



## PRESS RELEASE

For Immediate Release

# Cominar Reconfirms that its Distribution Is Maintained

Québec, May 11, 2017 – Cominar Real Estate Investment Trust (“Cominar” or the “REIT”) (TSX: CUF.UN) announced today its results for the first quarter of fiscal 2017.

### Highlights for the Quarter Ended March 31, 2017

- Cominar completed its capital optimization program
- Decreased debt ratio to 52.0%

*“During the quarter ended March 31, 2017, we completed our capital optimization program by selling \$93 million of properties. This amount was used to reduce our debt ratio to 52.0%”,* said Gilles Hamel, Executive Vice President and Chief Financial Officer of Cominar.

*“Our in-place occupancy rate has been impacted over the last 24 months in the retail segment by the bankruptcy of several retailers, including Target, and in the office segment by the federal government’s policy of consolidating and reducing their space requirements in the Ottawa area”,* stated Michel Dallaire, Chief Executive Officer. *“During this period, our leasing teams have done excellent work in re-leasing the space left vacant. As a result of these efforts, 1.7 million square feet of vacant space has been leased, but the clients are not yet in occupancy, paying rent. The incremental rent that we will receive in the coming quarters from these clients allows us to confirm the sustainability of our distribution at current levels”,* added Mr. Dallaire.

### PRESENTATION OF RESULTS

For the quarter ended March 31, 2017, **operating revenues** were \$214.0 million compared to \$221.4 million for the corresponding period of 2016.

**Net operating income**<sup>(1)</sup> was \$105.9 million compared to \$113.7 million for the corresponding period of 2016.

**Net income** for the first quarter of 2017 was \$59.7 million compared to \$68.1 million for the corresponding period of 2016.

**Recurring funds from operations**<sup>(1)</sup> for the first quarter of 2017 were \$61.0 million, while they were \$69.3 million for the corresponding period of 2016. **Fully diluted recurring funds from operations per unit**<sup>(1)</sup> amounted to \$0.33 for this period.

(1) Non-IFRS financial measure. See the reconciliation to closest IFRS measure.

**Recurring adjusted funds from operations**<sup>(1)</sup> for the first quarter of 2017 were \$52.5 million compared to \$61.0 million for the corresponding period of 2016. Fully diluted per unit, they amounted to \$0.29 for this period.

**Cash flows provided by operating activities** amounted to \$35.8 million, down 7.5% compared to the corresponding period of 2016.

**Recurring adjusted cash flows from operations**<sup>(1)</sup> for the first quarter of 2017 were \$53.3 million, compared to \$61.5 million for the corresponding period of 2016. Fully diluted per unit, they amounted to \$0.29 for this period.

For the first quarter of 2017, operating revenues, net operating income, recurring funds from operations, recurring adjusted funds from operations as well as recurring adjusted cash flows from operations decreased compared to the corresponding period of 2016, due mainly to the dispositions of properties completed in 2016 and 2017.

## **FINANCIAL SITUATION**

As at March 31, 2017, Cominar's **debt ratio** decreased to 52.0%, down from 52.4% as at December 31, 2016. At the end of the first quarter of 2017, **total assets** reached \$8.3 billion, the unsecured revolving credit facility utilized was \$199.5 million, and cash available amounted to \$500.5 million.

## **DISPOSITIONS**

During the quarter ended March 31, 2017, Cominar completed the sale of 10 income properties for total net proceeds of \$93.0 million. This amount contributed to reduce our debt ratio to 52.0%.

## **LEASING ACTIVITY**

During the first three months of 2017, our leasing efforts allowed us to renew 36.7% of the total leasable area expiring during fiscal 2017. This situation resulted from a more aggressive leasing policy that allowed Cominar to sign new leases for 1.8 million square feet and to renew 3.0 million square feet, together representing 58.4% of the spaces maturing in 2017.

Growth in the average net rent of renewed leases was 0.8% for the first quarter of 2017.

Occupancy rate was 92.3% as at March 31, 2017, compared to 92.4% as at December 31, 2016.

## **SUBSEQUENT EVENT**

On April 19, 2017, Cominar completed the sale of a retail property located in the Québec area for a total of \$0.9 million.

*(1) Non-IFRS financial measure. See the reconciliation to closest IFRS measure.*

## RESULTS OF OPERATIONS

For the periods ended March 31	2017 (\$000)	2016 (\$000)	% Δ
Operating revenues	213,956	221,424	(3.4)
Operating expenses	(108,073)	(107,754)	0.3
Net operating income <sup>(1)</sup>	105,883	113,670	(6.9)
Finance charges	(42,298)	(42,210)	0.2
Trust administrative expenses	(4,484)	(3,997)	12.7
Share of joint ventures' net income	831	711	16.9
Income taxes	(219)	(93)	135.5
Net income	59,713	68,081	(12.3)

(1) Non-IFRS financial measure.

### NON-IFRS FINANCIAL MEASURES

Net operating income, funds from operations (FFO), adjusted funds from operations (AFFO) and adjusted cash flows from operations (ACFO) are not measures recognized by International Financial Reporting Standards ("IFRS") and do not have standardized meanings prescribed by IFRS. Such measures may differ from similar computations as reported by similar entities and, accordingly, may not be comparable to similar measures reported by such other entities.

## FUNDS FROM OPERATIONS (FFO) AND ADJUSTED FUNDS FROM OPERATIONS (AFFO)

The following table presents a reconciliation of net income, as determined in accordance with IFRS, and recurring funds from operations and recurring adjusted funds from operations:

<b>For the quarters ended March 31</b>	<b>2017</b>	<b>2016</b>
	<b>(\$000)</b>	<b>(\$000)</b>
<b>Net income</b>	<b>59,713</b>	68,081
+ Deferred income taxes	<b>219</b>	93
+ Initial and re-leasing salary costs	<b>874</b>	661
+ Capitalizable interest on properties under development – joint ventures	<b>202</b>	442
<b>Recurring funds from operations<sup>(1)(2)</sup></b>	<b>61,008</b>	69,277
- Provision for leasing costs	<b>(6,251)</b>	(5,625)
- Recognition of leases on a straight-line basis <sup>(1)</sup>	<b>(727)</b>	(1,200)
- Capital expenditures – maintenance of rental income generating capacity	<b>(1,557)</b>	(1,418)
<b>Recurring adjusted funds from operations<sup>(1)(2)</sup></b>	<b>52,473</b>	61,034

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

(2) Non-IFRS financial measure.

## ADJUSTED CASH FLOWS FROM OPERATIONS (ACFO)

The following table presents a reconciliation between the cash flows provided by operating activities as per the condensed interim consolidated financial statements and the recurring adjusted cash flows from operations:

For the quarters ended March 31	2017 (\$000)	2016 (\$000)
<b>Cash flows provided by operating activities as per the condensed interim consolidated financial statements</b>	<b>35,753</b>	38,632
+ Adjustments – investments in joint ventures <sup>(1)</sup>	542	617
- Provision for leasing costs	(6,251)	(5,625)
+ Initial and re-leasing salary costs	874	661
+ Changes in non-cash working capital items	23,056	27,205
- Capital expenditures – maintenance of rental income generating capacity	(1,557)	(1,418)
- Amortization of deferred financing costs and others	(733)	(785)
+ Amortization of fair value adjustments on assumed mortgages payable	1,420	1,804
+ Capitalizable interest on properties under development – joint ventures	202	442
<b>Recurring adjusted cash flows from operations<sup>(4)</sup></b>	<b>53,306</b>	61,533
Payout ratio <sup>(2)</sup>	126.7%	102.1%
Cash flows payout ratio <sup>(2)(3)</sup>	94.7%	102.1%

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

(2) Fully diluted.

(3) The cash flows payout ratio corresponds to the cash distribution per unit divided by the fully diluted recurring adjusted cash flows from operations per unit.

(4) Non-IFRS financial measure.

## ADDITIONAL FINANCIAL INFORMATION

Cominar's condensed interim consolidated financial statements and interim management's discussion and analysis for the first quarter ended March 31, 2017, will be filed with SEDAR at [www.sedar.com](http://www.sedar.com) and will be available on Cominar's website at [www.cominar.com](http://www.cominar.com).

## CONFERENCE CALL ON MAY 11, 2017

On **Thursday, May 11, 2017 at 11 a.m.** (ET), Cominar's management will hold a conference call to present the results for the first quarter ended March 31, 2017. Anyone who is interested may take part in this call by dialing **1 888 390-0546**. A presentation regarding these results will be available before the conference call on the REIT's website at [www.cominar.com](http://www.cominar.com), under the Conference Call header. In addition, a taped rebroadcast of the conference call will be available from Thursday, May 11, 2017 at 2 p.m. to Thursday, May 25, 2017 at 11:59 p.m., by dialing **1 888 390-0541** followed by this code: **869839#**.

## PROFILE AS AT MAY 11, 2017

Cominar is the third largest diversified real estate investment trust in Canada and currently remains the largest commercial property owner in the Province of Quebec. The REIT owns a real estate

portfolio of 529 properties in three different market segments, that is, office properties, retail properties and industrial and mixed-use properties. Cominar's portfolio totals 44.1 million square feet spread out across Quebec, Ontario, the Atlantic Provinces and Western Canada. Cominar's objectives are to pay growing cash distributions to unitholders and to maximize unitholder value through proactive management and the expansion of its portfolio.

Cominar offers unitholders the opportunity to participate in its Unitholder Distribution Reinvestment Plan, which allows them to receive their monthly cash distributions as additional Cominar units. Participants will be entitled to receive an additional distribution equal to 3% of the distributions reinvested, which will be reinvested in additional units. For more information and to obtain a participation form, please visit Cominar's website at [www.cominar.com](http://www.cominar.com).

#### **FORWARD-LOOKING STATEMENTS**

*This press release may contain forward-looking statements with respect to Cominar and its operations, strategy, financial performance and financial condition. These statements generally can be identified by the use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "intend", "believe" or "continue" or the negative thereof or similar variations. The actual results and performance of Cominar discussed herein could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Some important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition, changes in government regulation and the factors described under "Risk Factors" in Cominar's Annual Information Form. The cautionary statements qualify all forward-looking statements attributable to Cominar and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release. Cominar does not assume any obligation to update the aforementioned forward-looking statements, except as required by applicable laws.*

#### **FOR INFORMATION:**

Michel Dallaire, Eng., Chief Executive Officer

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

Tel: 418 681-8151

[michel.dallaire@cominar.com](mailto:michel.dallaire@cominar.com)

[gilles.hamel@cominar.com](mailto:gilles.hamel@cominar.com)