INSPIRED BY PEOPLE.

INSPIRING THE INDUSTRY.

Financial Statements
COMINAR REAL ESTATE INVESTMENT TRUST

Fiscal Year Ended December 31, 2017

COMINAR

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Cominar Real Estate Investment Trust ("Cominar") were prepared by management, which is responsible for the integrity and fairness of the information presented, including those amounts that must be based on estimates and judgments. These consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial information in our MD&A is consistent with these consolidated financial statements.

In discharging our responsibility for the integrity and fairness of the consolidated financial statements and for the accounting systems from which they are derived, we maintain the necessary system of internal controls designed to ensure that transactions are duly authorized, assets are safeguarded and proper records are maintained.

As at December 31, 2017, the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer of Cominar had an evaluation carried out, under their direct supervision, of the effectiveness of the controls and procedures used for the preparation of reports as well as internal control over financial reporting, as defined in Multilateral Instrument 52-109 of the Canadian Securities Administrators. Based on that evaluation, they concluded that the disclosure controls were effective.

The Board of Trustees oversees management's responsibility for financial reporting through its Audit Committee, which is composed entirely of trustees who are not members of Cominar's management or personnel. This Committee reviews our consolidated financial statements and recommends them to the Board for approval. Other key responsibilities of the Audit Committee include reviewing our internal control procedures and their updates, the identification and management of risks, and advising the trustees on auditing matters and financial reporting issues.

PricewaterhouseCoopers LLP, a partnership of independent professional chartered accountants appointed by the unitholders of Cominar upon the recommendation of the Audit Committee and the Board of Trustees, have performed an independent audit of the Consolidated Financial Statements as at December 31, 2017 and their report follows. The auditors have full and unrestricted access to the Audit Committee to discuss their audit and related findings.

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

GILLES HAMEL, CPA, CA
Executive Vice President
and Chief Financial Officer

Québec, March 7, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF
COMINAR REAL ESTATE INVESTMENT TRUST

We have audited the accompanying consolidated financial statements of Cominar Real Estate Investment Trust and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2017 and 2016 and the consolidated statements of unitholders' equity, comprehensive income and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Cominar Real Estate Investment Trust and its subsidiaries as at December 31, 2017 and 2016, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP[1]

PricewaterhouseCoopers LLP [(1)]
March 7, 2018
Place de la Cité, Tour Cominar
2640 Laurier Boulevard, Suite 1700
Québec, Quebec G1V 5C2
Canada

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

(1) CPA auditor, CA, public accountancy permit no. A125971

CONSOLIDATED BALANCE SHEETS

[in thousands of Canadian dollars]

	Note	December 31, 2017 $	December 31, 2016 $
ASSETS			
Investment properties			
Income properties	5	**6,239,383**	7,676,134
Properties under development	6	**37,692**	45,776
Land held for future development	6	**91,580**	90,820
		6,368,655	7,812,730
Investment properties held for sale	7	**1,143,500**	143,130
Investments in joint ventures	8	**86,299**	90,194
Goodwill	9	**139,982**	166,971
Mortgage receivable		**—**	8,250
Accounts receivable	10	**62,956**	42,518
Prepaid expenses and other assets		**16,673**	14,139
Cash and cash equivalents		**6,928**	9,853
Total assets		**7,824,993**	8,287,785
LIABILITIES			
Mortgages payable	11	**1,873,776**	2,048,009
Mortgages payable related to investment properties held for sale	7, 11	**276,350**	—
Debentures	12	**1,721,577**	1,970,566
Bank borrowings	13	**620,366**	332,121
Accounts payable and accrued liabilities	14	**117,482**	109,861
Deferred tax liabilities	19	**6,681**	11,715
Total liabilities		**4,616,232**	4,472,272
UNITHOLDERS' EQUITY			
Unitholders' equity		**3,208,761**	3,815,513
Total liabilities and unitholders' equity		**7,824,993**	8,287,785

See accompanying notes to the consolidated financial statements.

Approved by the Board of Trustees.

Alban D'Amours, CM, GOQ, LH, Fellow Adm.A.
Chairman of the Board of Trustees

Michel Théroux, FCPA, FCA
President of the Audit Committee

CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

For the years ended December 31

[in thousands of Canadian dollars]

	Note	Unitholders' contributions $	Cumulative net income $	Cumulative distributions $	Contributed surplus $	Total $
Balance as at January 1, 2017		3,234,693	2,250,944	(1,675,689)	5,565	3,815,513
Net loss and comprehensive income		—	(391,725)	—	—	(391,725)
Distributions to unitholders	15	—	—	(246,523)	—	(246,523)
Unit issuances	15	41,734	—	—	(1,908)	39,826
Unit issuance expense	15	(58)	—	—	—	(58)
Repurchase of units under NCIB(1)	15	(10,374)	—	—	—	(10,374)
Long-term incentive plan		—	1,810	—	292	2,102
Balance as at December 31, 2017		**3,265,995**	**1,861,029**	**(1,922,212)**	**3,949**	**3,208,761**

	Note	Unitholders' contributions $	Cumulative net income $	Cumulative distributions $	Contributed surplus $	Total $
Balance as at January 1, 2016		3,063,920	2,008,364	(1,421,233)	6,946	3,657,997
Net income and comprehensive income		—	241,738	—	—	241,738
Distributions to unitholders	15	—	—	(254,456)	—	(254,456)
Unit issuances	15	220,043	—	—	(1,579)	218,464
Unit issuance expense	15	(8,491)	—	—	—	(8,491)
Repurchase of units under NCIB[1]	15	(40,779)	—	—	—	(40,779)
Long-term incentive plan		—	842	—	198	1,040
Balance as at December 31, 2016		3,234,693	2,250,944	(1,675,689)	5,565	3,815,513

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

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31

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

	Note	2017 $	2016 $
Operating revenues			
Rental revenue from investment properties		**835,489**	866,982
Operating expenses			
Operating costs	17	**(187,895)**	(185,436)
Realty taxes and services		**(194,929)**	(196,822)
Property management expenses	17	**(16,628)**	(16,115)
		(399,452)	(398,373)
Net operating income		**436,037**	468,609
Finance charges	18	**(168,752)**	(170,645)
Trust administrative expenses	17	**(25,977)**	(16,719)
Change in fair value of investment properties	5	**(616,354)**	(46,675)
Share of joint ventures' net income	8	**5,276**	8,006
Derecognition of goodwill	7	**(26,989)**	—
Income (loss) before income taxes		**(396,759)**	242,576
Income taxes	19	**5,034**	(838)
Net income (net loss) and comprehensive income		**(391,725)**	241,738
Basic and diluted net income (net loss) per unit	20	**(2.13)**	1.40

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31

[in thousands of Canadian dollars]

	Note	2017 $	2016 $
OPERATING ACTIVITIES			
Net income (net loss)		**(391,725)**	241,738
Adjustments for:			
Excess of share of net income over distributions received from the joint ventures	8	**(5,026)**	(7,206)
Change in fair value of investment properties	5	**616,354**	46,675
Depreciation and amortization		**(1,504)**	(2,398)
Compensation expense related to long-term incentive plan	15	**2,102**	1,028
Deferred income taxes	19	**(5,034)**	838
Derecognition of goodwill	7	**26,989**	—
Recognition of leases on a straight-line basis	5	**(3,941)**	(3,931)
Changes in non-cash working capital items	21	**(4,990)**	7,346
Cash flows provided by operating activities		**233,225**	284,090
INVESTING ACTIVITIES			
Acquisitions of and investments in income properties	5, 21	**(203,823)**	(178,578)
Acquisitions of and investments in properties under development and land held for future development	6, 21	**(50,009)**	(39,908)
Mortgage receivable		**8,250**	—
Cash consideration paid in a business combination	4, 8	**(10,016)**	—
Cash consideration paid on the acquisition of an additional interest in a joint venture	8	**(21,190)**	—
Net proceeds from the sale of investment properties	4, 6	**116,372**	107,157
Contributions to the capital of the joint ventures	8	**—**	(10,850)
Return of capital from a joint venture	8	**—**	2,750
Change in other assets		**(3,518)**	(377)
Cash flows used in investing activities		**(163,934)**	(119,806)
FINANCING ACTIVITIES			
Cash distributions to unitholders		**(206,753)**	(236,000)
Bank borrowings		**288,245**	(49,045)
Mortgages payable		**320,530**	239,354
Debenture issuance net proceeds		**—**	223,725
Unit issuance net proceeds		**3**	191,516
Repurchase of units under NCIB	15	**(10,380)**	(40,779)
Repayments of debentures at maturity	12	**(250,000)**	(250,000)
Repayments of mortgages payable at maturity	11	**(150,134)**	(183,498)
Monthly repayments of mortgages payable	11	**(63,727)**	(54,954)
Cash flows used in financing activities		**(72,216)**	(159,681)
Net change in cash and cash equivalents		**(2,925)**	4,603
Cash and cash equivalents, beginning of year		**9,853**	5,250
Cash and cash equivalents, end of year		**6,928**	9,853
Other information			
Interest paid		**183,217**	181,469
Cash distributed by a joint venture	8	**250**	800

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2017 and 2016

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

1) DESCRIPTION OF THE TRUST

Cominar Real Estate Investment Trust ("Cominar" or the "Trust") is an unincorporated closed-end real estate investment trust created by a Contract of Trust on March 31, 1998, under the laws of the Province of Quebec. As at December 31, 2017, Cominar owned and managed a real estate portfolio of 525 high-quality properties that covered a total area of 44.4 million square feet in Quebec, Ontario, the Atlantic Provinces and Western Canada.

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

The Board of Trustees approved Cominar’s consolidated financial statements on March 7, 2018.

2) SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

Cominar’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The accounting policies and application methods thereof have been consistently applied throughout each of the fiscal years presented in these consolidated financial statements.

b) Basis of preparation

Consolidation

These consolidated financial statements include the accounts of Cominar and its wholly owned subsidiaries.

Use of estimates, assumptions and judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Those estimates, assumptions and judgments also affect the disclosure of contingencies as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results that could differ materially from those estimates, assumptions and judgments, are described below:

- ***Investment properties***

  Investment properties are recorded at fair value at the balance sheet date. Fair value is determined using management’s internal measurements and valuations from independent real estate appraisers, performed in accordance with recognized valuation techniques, as well as a definitive agreement to sell investment properties. Techniques used include the capitalized net operating income method and the discounted cash flow method, including notably estimates of capitalization rates and standardized net operating income as well as estimates of discount rates and future cash flows applicable to investment properties, respectively.

  Management’s fair value internal measurements rely on internal financial information and are corroborated by capitalization rates obtained from independent experts. However, internal measurements and values obtained from independent appraisers are both subject to significant judgments, estimates and assumptions about market conditions at the balance sheet date.

- ***Business combinations***

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

  Cominar accounts for investment property acquisitions in accordance with IFRS 3, "Business Combinations" ("IFRS 3"), only when it considers that a business has been acquired. Under IFRS 3, a business is defined as an integrated set of activities and assets that could be conducted and managed for the purpose of providing a direct return to investors in the form of lower costs or other economic benefits. If the investment properties acquisition does not correspond to the definition of a business, a group of assets is deemed to have been acquired. If goodwill is present, the acquisition is presumed to be a business. Judgment is therefore used by management in determining if the acquisition qualifies as a business combination in accordance with IFRS 3 or as an acquisition of a group of assets.

  Generally, based on its judgment, when Cominar acquires a property or property portfolio without taking on the management of personnel or acquiring an operational platform, it categorizes the acquisition as an acquisition of a group of assets.

- ***Joint arrangements***

  Upon the creation of a joint arrangement, Cominar's management reviews its classification criteria to determine if it is a joint venture to be accounted for using the equity method or if it is a joint operation for which we must recognize the proportionate share of assets, liabilities, revenues and expenses. Cominar holds 50% and 75% interests in its joint arrangements. It has joint control over them since, under the contractual agreements, unanimous consent is required from all parties to the agreements in decisions concerning all relevant activities. The joint arrangements in which Cominar is involved are structured so that they provide Cominar rights to these entities' net assets. Therefore, these arrangements are presented as joint ventures and are accounted for using the equity method.

- ***Impairment of goodwill***

  Goodwill represents the excess of the purchase price of an acquired business over the fair value of the net identifiable assets acquired. Its useful life is indefinite. It is not amortized but is tested for impairment on an annual basis or more frequently if events or circumstances indicate that it is more likely than not that goodwill may be impaired. Goodwill resulting from business combinations is allocated to each group of cash-generating units ("CGU") expected to benefit from the combination. To test impairment, Cominar must determine the recoverable value of net assets of each group of CGU, making assumptions about standardized net operating income and capitalization rates. These assumptions are based on Cominar's past experience as well as on external sources of information. The recoverable value is the fair value less the cost of disposal. Should the carrying amount of a group of cash-generating units, including goodwill, exceed its recoverable value, impairment is recorded and recognized in profit or loss in the period during which the impairment occurs.

- ***Financial instruments***

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

- ***Unit options***

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

- ***Income taxes***

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

Investment properties

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

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

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

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

Capitalization of costs

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

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

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

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

Tenant inducements

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

Investment properties held for sale

Investment properties held for sale are classified as being held for sale if their carrying amount will be recovered mainly through a sale transaction rather than through continuing use. Investment properties continue to be measured using the fair value model.

Financial instruments

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

Cominar uses the following classifications for its financial instruments:

- Cash and cash equivalents, the mortgage receivable and accounts receivable are classified as “Loans and receivables.” They are initially measured at fair value. Subsequently, they are measured at amortized cost using the effective interest method. For Cominar, this value generally represents cost.

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

Cash and cash equivalents

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

Deferred financing costs

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

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

Revenue recognition

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

Long-term incentive plan

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

Unit purchase options

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

Restricted units

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

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

Income taxes
Cominar is considered a mutual fund trust for income tax purposes. Pursuant to the Contract of Trust, the trustees intend to distribute or designate all taxable income directly earned by Cominar to unitholders and to deduct such distributions and allocations from its income for tax purposes. Therefore, no provision for income taxes is required.

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

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

Segment information
Segment information is presented in accordance with IFRS 8, "Operating segments," which 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.

3) FUTURE ACCOUNTING POLICY CHANGES

IFRS 9, "Financial Instruments"
In July 2014, the International Accounting Standards Board ("IASB") issued its final version of IFRS 9, which will replace IAS 39, "Financial Instruments: Recognition and Measurement" and modifications to IFRS 7, "Financial Instruments: Disclosures," in order to add disclosure requirements regarding the transition to IFRS 9. The new standard includes guidance on recognition and derecognition of financial assets and financial liabilities, impairment and hedge accounting. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The adoption of this new standard will have no significant impact on Cominar's consolidated financial statements.

IFRS 15, "Revenue from Contracts with Customers"
In May 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers." IFRS 15 specifies how and when to recognize revenue and requires entities to provide users of financial statements with more informative, relevant disclosures. The standard will supersede IAS 18, "Revenue," IAS 11, "Construction Contracts," and related interpretations. Adoption of the standard will be mandatory for all IFRS reporters, and will apply to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 will be effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The adoption of this new standard will have no significant impact on Cominar's consolidated financial statements.

IFRS 16, "Leases"
In January 2016, the IASB issued IFRS 16, "Leases". IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (lessee) and the supplier (lessor). IFRS 16 will cancel and replace the previous leases standard, IAS 17, "Leases", and related interpretations. IFRS 16 will be effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 is also applied. The adoption of this new standard will have no significant impact on Cominar's consolidated financial statements since no important changes were made to the accounting model by the lessor.

4) ACQUISITIONS AND DISPOSITIONS

BUSINESS COMBINATIONS

On January 13, 2017, Cominar acquired an additional 25% ownership interest in Société en commandite Chaudière-Duplessis for an amount of $10,016, increasing its interest in the company from 75% to 100%. On that date, Société en commandite Chaudière-Duplessis became a wholly owned subsidiary of Cominar.

Cominar accounted for this transaction using the acquisition method, in accordance with IFRS 3 “Business Combinations.” IFRS 3 requires the recognition of 100% of the net assets acquired in the consolidated financial statements as well as the derecognition of the investment in a joint venture.

The following table summarizes the acquisition-date fair value of net assets acquired and the purchase price:

As at January 13, 2017	Final purchase price allocation $
Properties under development	**40,334**
Working capital	**(207)**
Net assets of Société en commandite Chaudière-Duplessis	**40,127**
Previously held interest in the joint venture	**(30,111)**
Cash consideration	**10,016**

The cash consideration paid for the acquisition has been financed by the credit facility. The results of this subsidiary are included in the consolidated financial statements from the date of acquisition.

DISPOSITIONS OF INCOME PROPERTIES

On July 19, 2017, Cominar completed the sale of a retail property located in Ontario, for a total selling price of $850.

On July 27, 2017, Cominar completed the sale of a retail property located in the Granby area, Quebec, for a total selling price of $1,000.

On August 17, 2017, Cominar completed the sale of a retail property located in Chicoutimi, Quebec, for a total selling price of $2,250.

On December 8, 2017, Cominar completed the sale of an industrial and mixed-use property located in the Montréal area, Quebec, for a total selling price of $4,000.

These properties sold during fiscal 2017 have been subject to an overall increase in their carrying amount to their fair value of $276. These properties had been subject to an increase in their carrying amount to their fair value of $157 in 2016.

DISPOSITIONS OF INVESTMENT PROPERTIES HELD FOR SALE IN 2017

On January 31, 2017, Cominar completed the sale of one industrial and mixed-use property and one retail property located in the Toronto area, for a total selling price of $58,253, net of costs to sell.

On March 3, 2017, Cominar completed the sale of a portfolio of 8 retail properties located in the Montréal area and in Ontario for a total selling price of $34,658, net of costs to sell.

On April 19, 2017, Cominar completed the sale of a retail property located in the Québec area for a total selling price of $835, net of costs to sell.

On June 26, 2017, Cominar completed the sale of a retail property located in Nova Scotia for a total selling price of $388, net of costs to sell.

On July 13, 2017, Cominar completed the sale of an industrial and mixed-use property located in the Québec area, for a total selling price of $2,183, net of costs to sell.

The properties sold by Cominar during fiscal 2017 have been subject to an overall decrease in their carrying amount to their fair value of $819 following an adjustment of the estimated costs to sell. These properties had been subject to an increase in their carrying amount to their fair value of $7,847 in 2016.

DISPOSITIONS OF INVESTMENT PROPERTIES HELD FOR SALE IN 2016

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

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

On May 2, 2016, Cominar completed the sale of a portfolio of 5 retail properties located in the Québec and Montréal areas, for a total price of $39,293, net of costs to sell.

On December 19, 2016, Cominar completed the sale of two retail properties located in the Montréal area, for a total price of $5,914, net of costs to sell.

The properties sold by Cominar during fiscal 2016 have been subject to an overall decrease in their carrying amount to their fair value of $1,362. These properties had been subject to an increase in their carrying amount to their fair value of $4,836 in 2015.

TRANSFERS TO INCOME PROPERTIES IN 2017

During the fourth quarter of 2017, Cominar transferred two properties from properties under development to income properties. The first property, a $31,285 office building with a leasable area of 119,000 square feet, is located in Laval and has an occupancy rate of 95.0%. Its capitalization rate is 9.0%. The second property, a $11,315 industrial and mixed-use building with a leasable area of 75,000 square feet, is located in Lévis and has an occupancy rate of 67%. Its estimated capitalization rate is 8.1%.

TRANSFERS TO INCOME PROPERTIES IN 2016

During the third quarter of 2016, Cominar completed the construction of an industrial and mixed-use property that it transferred from property under development to income property. Located in Québec, this property valued at $5,599, with a leasable area of 46,000 square feet, has an occupancy rate of 100%. The capitalization rate is 8.5%.

During the fourth quarter of 2016, Cominar completed the construction of two properties that were transferred from properties under development to income properties. The first one, a $2,262 retail property located in Trois-Rivières with a leasable area of 6,000 square feet, has an occupancy rate of 100% and its capitalization rate is 7.6%. The second one, a $19,970 industrial and mixed-use property located in Laval with a leasable area of 130,000 square feet, has an occupancy rate of 100% and its capitalization rate is 8.4%.

5) INCOME PROPERTIES

For the years ended December 31	Note	2017 $	2016 $
Balance, beginning of year		**7,676,134**	7,614,990
Acquisitions and related costs		**478**	10,648
Change in fair value		**(592,229)**	(49,086)
Capital costs		**190,151**	149,011
Dispositions	4	**(8,100)**	—
Transfers from properties under development	6	**42,600**	27,831
Net transfers to investment properties held for sale	7	**(1,086,687)**	(96,397)
Change in initial direct costs		**13,095**	15,206
Recognition of leases on a straight-line basis		**3,941**	3,931
Balance, end of year		**6,239,383**	7,676,134

CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES

Cominar opted to present its investment properties in the consolidated financial statements according to the fair value model. Fair value is determined based on evaluations performed using management's internal estimates and by independent real estate appraisers, plus capital expenditures made during the period, where applicable, or on a definitive agreement to sell investment properties. External valuations were carried out by independent national firms holding a recognized and relevant professional qualification and having recent experience in the location and category of the investment properties being valued.

As per Cominar's policy on valuing investment properties, during fiscal 2017, management revalued the entire real estate portfolio and determined that a decrease of $616,354 was necessary to change the carrying amount in fair value of investment properties [decrease of $46,675 in 2016]. The change in fair value related to investment properties held as at the year-end date amounts to $615,811 [$45,313 in 2016]. In 2017, the fair value of investment properties from external valuations amounted to 28% [14% in 2016] of the total fair value of all investment properties.

Internally valued investment properties have been valued using the capitalized net operating income method. Externally valued investment properties have been valued either with the capitalized net operating income method or the discounted cash flow method. Here is a description of these methods and the key assumptions used:

Capitalized net operating income method – Under this method, capitalization rates are applied to standardized net operating income in order to comply with current valuation standards. The standardized net operating income represents adjusted net operating income for items such as administrative expenses, occupancy rates, the recognition of leases on a straight-line basis and other non-recurring items. The key factor is the capitalization rate for each property or property type. Cominar regularly receives publications from national firms dealing with real estate activity and trends. Such market data reports include different capitalization rates by property type and geographical area.

Discounted cash flow method – Under this method, the expected future cash flows are discounted using an appropriate rate based on the risk of the property. Expected future cash flows for each investment property are based upon, but not limited to, rental income from current leases, budgeted and actual expenses, and assumptions about rental income from future leases. Discount and capitalization rates are estimated using market surveys, available appraisals and market comparables.

To the extent that the capitalization rate ranges change from one reporting period to the next, or if another rate within the provided ranges is more appropriate than the rate previously used, the fair value of investment properties increases or decreases accordingly. The change in the fair value of investment properties is reported in net income.

As required under IFRS, Cominar has determined that an increase or decrease in 2017 of 0.1% in the applied capitalization rates for the entire real estate portfolio, except for the investment properties held for sale, would result in a decrease or increase of approximately $103,400 [$135,300 in 2016] in the fair value of its investment properties.

Capitalization and discount rates used in both the internal and external valuations are consistent.

Capitalization and discount rates	2017		2016	
Category	**Range**	**Weighted average**	Range	Weighted average
Office properties				
Capitalized net operating income method				
Capitalization rate	**5.3% - 9.3%**	**6.2%**	4.8% - 9.3%	6.2%
Discounted cash flow method				
Overall capitalization rate	**5.3% - 6.0%**	**5.4%**	5.3% - 6.3%	5.4%
Terminal capitalization rate	**5.5% - 6.5%**	**5.8%**	5.6% - 6.5%	5.6%
Discount rate	**6.0% - 7.3%**	**6.3%**	6.6% - 7.0%	6.7%
Retail properties				
Capitalized net operating income method				
Capitalization rate	**5.0% - 8.3%**	**6.1%**	5.0% - 9.0%	5.9%
Discounted cash flow method				
Overall capitalization rate	**5.0% - 8.0%**	**5.7%**	5.8% - 6.3%	5.9%
Terminal capitalization rate	**5.3% - 8.8%**	**5.8%**	6.0% - 6.5%	6.1%
Discount rate	**5.3% - 8.0%**	**6.2%**	6.8% - 7.3%	6.9%
Industrial and mixed-use properties				
Capitalized net operating income method				
Capitalization rate	**5.5% - 11.0%**	**6.8%**	5.5% - 11.0%	6.9%
Discounted cash flow method(1)				
Overall capitalization rate	**6.0% - 6.8%**	**6.5%**		N/A
Terminal capitalization rate	**6.3% - 7.0%**	**6.5%**		N/A
Discount rate	**7.0% - 7.8%**	**7.2%**		N/A
Total				
Capitalized net operating income method				
Capitalization rate		**6.3%**		6.2%
Discounted cash flow method				
Overall capitalization rate		**5.8%**		5.6%
Terminal capitalization rate		**5.9%**		5.8%
Discount rate		**6.3%**		6.7%

(1) For the year ended December 31, 2016, no industrial and mixed-use properties have been subject to external valuation according to the discounted cash flow method.

6) PROPERTIES UNDER DEVELOPMENT AND LAND HELD FOR FUTURE DEVELOPMENT

For the years ended December 31	Note	2017 $	2016 $
Balance, beginning of year		**136,596**	120,760
Acquisitions and related costs		**22,600**	14,818
Change in fair value of properties transferred to investment properties held for sale		**(24 125)**	3,773
Capital costs		**16,051**	19,191
Disposition of a portion of land		**(16,244)**	—
Capitalized interest		**6,636**	5,252
Transfers to income properties	4, 5	**(42,600)**	(27,831)
Transfer to investment properties held for sale	7	**(10,000)**	—
Business combination	4	**40,334**	—
Change in initial direct costs		**24**	633
Balance, end of year		**129,272**	136,596
Breakdown:			
Properties under development		**37,692**	45,776
Land held for future development		**91,580**	90,820

7) INVESTMENT PROPERTIES HELD FOR SALE

On December 18, 2017, Cominar entered into a definitive agreement to sell its entire non-core market portfolio, for total gross proceeds of $1,143,500. This transaction is expected to close at the end of March 2018. Cominar's management intends to use the net proceeds of this transaction to reduce the debt ratio. This portfolio comprises 96 properties located in the Greater Toronto Area, the Atlantic Provinces and Western Canada. A portion of goodwill, in the amount of $26,989, associated with this property portfolio has been allocated to the assets held for sale and then has been subject to derecognition.

For the years ended December 31		2017				2016
	Note	**Office properties**	**Retail properties $**	**Industrial and mixed-use properties $**	**Total $**	Total $
Investment properties and goodwill						
Balance, beginning of year		**—**	**93,630**	**49,500**	**143,130**	163,733
Dispositions	4	**—**	**(44,634)**	**(51,683)**	**(96,317)**	(117,000)
Net transfers from income properties	5	**590,552**	**332,711**	**163,424**	**1,086,687**	96,397
Transfers from properties under development and land held for future development	6	**10,000**	**—**	**—**	**10,000**	—
Transfers of goodwill	9	**18,577**	**6,564**	**1,848**	**26,989**	—
Derecognition of goodwill		**(18,577)**	**(6,564)**	**(1,848)**	**(26,989)**	—
Balance, end of year		**600,552**	**381,707**	**161,241**	**1,143,500**	143,130

As at December 31	2017				2016
	Office properties	**Retail properties**	**Industrial and mixed-use properties**	**Total**	Total
	$	**$**	**$**	**$**	$
Liabilities					
Mortgages payable related to investment properties held for sale	**238,312**	**3,614**	**34,424**	**276,350**	–

8) JOINT VENTURES

As at December 31			2017	2016
Joint venture	**Address**	**City/province**	**Ownership interest**	Ownership interest
Société en commandite Complexe Jules-Dallaire	2820 Laurier Boulevard	Québec, Quebec	**75%**	50%
Société en commandite Bouvier-Bertrand	Espace Bouvier	Québec, Quebec	**50%**	50%
Société en commandite Chaudière-Duplessis	Boulevard de la Chaudière	Québec, Québec	**—**	75%
Société en commandite Marais	Du Marais Street	Québec, Quebec	**75%**	75%

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

Contractual rights and obligations

The formation of each joint venture is recognized by limited partnership agreements and unanimous shareholder agreements of the general partner, in which the rights and obligations of each limited partner or shareholder are provided for. Among these terms and conditions, the important decisions with regard to joint ventures are taken unanimously by the limited partners for the limited partnerships, and by the shareholders for the general partners. Capital contributions are made on a pro rata basis between the limited partners. In addition, each limited partner has the right of first refusal, should the other limited partner transfer its participation in the joint venture. In the event that one of the limited partners is subject to a change of control, or if its assets are sold, the other limited partner has a purchase option for the participation at the fair market value. Recourse or purchase option mechanisms benefits each limited partner in respect of the other limited partner if it is in default under the agreements or if it becomes insolvent.

On January 13, 2017, Cominar completed the acquisition of an additional 25% ownership interest in Société en commandite Chaudière-Duplessis, for a purchase price of $10,016. On that date, Société en commandite Chaudière-Duplessis became a wholly owned subsidiary of Cominar.

On May 31, 2017, Cominar completed the acquisition of an additional 25% ownership interest in Société en commandite Jules-Dallaire, for an amount of $21,190.

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

For the years ended December 31	Note	2017 $	2016 $
Investments in joint ventures, beginning of year		**90,194**	74,888
Contributions to the capital of the joint ventures		**—**	10,850
Share of joint ventures' net income		**5,276**	8,006
Cash distributions by a joint venture		**(250)**	(800)
Return of capital from a joint venture		**—**	(2,750)
Acquisition of an additional interest in a joint venture		**21,190**	–
Business combination	4	**(30,111)**	–
Investments in joint ventures, end of year		**86,299**	90,194

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

As at December 31	2017 $	2016 $
Income properties	**231,650**	198,394
Properties under development	**11,711**	35,741
Land held for future development	**13,501**	55,050
Other assets	**1,020**	2,126
Mortgages payable	**(109,918)**	(112,873)
Bank borrowings[(1)]	**(23,900)**	(21,600)
Other liabilities	**(4,502)**	(3,942)
Net assets of the joint ventures	**119,562**	152,896
Proportionate share of joint ventures' net assets	**86,299**	90,194

(1) Société en commandite Bouvier-Bertrand has a $25,000 credit facility, which is secured by Cominar and Groupe Dallaire.

For the years ended December 31	2017 $	2016 $
Operating revenues	**21,503**	20,226
Operating expenses	**(9,287)**	(8,736)
Net operating income	**12,216**	11,490
Finance charges	**(5,525)**	(5,383)
Administrative expenses	**(81)**	(134)
Change in fair value of investment properties	**704**	9,461
Net income	**7,314**	15,434
Share of joint ventures' net income	**5,276**	8,006

9) GOODWILL

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the net identifiable assets acquired. Its useful life is indefinite. It is not amortized but is tested for impairment on an annual basis or more frequently if events or circumstances indicate that it is more likely than not that goodwill may be impaired. Goodwill resulting from business combinations is allocated to each group of CGUs expected to benefit from the combination. To test impairment, Cominar must determine the recoverable value of net assets of each group of CGUs, making assumptions about standardized net operating income and adjusted capitalization rates. These assumptions are based on Cominar's past experience as well as on external sources of information. The recoverable value is the fair value less the cost of disposal. Should the carrying amount of a group of CGU, including goodwill, exceed its recoverable value, impairment is recorded and recognized in profit or loss in the period during which the impairment occurs.

At year-end, Cominar tested its assets for impairment by determining the recoverable value of the net assets of each group of CGUs and comparing it to the carrying amount, including goodwill. As at December 31, 2017 and 2016, goodwill was not impaired.

Goodwill is measured using Level 3 inputs of the fair value hierarchy, which means that inputs for the asset or liability are not based on observable market data (unobservable inputs).

GOODWILL

	Note	Office properties $	Retail properties $	Industrial and mixed-use properties $	Total $
Balance as at December 31, 2016		98,073	51,212	17,686	166,971
Transfer to assets held for sale	7	(18,577)	(6,564)	(1,848)	(26,989)
Balance as at December 31, 2017		79,496	44,648	15,838	139,982

The adjusted capitalization rates used to value the recoverable amount of net assets for each group of CGUs are as follows:

Adjusted capitalization rates

As at December 31	2017	2016
Category	**Weighted average**	Weighted average
Office properties	**6.0%**	5.8%
Retail properties	**5.8%**	5.7%
Industrial and mixed-use properties	**6.3%**	6.5%
	6.0%	5.9%

10) ACCOUNTS RECEIVABLE

As at December 31	2017 $	2016 $
Trade receivables	**27,403**	27,693
Allowance for doubtful accounts	**(7,581)**	(8,557)
	19,822	19,136
Accounts receivable – related parties	**1,969**	1,182
Interest-bearing accounts receivable[(1)]	**3,554**	1,044
Security deposits	**8,434**	6,295
Other receivables and accrued income	**29,177**	14,861
	62,956	42,518
(1)Average effective interest rate	**5.91%**	6.89%

11) MORTGAGES PAYABLE

For the years ended December 31	2017		2016	
		Weighted average contractual rate		Weighted average contractual rate
	$		$	%
Balance, beginning of year	**2,045,957**	**4.37%**	2,051,335	4.46%
Mortgages payable contracted	**321,800**	**3.27%**	241,555	3.50%
Monthly repayments of principal	**(63,727)**	**—**	(54,954)	—
Repayments of balances at maturity or assigned	**(150,134)**	**4.94%**	(191,979)	5.44%
	2,153,896	**4.22%**	2,045,957	4.37%
Plus: Fair value adjustments on assumed mortgages payable	**2,167**		7,746	
Less: Deferred financing costs	**(5,937)**		(5,694)	
Balance, end of year(1)	**2,150,126**		2,048,009	

1) Including the $276,350 mortgages payable related to the properties held for sale.

Contractual maturity dates of mortgages payable are as follows as at December 31, 2017:

For the years ending December 31	Repayment of principal	Balances at maturity	Total
	$	$	$
2018	48,974	592,612	**641,586**
2019	44,700	4,141	**48,841**
2020	46,299	82,013	**128,312**
2021	45,618	89,437	**135,055**
2022	40,145	184,248	**224,393**
2023 and thereafter	101,533	874,176	**975,709**
	327,269	1,826,627	**2,153,896**

Mortgages payable are secured by immovable hypothecs on investment properties having a carrying amount of $4,025,062 [$4,072,140 as at December 31, 2016]. They bear annual contractual interest rates ranging from 2.52% to 7.75% [2.52% to 7.75% as at December 31, 2016], representing a weighted average contractual rate of 4.22% as at December 31, 2017 [4.37% as at December 31, 2016], and are renewable at various dates from January 2018 to January 2039. As at December 31, 2017, the weighted average effective interest rate was 3.95% [4.09% as at December 31, 2016].

As at December 31, 2017, nearly all mortgages payable were bearing interest at fixed rates. Some of the mortgages payable include restrictive covenants, with which Cominar was in compliance as at both December 31, 2017 and December 31, 2016.

12) DEBENTURES

For the years ended December 31		2017		2016	
			Weighted average contractual rate		Weighted average contractual rate
		$		$	
Balance, beginning of year		**1,975,000**	**4.23%**	2,000,000	3.95%
Issuances		**—**	**—**	225,000	4.25%
Repayment at maturity		**(250,000)**	**4.274%**	(250,000)	1.97%
		1,725,000	**4.23%**	1,975,000	4.23%
Less:	Deferred financing costs	**(4,878)**		(6,552)	
Plus:	Net premium and discount on issuance	**1,455**		2,118	
Balance, end of year		**1,721,577**		1,970,566	

On June 15, 2017, Cominar reimbursed at maturity its Series 1 senior unsecured debentures totalling $250,000 and bearing interest at 4.274% using its unsecured revolving operating and acquisition credit facility.

The following table presents characteristics of outstanding debentures as at December 31, 2017:

	Date of issuance	Contractual interest rate	Effective interest rate	Maturity date	Par value as at December 31, 2017
					$
Series 2	December 2012(1)	4.23%	4.37%	December 2019	**300,000**
Series 3	May 2013	4.00%	4.24%	November 2020	**100,000**
Series 4	July 2013(2)	4.941%	4.81%	July 2020	**300,000**
Series 7	September 2014	3.62%	3.70%	June 2019	**300,000**
Series 8	December 2014	4.25%	4.34%	December 2021	**200,000**
Series 9	June 2015	4.164%	4.25%	June 2022	**300,000**
Series 10	May 2016	4.247%	4.34%	May 2023	**225,000**
		4.23%	**4.29%**		**1,725,000**

(1) Re-opened in February 2013 ($100,000).
(2) Re-opened in January 2014 ($100,000) and March 2014 ($100,000).

The debentures, under the trust indenture, contain restrictive covenants, with which Cominar was in compliance as at December 31, 2017 and 2016.

13) BANK BORROWINGS

As at December 31, 2017, Cominar had an unsecured renewable operating and acquisition credit facility of up to $700,000 maturing in August 2019. This credit facility bears interest at the prime rate plus 110 basis points or at the bankers' acceptance rate plus 210 basis points. This credit facility contains certain restrictive covenants, with which Cominar was in compliance as at December 31, 2017 and 2016. As at December 31, 2017, bank borrowings totalled $620,366 and cash available was $79,634.

14) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31	2017	2016
	$	$
Trade accounts payable	**2,617**	4,848
Accounts payable – related parties	**15,696**	7,624
Accrued interest payable	**17,473**	18,818
Prepaid rent and tenants' deposits	**29,188**	27,848
Other accounts payable and accrued expenses	**41,889**	39,961
Commodity taxes and other non-financial liabilities	**10,619**	10,762
	117,482	109,861

15) ISSUED AND OUTSTANDING UNITS

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

For the years ended December 31	2017		2016	
	Units	**$**	Units	$
Units issued and outstanding, beginning of year	**182,334,562**	**3,234,693**	170,912,647	3,063,920
Public offering	**—**	**—**	12,780,000	191,516
Repurchase of units under NCIB	**(730,900)**	**(10,380)**	(2,717,396)	(40,779)
Exercise of options	**3,900**	**57**	—	—
Distribution reinvestment plan	**2,887,370**	**39,717**	1,265,157	18,457
Conversion of deferred units and restricted units	**134,565**	**1,908**	94,154	1,579
Units issued and outstanding, end of year	**184,629,497**	**3,265,995**	182,334,562	3,234,693

During the fourth quarter of 2017, Cominar repurchased 730,900 units under its normal course issuer bid of a maximum of 17,596,591 units, at an average price of $14.19, for a total consideration of $10,380, including transaction costs.

LONG TERM INCENTIVE PLAN

Unit options

Cominar has granted unit options to management and employees under the long-term incentive plan. As at December 31, 2017, options to purchase 12,928,000 units were outstanding.

The following table shows characteristics of outstanding options at year-end:

As at December 31, 2017

Date of grant	Graded vesting method	Expiration date	Exercise price $	Outstanding options	Exercisable options
August 5, 2013	50%	August 5, 2018	20.09	150,000	150,000
December 17, 2013	33 1/3%	December 17, 2018	17.55	1,757,300	1,757,300
December 16, 2014	33 1/3%	December 16, 2019	18.07	1,996,300	1,996,300
December 15, 2015	33 1/3%	December 15, 2022	14.15	2,565,500	1,845,900
December 13, 2016	33 1/3%	December 13, 2023	14.90	2,995,700	1,267,700
August 24, 2017	33 1/3%	August 24, 2024	13.46	3,463,200	451,200
				12,928,000	**7,468,400**

As at December 31, 2017, the average weighted contractual life of outstanding options was 4.6 years [4.3 years as at December 31, 2016].

The following table presents changes in the number of options for the years indicated:

For the years ended December 31	2017		2016	
	Options	**Weighted average exercise price $**	Options	Weighted average exercise price $
Outstanding, beginning of year	**12,455,450**	**17.02**	10,493,750	18.15
Exercised	**(3,900)**	**14.15**	—	—
Granted	**3,689,400**	**13.46**	3,424,200	14.90
Forfeited or cancelled	**(1,377,100)**	**15.83**	(561,800)	17.51
Expired	**(1,835,850)**	**23.05**	(900,700)	21.80
Outstanding, end of year	**12,928,000**	**15.28**	12,455,450	17.02
Exercisable options, end of year	**7,468,400**	**16.20**	6,408,150	18.89

Restricted units

Restricted units consist of allocations whose values, for the participant, rise or 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 vested three years after the date of the grant. For each cash distribution on Cominar units, an additional number of restricted units is granted to each participant. The fair value of restricted units is represented by the market value of Cominar units on the date of the grant.

The following table presents changes in the number of restricted units for the years indicated:

For the years ended December 31	2017 $	2016 $
Outstanding, beginning of year	**5,250**	4,047
Exercised	**(697)**	(637)
Granted	**—**	1,373
Accrued distributions	**473**	467
Outstanding, end of year	**5,026**	5,250
Vested restricted units, end of year	**—**	—

Deferred units

Deferred units consist of allocations whose values, for the participant, rise or fall according to the value of Cominar units on the stock market. 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. Vesting periods are determined by the Board of Trustees on the date of the grant. These rights are usually vested at a rate of 33 1/3% per anniversary year of the grant date. Once a year, the deferred unit holder can convert its vested deferred units into Cominar units. For each cash distribution on Cominar units, an additional number of deferred units is granted to each participant. The fair value of deferred units is represented by the market value of Cominar units on the date of the grant.

The following table presents changes in the number of deferred units for the years indicated:

For the years ended December 31	2017 $	2016 $
Outstanding, beginning of year	**161,676**	180,434
Exercised	**(133,868)**	(93,517)
Granted	**122,045**	54,520
Accrued distributions	**25,895**	20,239
Outstanding, end of year	**175,748**	161,676
Vested deferred units, end of year	**56,858**	37,185

Unit-based compensation

The compensation expense related to the options granted in 2017 and 2016 was calculated using the Black-Scholes option pricing model based on the following assumptions:

Date of grant	Volatility(1)	Exercise price(2) $	Weighted average return	Weighted average risk-free interest rate	Weighted average expected life (years)	Weighted average fair value per unit $
December 13, 2016	14.34%	14.90	9.51%	1.04%	4.5	0.18
August 24, 2017	14.25%	13.46	8.47%	1.61%	6.0	0.20

(1) The volatility is estimated by considering the historical volatility of Cominar's units' price.
(2) The exercise price of the options corresponds to the closing price of Cominar units the day before the grant.

The compensation expense related to restricted units and deferred units granted in March 2017 was calculated based on the market price of Cominar units on the grant date, which was $14.52.

The overall compensation expense for the fiscal year was $2,102 [$1,028 in 2016].

A maximum of 16,819,525 units may be issued under the long-term incentive plan.

DISTRIBUTIONS TO UNITHOLDERS

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

For the years ended December 31	2017	2016
	$	$
Distributions to unitholders	**246,523**	254,456
Distributions per unit	**1.3325**	1.4700

Unitholder distribution reinvestment plan

Cominar has adopted a distribution reinvestment plan under which unitholders may elect to receive all cash distributions from Cominar automatically as additional units. The plan provides plan participants with a number of units equal to 103% of the cash distributions. For the year ended December 31, 2017, 2,887,370 units [1,265,157 in 2016] were issued for a total net consideration of $39,770 [$18,457 in 2016] under this plan.

On August 3, 2017, Cominar decreased the monthly distribution from $0.1225 per unit to $0.095 per unit and temporarily suspended the distribution reinvestment plan, beginning with the distribution of August 2017, which was payable in September 2017.

16) OPERATING LEASE INCOME

a) The future minimum lease payments from tenants are as follows:

	As at December 31, 2017
	$
- Less than one year	**473,097**
- More than one year to five years	**1,323,623**
- More than five years	**832,241**

b) Contingent rents included in revenues for the year are as follows:

For the years ended December 31	2017	2016
	$	$
Contingent rents	**7,219**	7,417

17) OPERATING COSTS, PROPERTY MANAGEMENT EXPENSES AND TRUST ADMINISTRATIVE EXPENSES

The following table presents the main components of operating costs, property management expenses and Trust administrative expenses based on their nature:

For the years ended December 31	2017 $	2016 $
Repairs and maintenance	**69,759**	68,209
Energy	**65,851**	66,063
Salaries and other benefits	**58,990**	50,088
Professional fees	**2,574**	2,205
Costs associated with public companies	**653**	556
Other expenses	**32,673**	31,149
	230,500	218,270

18) FINANCE CHARGES

For the years ended December 31	2017 $	2016 $
Interest on mortgages payable	**89,007**	87,780
Interest on debentures	**77,952**	83,456
Interest on bank borrowings	**14,867**	9,747
Net amortization of premium and discount on debenture issues	**(691)**	(801)
Amortization of deferred financing costs and other costs	**3,454**	3,771
Amortization of fair value adjustments on assumed borrowings	**(5,577)**	(6,501)
Less: Capitalized interest[(1)]	**(10,260)**	(6,807)
Total finance charges	**168,752**	170,645

(1) Includes capitalized interest on properties under development and on major revitalization projects for income properties that take place over a substantial period of time. The weighted average interest rate used in 2017 was 4.13% [4.21% in 2016].

19) INCOME TAXES

Cominar is considered a mutual fund trust for income tax purposes. Pursuant to the Contract of Trust, the trustees intend to distribute or designate all taxable income directly earned by Cominar to unitholders and to deduct such distributions and allocations from its income for tax purposes. Therefore, no provision for income taxes is required.

Taxation of distributions of specified investment flow-through ("SIFT") trusts and exception for real estate investment trusts ("REITs")

Since 2007, SIFT trusts are subject to income taxes on the distributions they make. In short, a SIFT trust is 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.

The SIFT trust rules do not apply to SIFT trusts that qualify as REITs for a given taxation year. Cominar has reviewed the conditions to qualify as a REIT. For the fiscal years ended December 31, 2017 and 2016, Cominar believes that it met all of these conditions and qualified as a REIT. As a result, the SIFT trust tax rules for 2017 and 2016 did not apply to Cominar and no deferred tax provision, be it an asset or liability, was recorded in relation to the Trust's activities. Cominar's management intends on taking the necessary steps to meet these conditions on an ongoing basis in the future.

Some of Cominar's subsidiaries are subject to tax on their taxable income under the *Income Tax Act* (Canada) and the taxation acts of the provinces concerned.

The tax expense (income) differs from the amount calculated by applying the combined federal and provincial tax rate to income before income taxes. The following table presents the reasons for such difference:

For the years ended December 31	2017 $	2016 $
Income (loss) before income taxes	**(396,759)**	242,576
Canadian combined statutory tax rate	**29.38%**	28.16%
Tax expense (income) at the statutory tax rate	**(116,568)**	68,309
Loss (income) not subject to income tax	**112,438**	(68,107)
Other	**(904)**	636
Income taxes	**(5,034)**	838

Deferred taxes relating to incorporated subsidiaries are shown in the following table:

As at December 31	2017 $	2016 $
Deferred tax assets to be recovered after more than 12 months		
Mortgages payable	**7**	30
Tax losses	**353**	250
	360	280
Deferred tax liabilities to be settled after more than 12 months		
Investment properties	**(7,041)**	(11,995)
Deferred taxes (net)	**(6,681)**	(11,715)

Changes in the deferred income tax account were as follows:

For the years ended December 31	2017 $	2016 $
Balance, beginning of year	**11,715**	10,877
Tax expense (income) recorded in the consolidated statements of comprehensive income	**(5,034)**	838
Balance, end of year	**6,681**	11,715

Changes in deferred income tax assets and liabilities during the year, excluding the offsetting of balances within the same tax jurisdiction, were as follows:

	Mortgages payable $	Tax losses $	Total $
Deferred tax assets			
Balance as at January 1, 2016	59	263	322
Origination and reversal of timing differences included in profit or loss	(29)	(13)	(42)
Balance as at December 31, 2016	30	250	280
Origination and reversal of timing differences included in profit or loss	(23)	103	80
Balance as at December 31, 2017	7	353	360

	Income properties $
Deferred tax liabilities	
Balance as at January 1, 2016	(11,199)
Origination and reversal of timing differences included in profit or loss	(796)
Balance as at December 31, 2016	(11,995)
Origination and reversal of timing differences included in profit or loss	4,954
Balance as at December 31, 2017	(7,041)

20) PER UNIT CALCULATION BASIS

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

For the years ended December 31	2017 Units	2016 Units
Weighted average number of units outstanding – basic	**184,213,583**	172,131,831
Dilutive effect related to the long-term incentive plan	**—**	373,596
Weighted average number of units outstanding – diluted	**184,213,583**	172,505,427

The calculation of the diluted weighted average number of units outstanding does not take into account the effect of the conversion into units of 12,928,000 options outstanding for the year ended December 31, 2017 [7,140,850 options in 2016] due to the fact that the exercise price of the options, including the unrecognized portion of the related compensation expense, is higher than the average price of the units or due to the fact that they are antidilutive.

21) SUPPLEMENTAL CASH FLOW INFORMATION

For the years ended December 31	2017 $	2016 $
Accounts receivable	**(8,623)**	14,238
Prepaid expenses	**(1,052)**	(1,572)
Accounts payable and accrued liabilities	**4,685**	(5,320)
Changes in non-cash working capital items	**(4,990)**	7,346
Other information		
Accounts payable and accrued liabilities relating to investing activities	**14,834**	11,898
Accounts receivable relating to investing activities	**11,814**	—

22) RELATED PARTY TRANSACTIONS

During fiscal years 2016 and 2017, Michel Dallaire and Alain Dallaire were trustees and members of Cominar's management team, and they exercised indirect control over the activities of Groupe Dallaire Inc. and Dalcon Inc. (the "related companies"). On January 1, 2018, Sylvain Cossette was appointed as President and Chief Executive Officer to replace Michel Dallaire. This appointment was part of the succession plan put in place by the Board of Trustees when Sylvain Cossette joined Cominar in 2013 as President and Chief Operating Officer. On the same day, January 1, 2018, Sylvain Cossette was appointed as a trustee of Cominar to fill the vacancy created by the departure of Alain Dallaire as trustee. On February 12, 2018, Alban D'Amours was appointed as Chairman of the Board of Cominar following the departure of Michel Dallaire. While Alain Dallaire has a passive indirect economic interest in Groupe Dallaire, Alain Dallaire is neither an employee nor a director of Groupe Dallaire.

In 2016 and 2017, Cominar entered into transactions with those related companies in the normal course of business, the details of which are as follows:

For the years ended December 31	Note	2017 $	2016 $
Investment properties – Capital costs		**138,129**	86,639
Acquisition of an additional ownership interest in the joint venture Société en commandite Chaudière-Duplessis	4	**10,016**	—
Investment properties held by joint ventures – Acquisition		**—**	6,204
Investment properties held by joint ventures – Capital costs		**3,263**	2,958
Recovery of mortgage receivable		**(8,250)**	—
Acquisition of an additional ownership interest in the joint venture Société en commandite Complexe Jules-Dallaire	8	**21,190**	—
Share of joint ventures' net income	8	**5,276**	8,006
Net rental revenue from investment properties		**313**	301
Interest income		**140**	280

Balance as at December 31	Note	2017 $	2016 $
Investments in joint ventures	8	**86,299**	90,194
Mortgage receivable		**—**	8,250
Accounts receivable	10	**1,969**	1,182
Accounts payable	14	**15,696**	7,624

The leasehold improvement, repair and maintenance work on properties carried out by Dalcon Inc. are invoiced at cost plus a 5.0% markup. For construction projects, the work is invoiced at cost plus a 2.5% markup. By retaining the services of related companies for property construction work and leasehold improvements, Cominar achieves significant time and cost savings while providing better service to its clients.

Leasing of commercial space with the related companies is carried out at the market rate for similar spaces.

23) KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation of key management personnel is set out in the following table:

KEY MANAGEMENT PERSONNEL COMPENSATION

For the years ended December 31	2017 $	2016 $
Short-term benefits	**5,717**	4,928
Contribution to the retirement savings plans	**179**	169
Long-term incentive plan	**1,351**	650
Retirement allowance	**5,400**	—
Total	**12,647**	5,747

Unit options granted to senior executives and other officers may not be exercised, even if they have vested, until the following three conditions have been met. The first condition requires that the market price of the security must be at least ten percent (10%) higher than the exercise price of the option, and this condition will be considered as met if the unit price has remained at such level for a period of twenty (20) consecutive trading days during the option’s term. The second condition requires that the senior executive or other officer must undertake to hold a number of units corresponding to the multiple determined for his base salary. The third condition is that when the options are exercised, if the senior executive or other officer does not hold the required minimum number of units, he must retain at least five percent (5%) of the units purchased until he has the multiple corresponding to his base salary.

24) CAPITAL MANAGEMENT

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

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

Cominar's capitalization is as follows:

As at December 31	2017 $	2016 $
Cash and cash equivalents	**(6,928)**	(9,853)
Mortgages payable	**2,150,126**	2,048,009
Debentures	**1,721,577**	1,970,566
Bank borrowings	**620,366**	332,121
Unitholders' equity	**3,208,761**	3,815,513
Total capitalization	**7,693,902**	8,156,356
Debt ratio(1)	**57.4%**	52.4%
Interest coverage ratio(2)	**2.43:1**	2.65:1

(1) The debt ratio is equal to the total of cash and cash equivalents, bank borrowings, mortgages payable and debentures, divided by total assets less cash and cash equivalents.
(2) The interest coverage ratio is equal to net operating income (operating revenues less operating expenses) less Trust administrative expenses divided by finance charges.

Cominar's Contract of Trust provides that it may not incur debt if, taking into consideration the debt thus incurred or assumed, its total debt exceeds 60% of the carrying amount of its assets (65% if convertible debentures are outstanding). As at December 31, 2017, Cominar had maintained a debt ratio of 57.4%.

The interest coverage ratio is used to assess Cominar's ability to pay interest on its debt from operating revenues. As such, for the year ended December 31, 2017, the interest coverage ratio was 2.43:1, reflecting Cominar's capacity to meet its debt-related obligations.

Capital management objectives remain unchanged from the previous period.

25) FAIR VALUE

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

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

Cominar's policy is to recognize transfers between hierarchy levels on the date of changes in circumstances that caused the transfer. There were no transfers made between hierarchy levels during fiscal years 2017 and 2016.

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

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

CLASSIFICATION

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

		December 31, 2017		December 31, 2016	
	Level	**Carrying amount**	**Fair value**	Carrying amount	Fair value
		$	**$**	$	$
Recurring valuations of non-financial assets					
Income properties	3	**6,239,383**	**6,239,383**	7,676,134	7,676,134
Investment properties held for sale	3	**1,143,500**	**1,143,500**	143,130	143,130
Land held for future development	3	**91,580**	**91,580**	90,820	90,820
Financial liabilities					
Mortgages payable	2	**2,150,126**	**2,153,043**	2,048,009	2,104,025
Debentures	2	**1,721,577**	**1,739,278**	1,970,566	2,019,802

26) FINANCIAL INSTRUMENTS

RISK MANAGEMENT

The main risks arising from Cominar's financial instruments are credit risk, interest rate risk and liquidity risk. The strategy for managing these risks is summarized below.

Credit risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments.

Cominar mitigates credit risk via segment and geographic portfolio diversification, staggered lease maturities, and diversification of revenue sources through a varied tenant mix as well as by avoiding dependence on any single tenant by ensuring that no individual tenant contributes a significant portion of operating revenues and by conducting credit assessments on all new tenants.

Cominar has a broad, highly diversified retail client base consisting of about 5,700 clients occupying an average of approximately 7,000 square feet each. The top three clients, Public Works Canada, Société québécoise des infrastructures and Canadian National Railway Company, account respectively for approximately 4.8%, 4.7% and 4.2% of operating revenues from several leases with staggered maturities. The stability and quality of cash flows from operating activities are enhanced by the fact that approximately 10.8% of operating revenues come from government agencies, representing approximately 100 leases.

Cominar regularly assesses its accounts receivable and records a provision for doubtful accounts when there is a risk of non-collection.

The maximum credit risk to which Cominar is exposed corresponds to the carrying amount of accounts receivable and the cash and cash equivalents position.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cominar's objective in managing this risk is to minimize the net impact on future cash flows. Cominar reduces its exposure to interest rate risk by staggering the maturities of its borrowings over several years and by generally using long-term debt bearing interest at fixed rates.

Accounts receivable, except for the receivables bearing interest, and accounts payable and accrued liabilities do not bear interest.

Almost all mortgages payable and all debentures bear interest at fixed rates.

Cominar is exposed to interest rate fluctuations mainly due to bank borrowings, which bear interest at variable rates.

As required under IFRS, a 25-basis-point increase or decrease in the average interest rate on variable interest debts during the period, assuming that all other variables are held constant, would have impacted Cominar's net income by more or less $1,195 for the year ended December 31, 2017 [$1,543 in 2016].

Liquidity risk

Liquidity risk is the risk that Cominar will be unable to meet its financial obligations as they come due.

Cominar manages this risk by managing its capitalization, continuously monitoring current and projected cash flows and adhering to its capital management policy.

Undiscounted contractual cash flows (interest and principal) related to financial liabilities as at December 31, 2017 are as follows:

		Cash flows		
	Note	**Under one year**	**One to five years**	**Over five years**
		$	**$**	**$**
Mortgages payable	11	724,595	785,781	1,095,321
Debentures	12	72,921	1,663,211	234,556
Bank borrowings	13	22,016	633,016	—
Accounts payable and accrued liabilities[(1)]	14	106,863	—	—

(1) Excludes consumption taxes and other non-financial liabilities

27) SEGMENT INFORMATION

Cominar's activities include a diversified portfolio of three property types located in several Canadian provinces. The accounting policies followed for each property type are the same as those disclosed in the significant accounting policies in note 2. Cominar uses net operating income as its main criterion to measure operating performance, that is, the operating revenues less the operating expenses of its investment properties. Management of expenses, such as interest and administrative expenses, is centralized and, consequently, these expenses have not been allocated to Cominar's segments.

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

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

For the year ended	Office properties	Retail properties	Industrial and mixed-use properties	Cominar's proportionate share	Joint ventures	Consolidated financial statements
December 31, 2017	$	$	$	$	$	$
Rental revenue from investment properties	**372,757**	**312,752**	**163,331**	**848,840**	**(13,351)**	**835,489**
Net operating income	**184,270**	**162,965**	**96,351**	**443,586**	**(7,549)**	**436,037**
Share of joint ventures' net income	**—**	**—**	**—**	**—**	**5,276**	**5,276**
December 31, 2016	$	$	$	$	$	$
Rental revenue from investment properties	380,761	334,187	162,147	877,095	(10,113)	866,982
Net operating income	193,309	183,961	97,084	474,354	(5,745)	468,609
Share of joint ventures' net income	—	—	—	—	8,006	8,006

As at December 31, 2017	Office properties $	Retail properties $	Industrial and mixed-use properties $	Cominar's proportionate share $	Joint ventures $	Consolidated financial statements $
Income properties	**2,554,803**	**2,492,891**	**1,355,164**	**6,402,858**	**(163,475)**	**6,239,383**
Investment properties held for sale	**600,552**	**381,707**	**161,241**	**1,143,500**	**—**	**1,143,500**
Investments in joint ventures	**—**	**—**	**—**	**—**	**86,299**	**86,299**
As at December 31, 2016	**$**	**$**	**$**	**$**	**$**	**$**
Income properties	3,327,390	2,974,870	1,473,071	7,775,331	(99,197)	7,676,134
Investment properties held for sale	—	93,630	49,500	143,130	—	143,130
Investments in joint ventures	—	—	—	—	90,194	90,194

28) COMMITMENTS

The annual future payments required under emphyteutic leases expiring between 2046 and 2065, on land for three income properties having a total fair value of $49,692, are as follows:

For the years ending December 31	Emphyteutic Leases $
2018	634
2019	634
2020	648
2021	654
2022	689
2023 and thereafter	21,832

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

29) SUBSEQUENT EVENTS

On January 10, 2018, Cominar announced the increase of its normal course issuer bid ("NCIB"), increasing the maximum number of units it intends to repurchase for cancellation from 9,000,000 units to 17,596,591 units. Under this NCIB, Cominar has repurchased, since the beginning of fiscal year 2018, 2,709,500 units at an average price of $14.58, for a total consideration of $39,517 paid cash. Since December 19, 2017, Cominar has repurchased a total of 3,440,400 units at an average price of $14.50, for a total consideration of $49,891 paid cash.

On January 15 and February 15, 2018, Cominar declared a monthly distribution of $0.095 per unit for each of these months.

Subsequent to the end of fiscal 2017, Cominar entered into the following loans: a $75,000 bridge loan bearing interest at the prime rate plus 110 basis points or at the bankers' acceptance rate plus 210 basis points and repayable on the closing of the $1,143,500 sale of investment properties, a 10-year $42,500 mortgage payable, bearing interest at 4.484% and a 5-year $45,000 mortgage payable, bearing interest at prime rate plus 90 basis points or 4.00%, whichever is greater. The net proceeds from these loans were used to repay a portion of the unsecured revolving operating and acquisition credit facility.

On February 12, 2018, Alban D'Amours was appointed as Cominar's Chairman of the Board of Trustees following the departure of Michel Dallaire.

On March 7, 2018, Cominar decreased the monthly distribution from $0.095 per unit to $0.06 per unit, beginning with the distribution of March 2018, payable in April 2018.

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