5	16.6
Industrial and mixed-use					
Leasable area (sq. ft.)	2,166,000	2,605,000	1,900,000	1,913,000	1,138,000
Lease rate ($/sq. ft.)	5.80	5.70	6.06	6.39	6.82
% of portfolio – Industrial and mixed-use	13.3	16.0	11.7	11.8	7.0
Portfolio total					
Leasable area (sq. ft.)	5,141,000	5,285,000	4,320,000	4,183,000	3,689,000
Lease rate ($/sq. ft.)	10.17	9.65	10.82	10.28	10.45
% of portfolio	13.9	14.3	11.7	11.3	10.0

The following table summarizes information on leases as at June 30, 2013:

	Average remaining lease term (years)	Average leased area per tenant (sq. ft.)	Average net rent/ sq. ft. ($)
Office	3.8	6,400	13.52
Retail	4.8	3,900	13.35
Industrial and mixed-use	4.8	12,600	5.91
Portfolio average	**4.5**	**7,000**	**10.15**

Cominar has a broad, highly diversified retail client base consisting of about 5,000 tenants occupying an average of approximately 7,000 square feet each. Our top three tenants, Public Works Canada, Canadian National Railway Company, and *Société immobilière du Québec* account for approximately 7.1%, 4.4% and 3.5% of our revenues, respectively, stemming from several leases with staggered maturities. The stability and quality of our cash flows from operating activities are enhanced by the fact that approximately 10.6% come from government agencies.

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

Tenant	% of revenues	Leased area (sq. ft.)
Public Works Canada	7.1	1,923,000
Canadian National Railway Company	4.4	1,562,000
Société immobilière du Québec	3.5	1,424,000
Ericsson Canada inc.	1.8	402,000
Jean Coutu Group	1.5	347,000
Scotiabank	1.1	185,000
Target Canada	1.0	428,000
Gowling Lafleur Henderson LLP	0.9	44,000
Co-op Atlantic	0.9	523,000
Entrust Technologies Limited	0.7	146,000
Total	**22.9**	6,984,000

ISSUED AND OUTSTANDING UNITS

	For the six-month period ended June 30, 2013	For fiscal year ended December 31, 2012
Units issued and outstanding, beginning of period	**124,349,608**	77,051,260
+ Units issued under public offerings	—	28,088,750
+ Units issued on exercise of options	**375,100**	1,019,050
+ Units issued under distribution reinvestment plan	**732,200**	1,601,096
+ Units issued on conversion of convertible debentures	**731**	589,453
+ Units issued under a business combination	—	15,999,999
Units issued and outstanding, end of period	**125,457,639**	124,349,608

Additional information	As at August 6, 2013
Issued and outstanding units	125,643,030
Outstanding unit options	5,309,700
Prospective units – conversion of convertible debentures	8,317,610
Deferred and restricted units	37,609

PER UNIT CALCULATIONS

	Quarter		Cumulative (six months)	
For the quarters ended June 30	2013	2012	2013	2012
Weighted average number of units outstanding, basic	**125,039,993**	105,830,003	**124,759,905**	98,427,512
Dilutive effect related to long term incentive plan	**262,478**	453,626	**254,287**	423,523
Dilutive effect of convertible debentures	**12,674,533**	16,170,181	**12,674,777**	16,326,852
Weighted average number of units, diluted and fully diluted	**137,977,004**	122,453,810	**137,688,969**	115,177,887

The calculation of the diluted weighted average number of units outstanding does not take into account 2,553,500 outstanding options for the quarter ended June 30, 2013, [30,000 options in 2012] and 2,620,700 outstanding options for the six-month period ended June 30, 2013 [30,000 options in 2012], since the exercise price of the options, including the fair value of any asset or service to be provided to the entity in the future as part of these plans, is higher than the price of the units. The calculation of diluted and fully diluted net income per unit also includes the elimination of $4.5 million in interest on convertible debentures for the quarter ended June 30, 2013 [$5.8 million in 2012] and $9.0 million for the six-month period ended June 30, 2013 [$11.7 million in 2012].

RELATED PARTY TRANSACTIONS

Michel Dallaire and Alain Dallaire, trustees and members of the Trust’s management team, exercise indirect control over the Dallaire Group Inc., *Société de développement Laurier (SDL) Inc*. and Dalcon Inc. Michel Paquet, a member of Cominar’s management team, is a related party of these companies as their Secretary. During the second quarter of 2013, Cominar recorded $36 in net rental income from Dalcon Inc. and the Dallaire Group Inc. Cominar also incurred costs of $4.3 million for leasehold improvements performed by Dalcon on its behalf and costs of $7.7 million for the construction and development of investment properties.

These transactions were entered into in the normal course of business and were measured at the exchange amount. By retaining the services of related companies for property construction work and leasehold improvements, Cominar achieves significant cost savings while providing better service to its clients.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Evaluations are performed regularly to assess the effectiveness of DC&P, including this MD&A and the financial statements. Based on these evaluations, the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer of Cominar concluded that the DC&P were effective as at the end of the period ended June 30, 2013, and, more specifically, that the current controls and procedures provide reasonable assurance that material information about the Trust, including its consolidated subsidiaries, is made known to them during the period in which these filings are being prepared.

Evaluations are also performed to assess the effectiveness of ICFR. Based on those evaluations, the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer of the Trust concluded that ICFR was effective as at the end of the period ended June 30, 2013, and, more specifically, that the financial reporting is reliable and that the financial statements have been prepared for financial reporting purposes in accordance with IFRS.

No changes were made to the Trust’s internal controls over financial reporting during the second quarter of 2013 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Our interim MD&A is based upon Cominar’s condensed interim consolidated financial statements, prepared in accordance with IFRS applicable to the preparation of interim financial statements. The accounting policies and application methods thereof have been consistently applied throughout each of the periods presented in these condensed interim consolidated financial statements and are the same as those used in the preparation of the December 31, 2012, audited annual financial statements. The preparation and presentation of the consolidated financial statements and any other financial information contained in this MD&A includes the proper selection and application of appropriate accounting principles and methods, which require management to make estimates and informed judgments. Our estimates are based upon assumptions which we believe to be reasonable, such as those often based upon past experience. They represent the basis of our judgments to establish the carrying amount of assets and liabilities. Use of other accounting policies or methods of estimation might have yielded different amounts than those presented. Actual results could differ.

Investment properties

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

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

The fair value of Cominar's investment properties recorded on the balance sheet in accordance with IFRS is the sum of the fair value of each investment property considered individually and does not necessarily reflect the contribution of the following elements that characterize Cominar: (i) the composition of the property portfolio diversified through its client base, geographic markets and activity segments; (ii) 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. The Trust also capitalizes major maintenance and repair expenses providing benefits that will last far beyond the end of the reporting period. When Cominar determines that the acquisition of an investment property is an asset acquisition, the Trust capitalizes all costs that are directly related to the acquisition of the property, as well as all expenses incurred to carry out the transaction.

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

Revenue recognition

Management has determined that all leases concluded between Cominar and its tenants are operating leases. Minimum lease payments are recognized using the straight-line method over the term of the related leases, and the excess of payments recognized over amounts payable is recorded on Cominar's Consolidated Balance Sheet under investment 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. Finally, incidental income is recognized when services are rendered.

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

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

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

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

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

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

Cominar has used the following classifications for its financial instruments:

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

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

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

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

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

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

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

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

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

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

NEW ACCOUNTING POLICIES

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

IFRS 10 – "Consolidated Financial Statements"
IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under previous IFRS, consolidation was required when an entity had the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, "Consolidation—Special Purpose Entities" and parts of IAS 27, "Consolidated and Separate Financial Statements." The implementation of this new standard did not have any impact on Cominar's condensed interim consolidated financial statements.

IFRS 11 – "Joint Arrangements"
IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting, whereas for a joint operation, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under previous IFRS, entities could elect to account for interests in joint ventures by using proportionate consolidation or the equity method. IFRS 11 supersedes IAS 31, "Interests in Joint Ventures," and SIC-13, "Jointly Controlled Entities—Non-monetary Contributions by Venturers." The implementation of this new standard did not have any impact on Cominar's condensed interim consolidated financial statements.

IFRS 12 – "Disclosure of Interests in Other Entities"
IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose entities and off-balance sheet instruments. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The implementation of this new standard did not have any impact on Cominar's condensed interim consolidated financial statements.

IFRS 13 – "Fair Value Measurement"
IFRS 13 is a comprehensive standard on fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. The implementation of this new standard did not have any impact on Cominar's condensed interim consolidated financial statements.

Amendments to other standards
In addition, there have been amendments to existing standards, including IAS 27, "Consolidated and Separate Financial Statements," and IAS 28, "Investments in Associates and Joint Ventures" and IAS 34, "Interim Financial Reporting." IAS 27

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

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

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

RISKS AND UNCERTAINTIES

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

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

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

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

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

DEBT FINANCING

Cominar has and will continue to have substantial outstanding consolidated borrowings comprised primarily of hypothecs, property mortgages, debentures, and borrowings under its acquisition and operating credit facilities. Cominar intends to finance its growth strategy, including acquisitions and developments, through a combination of its working capital and liquidity resources, including cash flows from operations, additional borrowings and public or private sales of equity or debt securities. Cominar may not be able to refinance its existing debt or renegotiate the terms of repayment at favourable rates. In addition, the terms of Cominar's indebtedness in general contain customary provisions that, upon an event of default, result in accelerated repayment of the amounts owed and that restrict the distributions that may be made by Cominar. Therefore, upon an event of default under such borrowings or an inability to renew same at maturity, Cominar's ability to make distributions will be adversely affected.

A portion of Cominar's cash flows is dedicated to servicing its debt, and there can be no assurance that Cominar will continue to generate sufficient cash flows from operations to meet required interest or principal payments, such that it could be required to seek renegotiation of such payments or obtain additional financing, including equity or debt financing. The REIT's current credit facilities, of a stated amount of $550.0 million as at June 30, 2013, are repayable in two tranches over two and three years.

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

OWNERSHIP OF IMMOVABLE PROPERTY

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

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

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

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

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

COMPETITION

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

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

ACQUISITIONS

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

DEVELOPMENT PROGRAM

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

RECRUITMENT AND RETENTION OF EMPLOYEES AND EXECUTIVES

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

GOVERNMENT REGULATION

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

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

LIMIT ON ACTIVITIES

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

STATUS FOR TAX PURPOSES

Income taxes

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

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

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

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

Exception for real estate investment trusts (REITs)

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

As at June 30, 2013, considering the evaluation of Cominar’s assets and the results of its normal business activities, management believes that the Trust currently meets all the criteria required to qualify for the REIT exception, as per the REIT exception currently in effect and in compliance with the changes that are being proposed for SIFT entities. As a result, Cominar’s management believes that the SIFT trust tax rules do not apply to Cominar. Cominar’s management intends to take all the necessary steps to meet these conditions on an on-going basis in the future. Nonetheless, there is no guarantee that Cominar will continue to meet all the required conditions to be eligible for the REIT exception for 2013 or any other subsequent year.

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

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

COMINAR REAL ESTATE INVESTMENT TRUST
June 30, 2013

CONSOLIDATED BALANCE SHEETS

[unaudited, in thousands of Canadian dollars]

	Note	June 30, 2013	December 31, 2012
		$	$
ASSETS			
Investment properties			
Income properties	4	**5,487,891**	5,294,984
Properties under development	5	**24,989**	21,537
Land held for future development	5	**56,900**	31,697
		5,569,780	5,348,218
Bond investments		**20,786**	21,509
Goodwill		**166,971**	166,971
Prepaid expenses and other assets		**56,390**	11,571
Accounts receivable		**44,215**	42,904
Restricted cash		**13,431**	15,212
Cash and cash equivalents		**7,316**	10,664
Total assets		**5,878,889**	5,617,049
LIABILITIES			
Mortgages payable	6	**1,804,453**	1,695,222
Debentures	7	**645,833**	448,530
Convertible debentures		**290,113**	289,134
Bridge loan		**—**	84,000
Bank borrowings		**282,177**	300,368
Accounts payable and accrued liabilities		**78,607**	94,083
Income taxes payable		**—**	12
Deferred tax liability		**8,916**	8,805
Distributions payable to unitholders		**15,055**	—
Total liabilities		**3,125,154**	2,920,154
UNITHOLDERS' EQUITY			
Unitholders' equity		**2,753,735**	2,696,895
Total liabilities and unitholders' equity		**5,878,889**	5,617,049

See accompanying notes to the condensed interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

For the periods ended June 30

[unaudited, in thousands of Canadian dollars]

	Note	Unitholders' contributions	Cumulative net income	Accumulated other comprehensive income	Cumulative distributions	Contributed surplus	Equity component of convertible debentures	Total
		$	$		$	$	$	$
Balance as at January 1, 2013		2,197,826	1,278,292	—	(783,586)	2,627	1,736	2,696,895
Net income and comprehensive income		—	122,053	—	—	—	—	122,053
Distributions to unitholders	8	—	—	—	(90,753)	—	—	(90,753)
Unit issues	8	24,242	—	—	—	—	—	24,242
Unit issue expenses		(11)	—	—	—	—	—	(11)
Long term incentive plan		—	—	—	—	1,309	—	1,309
Balance as at June 30, 2013		2,222,057	1,400,345	—	(874,339)	3,936	1,736	2,753,735

	Note	Unitholders' contributions	Cumulative net income	Accumulated other comprehensive income	Cumulative distributions	Contributed surplus	Equity component of convertible debentures	Total
		$	$		$	$	$	$
Balance as at January 1, 2012		1,150,735	936,121	—	(619,565)	2,186	1,745	1,471,222
Net income and comprehensive income		—	78,488	(80)	—	—	—	78,408
Distributions to unitholders	8	—	—	—	(75,135)	—	—	(75,135)
Unit issues		760,228	—	—	—	—	(3)	760,225
Unit issue expenses		(16,476)	—	—	—	—	—	(16,476)
Long term incentive plan		—	—	—	—	(185)	—	(185)
Balance as at June 30, 2012		1,894,487	1,014,609	(80)	(694,700)	2,001	1,742	2,218,059

See accompanying notes to the condensed interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

		Quarter		Cumulative (six months)	
	Note	2013	2012	2013	2012
		$	$	$	$
Operating revenues					
Rental revenue from investment properties		**167,840**	140,419	**337,433**	266,707
Operating expenses					
Operating costs		**32,745**	26,397	**69,851**	54,568
Realty taxes and services		**40,173**	31,996	**79,376**	60,601
Property management expenses		**3,189**	2,991	**6,551**	5,623
		76,107	61,384	**155,778**	120,792
Net operating income		**91,733**	79,035	**181,655**	145,915
Finance charges		**(33,598)**	(27,894)	**(65,577)**	(56,251)
Trust administrative expenses		**(3,586)**	(2,593)	**(6,429)**	(5,049)
Restructuring charges		**(657)**	(2,212)	**(911)**	(2,449)
Transaction costs – business combinations		**—**	(1,274)	**—**	(11,181)
Gains on an investment in a public entity		**—**	—	**—**	6,222
Gain on disposal of a subsidiary	9	**8,010**	—	**8,010**	—
Gain on disposal of an investment property		**507**	—	**507**	—
Other revenues	10	**—**	850	**4,906**	1,560
Income before income taxes		**62,409**	45,912	**122,161**	78,767
Income taxes		**(53)**	(150)	**(108)**	(279)
Net income		**62,356**	45,762	**122,053**	78,488
Change in fair value of an investment in a limited partnership		**—**	(80)	**—**	(80)
Comprehensive income		**62,356**	45,682	**122,053**	78,408
Basic net income per unit	11	**0.50**	0.43	**0.98**	0.80
Diluted net income per unit	11	**0.48**	0.42	**0.95**	0.78

See accompanying notes to the condensed interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

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

		Quarter		Cumulative (six months)	
	Note	2013	2012	2013	2012
		$	$	$	$
OPERATING ACTIVITIES					
Net income		**62,356**	45,762	**122,053**	78,488
Adjustments for:					
Amortization of fair value adjustments on assumed indebtedness		**(3,455)**	(3,920)	**(7,412)**	(7,012)
Amortization of fair value adjustments on bond investments		**78**	78	**156**	124
Amortization of capitalized finance charges and other assets		**1,631**	1,417	**3,199**	4,946
Net amortization of premium and discount on debenture issue		**(45)**	—	**(90)**	—
Compensation expense related to long term incentive plan		**881**	245	**1,550**	484
Accretion of liability component of convertible debentures		**63**	58	**122**	114
Gain on disposal of a subsidiary	9	**(8,010)**	—	**(8,010)**	—
Gain on disposal of an investment property		**(507)**	—	**(507)**	—
Deferred taxes		**55**	115	**111**	244
Change in accounts receivable – recognition of leases on a straight-line basis		**(1,159)**	(1,617)	**(2,621)**	(3,066)
Change in fair value of an investment in a public entity		**—**	—	**—**	(2,582)
Change in non-cash working capital items	12	**(41,107)**	(26,781)	**(62,911)**	(51,838)
Cash flows provided by operating activities		**10,781**	15,357	**45,640**	19,902
INVESTING ACTIVITIES					
Acquisition of income properties		**(34,287)**	(17,508)	**(161,197)**	(28,773)
Additions to properties under development and land held for future development		**(7,724)**	(1,739)	**(40,452)**	(2,772)
Cash consideration paid upon business combinations		**—**	—	**—**	(425,884)
Net proceeds from the sale of immovable properties		**1,507**	1,510	**3,174**	44,519
Change in restricted cash		**2,792**	2,951	**1,781**	9,538
Change in investments		**356**	(323)	**567**	(565)
Acquisition of other assets		**(120)**	(60)	**(641)**	(486)
Cash flows used in investing activities		**(37,476)**	(15,169)	**(196,768)**	(404,423)
FINANCING ACTIVITIES					
Distributions to unitholders		**(34,935)**	(29,562)	**(59,005)**	(47,622)
Bank borrowings and bridge loan		**(116,452)**	(227,896)	**(103,004)**	7,051
Mortgages payable		**105,800**	—	**151,518**	—
Net proceeds from issue of debentures		**98,386**	123,793	**197,031**	123,793
Net proceeds from issue of units	8	**4,042**	168,082	**7,282**	372,303
Convertible debentures redemption		**—**	(5,521)	**—**	(5,521)
Repayments of balances at maturity of mortgages payable		**(16,896)**	(12,232)	**(20,837)**	(43,877)
Monthly repayment of mortgages payable	6	**(12,400)**	(11,890)	**(25,205)**	(21,525)
Cash flows provided by financing activities		**27,545**	4,774	**147,780**	384,602
Net change in cash and cash equivalents		**850**	4,962	**(3,348)**	81
Cash and cash equivalents, beginning of period		**6,466**	508	**10,664**	5,389
Cash and cash equivalents, end of period		**7,316**	5,470	**7,316**	5,470
Other information					
Interest paid		**43,153**	31,035	**68,379**	56,729
Distributions cashed		**—**	—	**—**	4,293

See accompanying notes to the condensed interim consolidated financial statements

NOTES TO CONDENSED INTERM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended June 30, 2013 and 2012
[unaudited, in thousands of Canadian dollars, except per unit amounts]

1) DESCRIPTION OF THE TRUST

Cominar Real Estate Investment Trust ("Cominar" or the "Trust") is an unincorporated closed-end real estate investment trust created by a Contract of Trust on March 31, 1998, under the laws of the Province of Québec. As at June 30, 2013, Cominar owned and managed a real estate portfolio of 499 high-quality properties that cover a total area of 36.9 million square feet in Québec, Ontario, the Atlantic Provinces and Western Canada.

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

The Board of Trustees has approved Cominar's condensed interim consolidated financial statements on August 6, 2013.

2) SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

Cominar's unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, and comply notably with the requirements of IAS 34, "Interim Financial Reporting." They do not include all the disclosures that will normally be found in the Trust's annual consolidated financial statements. The accounting policies and application methods thereof have been consistently applied throughout each of the periods presented in these condensed interim consolidated financial statements. These accounting policies are the same as those used in the preparation of the December 31, 2012 audited annual financial statements. These condensed interim consolidated financial statements should be read in conjunction with Cominar's IFRS annual financial statements for the fiscal year ended December 31, 2012.

b) New accounting standards

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

IFRS 10 – "Consolidated Financial Statements"

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under previous IFRS, consolidation was required when an entity had the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, "Consolidation—Special Purpose Entities" and parts of IAS 27, "Consolidated and Separate Financial Statements." The implementation of this new standard did not have any impact on Cominar's condensed interim consolidated financial statements.

IFRS 11 – "Joint Arrangements"

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting, whereas for a joint operation, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under previous IFRS, entities could elect to account for interests in joint ventures by using proportionate consolidation or the equity method. IFRS 11 supersedes IAS 31, “Interests in Joint Ventures,” and SIC-13, “Jointly Controlled Entities—Non-monetary Contributions by Venturers.” The implementation of this new standard did not have any impact on Cominar’s condensed interim consolidated financial statements.

IFRS 12 – “Disclosure of Interests in Other Entities”
IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose entities and off-balance sheet instruments. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity’s interests in other entities. The implementation of this new standard did not have any impact on Cominar’s condensed interim consolidated financial statements.

IFRS 13 – “Fair Value Measurement”
IFRS 13 is a comprehensive standard on fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. The implementation of this new standard did not have any impact on Cominar’s condensed interim consolidated financial statements.

Amendments to other standards
In addition, there have been amendments to existing standards, including IAS 27, “Consolidated and Separate Financial Statements,” and IAS 28, “Investments in Associates and Joint Ventures” and IAS 34, “Interim Financial Reporting.” IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in separate financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10, IFRS 11, IFRS 12 and IFRS 13.

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

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

3) ACQUISITIONS

ACQUISITION OF INCOME PROPERTIES

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

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

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

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

The following table summarizes the transactions made during the six-month period ended June 30, 2013:

	$
Investment properties	168,900
Mortgages payable	(43,733)
Debt	(6,998)
Total cash consideration paid for these acquisitions	118,169

ACQUISITION OF LAND HELD FOR FUTURE DEVELOPMENT

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

BUSINESS COMBINATION REALIZED IN 2012

During the second quarter of 2013, Cominar completed the final purchase price allocation of the 67 income-property portfolio acquired from GE Capital Real Estate on September 14, 2012. There has been no adjustment to the preliminary purchase price allocation.

4) INCOME PROPERTIES

	Note	For the six-month period ended June 30, 2013 $	For fiscal year ended December 31, 2012 $
Balance, beginning of period		**5,294,984**	2,515,965
Business combinations		**—**	2,509,289
Acquisitions	3	**168,900**	16,000
Fair value adjustment		**—**	177,706
Capital costs		**30,952**	58,818
Disposals		**(23,952)**	(4,996)
Transfer of properties under development	5	**7,172**	4,760
Change in initial direct costs		**2,381**	4,865
Change in accounts receivable – recognition of leases on a straight-line basis		**3,125**	8,873
Change in deposits on acquisition		**(1,000)**	1,000
Other		**5,329**	2,704
Balance, end of period		**5,487,891**	5,294,984

5) PROPERTIES UNDER DEVELOPMENT AND LAND HELD FOR FUTURE DEVELOPMENT

	Note	For the six-month period ended June 30, 2013 $	For fiscal year ended December 31, 2012 $
Balance, beginning of period		**53,234**	37,444
Acquisitions	3	**20,500**	1,296
Capital costs		**18,746**	12,570
Capitalized interest		**1,709**	1,556
Transfer to income properties	4	**(7,172)**	(4,760)
Other real estate asset	9	**(5,128)**	5,128
Balance, end of period		**81,889**	53,234
Breakdown:			
Properties under development		**24,989**	21,537
Land held for future development		**56,900**	31,697

6) MORTGAGES PAYABLE

Mortgages payable are primarily secured by immovable hypothecs on investment properties. They bear contractual interest rates ranging from 2.68% to 7.75% per annum [2.68% to 8.35% as at December 31, 2012], representing a weighted average contractual rate of 5.10% as at June 30, 2013 [5.23% as at December 31, 2012], and are renewable at various dates from July 2013 to January 2039. As at June 30, 2013, the weighted average effective rate was 4.13% [4.16% as at December 31, 2012]. As at June 30, 2013, most of the mortgages payable were at fixed rates. Some of the mortgages payable include restrictive clauses, which were met as at June 30, 2013.

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

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

	For the six-month period ended June 30, 2013		For fiscal year ended December 31, 2012	
		Weighted Average Rate		Weighted Average Rate
	$	%	$	%
Balance, beginning of period	**1,651,202**	**5.23**	841,082	5.38
Net mortgages payable, contracted or assumed	**316,067**	**4.45**	70,741	3.97
Business combinations	**—**	**—**	887,303	5.40
Monthly repayments of principal	**(25,205)**	**—**	(45,681)	—
Repayment of balances at maturity	**(175,322)**	**5.27**	(102,243)	6.42
	1,766,742	**5.10**	1,651,202	5.23
Plus: Fair value adjustments on assumed mortgages	**39,610**		45,282	
Less: Deferred financing costs	**(1,899)**		(1,262)	
Balance, end of period	**1,804,453**		1,695,222	

7) DEBENTURES

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

On April 29, 2013, Cominar issued $100,000 worth of Series 3 senior unsecured debentures bearing an interest rate of 4.0% and maturing in November 2020.

Cominar allocated the net proceeds of the sales of both series of debentures to reducing its credit facility.

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

	For the six-month period ended June 30, 2013		For fiscal year ended December 31, 2012	
		Weighted Average Rate		Weighted Average Rate
	$	%	$	%
Balance, beginning of period	**450,000**	**4.25**	—	—
Issues	**200,000**	**4.12**	450,000	4.25
	650,000	**4.21**	450,000	4.25
Less: Deferred financing costs	**(4,662)**		(2,867)	
Plus: Net premium and discount on issuance	**495**		1,397	
Balance, end of period	**645 833**		448,530	

8) ISSUED AND OUTSTANDING UNITS

Ownership interests in Cominar are represented by a single class of units, unlimited in number. Units represent a unitholder's undivided and proportionate ownership interest in Cominar. Each unit confers the right to one vote at any unitholders' meeting and to participate equally and rateably in any Cominar distributions. All issued units are fully paid.

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

	For the six-month period ended June 30, 2013		For fiscal year ended December 31, 2012	
	Units	$	Units	$
Units issued and outstanding, beginning of period	**124,349,608**	**2,197,826**	77,051,260	1,150,735
Units issued under public offerings	**—**	**—**	28,088,750	633,184
Units issued under a business combination	**—**	**—**	15,999,999	346,879
Units issued under exercise of options	**375,100**	**7,282**	1,019,050	18,298
Units issued under distribution reinvestment plan	**732,200**	**16,693**	1,601,096	37,633
Units issued under conversion of convertible debentures	**731**	**15**	589,453	10,270
Reversal of contributed surplus on exercise of options	**—**	**241**	—	827
Units issued and outstanding, end of period	**125,457,639**	**2,222,057**	124,349,608	2,197,826

INCENTIVE PLAN BASED ON EQUITY SECURITIES

Unit options

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

	For the six-month period ended June 30, 2013		For fiscal year ended December 31, 2012	
	Options	Weighted average exercise price	Options	Weighted average exercise price
		$		$
Outstanding, beginning of period	**5,979,500**	**21.63**	4,481,850	20.04
Exercised	**(375,100)**	**19.44**	(1,019,050)	18.12
Granted	**—**	**—**	2,691,300	22.94
Forfeited	**(256,800)**	**22.41**	(174,600)	21.34
Outstanding, end of period	**5,347,600**	**21.75**	5,979,500	21.63
Exercisable options, end of period	**1,907,100**	**20.57**	2,288,900	20.39

Restricted units

Restricted units consist of allocations whose values rise and fall according to the value of Cominar units on the stock market. When the vesting period is over, each restricted unit provides the right to receive one Cominar unit on the settlement date. Vesting periods are determined by the Board of Trustees on the date of the grant. These rights are usually acquired three years after the date of the grant. The fair value of restricted units represents the market value of Cominar units. No restricted units were granted during the quarter ended June 30, 2013 [500 units granted during the quarter ended March 31, 2013].

Deferred units

Deferred units consist of allocations whose values rise and fall according to the value of Cominar units on the stock market. Vesting periods are determined by the Board of Trustees on the date of the grant. These rights are usually acquired at a rate of 33 1/3% per anniversary year of the grant date. Each deferred unit provides the right to receive one Cominar unit when the holder ceases to be a Cominar trustee, member of management or employee. The fair value of deferred units represents the market value of Cominar units. No deferred units were granted during the quarter ended June 30, 2013 [36,308 units granted during the quarter ended March 31, 2013].

DISTRIBUTIONS

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

	Quarter		Cumulative (six months)	
Periods ended June 30	2013	2012	2013	2012
	$	$	$	$
Distributions to unitholders	**45,598**	39,505	**90,753**	75,135
Distributions per unit	**0.36**	0.36	**0.72**	0.72

9) DISPOSAL OF SUBSIDIARY

On May 22, 2013, Cominar sold its interest in Hardegane Investments Limited (“Hardegane”), which holds 100% of the shares of Dyne Holdings Limited (“Dyne”), to Homburg International Limited (“Homburg”), for a nominal consideration and the reimbursement of certain Cominar advances. Dyne owned three income properties, two of which were categorized as office properties and one as a retail property, as well as a property under development. Cominar recorded a gain of $8,010 on this disposal.

10) OTHER REVENUES

In connection with the restructuring of Homburg Invest Inc. (“HII”) under the Companies’ Creditors Arrangement Act (Canada), Cominar filed a number of proofs of claim against HII. On February 5, 2013, Cominar and HII entered into a memorandum of understanding related to, among other things, the settlement of these proofs of claim. Under this arrangement, Cominar received a cash payment of approximately $6,260 in settlement of various claims. A portion of the payment was recognized against the receivables recorded in the balance sheet, and the excess was immediately recorded as revenue in the first-quarter results.

11) PER UNIT CALCULATIONS

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

	Quarter		Cumulative (six months)	
Periods ended June 30	**2013**	**2012**	**2013**	**2012**
Weighted average number of units outstanding – basic	**125,039,993**	105,830,003	**124,759,905**	98,427,512
Dilutive effect related to long term incentive plan	**262,478**	453,626	**254,287**	423,523
Dilutive effect of convertible debentures	**12,674,533**	16,170,181	**12,674,777**	16,326,852
Weighted average number of units outstanding – diluted	**137,977,004**	122,453,810	**137,688,969**	115,177,887

The calculation of the diluted weighted average number of units outstanding does not take into account 2,553,500 outstanding options for the quarter ended June 30, 2013 [30,000 options in 2012] and 2,620,700 outstanding options for the six-month period ended June 30, 2013 [30,000 options in 2012], since the exercise price of the options, including the fair value of any asset or service to be provided to the entity in the future as part of these plans, is higher than the price of the units. The calculation of diluted net income per unit also includes the elimination of $4,466 in interest on convertible debentures for the quarter ended June 30, 2013 [$5,795 in 2012] and $8,932 for the six-month period ended June 30, 2013 [$11,655 in 2012].

12) SUPPLEMENTAL CASH FLOW INFORMATION

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

	Quarter		Cumulative (six months)	
Periods ended June 30	2013	2012	2013	2012
	$	$	$	$
Prepaid expenses	**(26,377)**	(19,621)	**(46,097)**	(37,173)
Accounts receivable	**2,075**	5,463	**(7,162)**	1,154
Accounts payable and accrued liabilities	**(16,805)**	(12,668)	**(9,640)**	(15,864)
Income taxes payable	**—**	45	**(12)**	45
	(41,107)	(26,781)	**(62,911)**	(51,838)
Other information				
Additions to investment properties through assumption of mortgages payable	**—**	9,107	**43,733**	9,107
Unpaid additions to investment properties	**4,168**	676	**4,168**	676
Transfer from properties under development to income properties	**7,172**	—	**7,172**	—

13) FINANCIAL INSTRUMENTS

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

	June 30, 2013		December 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
ASSETS				
Bond investments held to maturity	**20,786**	**20,683**	21,509	21,431
LIABILITIES				
Mortgages payable	**1,804,453**	**1,823,789**	1,695,222	1,743,079
Debentures	**645,833**	**628,396**	448,530	446,648
Convertible debentures	**290,113**	**308,151**	289,134	316,740

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

14) SEGMENT INFORMATION

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

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

Quarter ended June 30, 2013	Office properties	Retail properties	Industrial and mixed-use properties	Residential[1]	Total
	$	$	$	$	$
Rental revenue from investment properties	**87,798**	**40,562**	**37,857**	**1,623**	**167,840**
Net operating income	**46,336**	**22,494**	**22,044**	**859**	**91,733**

Quarter ended June 30, 2012	Office properties	Retail properties	Industrial and mixed-use properties	Residential[1]	Total
	$	$	$	$	$
Rental revenue from investment properties	67,015	41,593	30,280	1,531	140,419
Net operating income	37,901	23,044	17,279	811	79,035

Six-month period ended June 30, 2013	Office properties	Retail properties	Industrial and mixed-use properties	Residential[1]	Total
	$	$	$	$	$
Rental revenue from investment properties	**176,131**	**82,555**	**75,442**	**3,305**	**337,433**
Net operating income	**92,555**	**44,991**	**42,321**	**1,788**	**181,655**
Income properties	**2,876,856**	**1,352,869**	**1,205,430**	**52,736**	**5,487,891**

Six-month period ended June 30, 2012	Office properties	Retail properties	Industrial and mixed-use properties	Residential[1]	Total
	$	$	$	$	$
Rental revenue from investment properties	127,553	76,832	59,684	2,638	266,707
Net operating income	69,365	41,974	33,117	1,459	145,915
Income properties	2,124,292	1,296,646	941,314	52,333	4,414,585

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

15) CONTINGENCIES

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

16) SUBSEQUENT EVENTS

On July 8, 2013, Cominar called all its outstanding Series C convertible unsecured subordinated debentures bearing interest at 5.80% and totalling $109,986.

On July 11, 2013, the Québec Administrative Court rendered its final decision regarding the expropriation process undertaken by the *Centre hospitalier de l'Université de Montréal* (CHUM) in June 2006 in relation to the property located at 300 Viger Avenue in Montréal, Québec. The Québec Administrative Court set the definitive expropriation indemnity at $33,500. The CHUM will pay Cominar a sum of approximately $3,500, which represents the difference between the amount of the provisional indemnity of $30,000 that was already paid to Cominar and the total definitive indemnity.

On July 22, 2013, Cominar issued $100,000 worth of Series 4 senior unsecured debentures bearing an interest rate of 4.941% and maturing in July 2020. Cominar allocated the net proceeds to reducing its credit facility.

On July 25, 2013, Cominar sold six industrial and mixed-use properties located in Prince George, British Columbia, for $4,025. This transaction will not have a significant impact on Cominar's future results.

CORPORATE INFORMATION

BOARD OF TRUSTEES

Robert Després, O.C., G.O.Q. (1)(3)
Chairman of the Board of Trustees
Cominar Real Estate Investment Trust
Corporate Director

Michel Dallaire, Eng.
President and Chief Executive Officer
Cominar Real Estate Investment Trust

Mary-Ann Bell, Eng., M.Sc., ASC (1)(2)
Senior Vice-President, Québec and Ontario
Bell Aliant Regional Communications.

Me Gérard Coulombe, c.r. (2)(3)
Senior Partner
Lavery, de Billy

Alain Dallaire
Executive Vice-President, Operations – Office and Industrial
Cominar Real Estate Investment Trust

Alban D'Amours M.C., G.O.Q., FA Dma (1)(4)
Corporate Director

Pierre Gingras (4)
President, Placements Moras Inc.

Ghislaine Laberge (2)(4)
Corporate Director

Johanne M. Lépine (1)(3)
President and Chief Executive Officer
Aon Parizeau Inc.

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Governance and Nominating Committee
(4) Member of the Investments Committee

OFFICERS

Michel Dallaire, Eng.
President and Chief Executive Officer

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

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

Gilles Hamel, CPA, CA
Vice-President, Corporate Finance and Administration

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

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

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

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

UNITHOLDER INFORMATION

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LISTING

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

TRANSFER AGENT

Computershare Trust Company of Canada
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Montréal, Québec, Canada H3A 3S8

Tel.: 514 982-7555
Fax: 514 982-7850
Toll-free: 1 800 564-6253
Email: service@computershare.com

TAXABILITY OF DISTRIBUTIONS

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

LEGAL COUNSEL

Davies Ward Phillips & Vineberg LLP

AUDITORS

PricewaterhouseCoopers LLP

UNITHOLDER DISTRIBUTION REINVESTMENT PLAN

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

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

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