



PRESS RELEASE

For Immediate Release

COMINAR ANNOUNCES FISCAL 2018 RESULTS

Québec City, Quebec, March 7, 2019 – Cominar Real Estate Investment Trust (“Cominar” or the “REIT”) (TSX: CUF.UN) is pleased to announce its results for the fourth quarter and fiscal year ended December 31, 2018.

“During 2018 we completed several important initiatives resulting in a return to organic growth, strengthening our balance sheet, the reduction of our distribution to enhance financial flexibility and, key executive hires,” said Sylvain Cossette, President and Chief Executive Officer of Cominar. “We believe that we have a strong foundation from which to build on these accomplishments to create value for unitholders. With a refreshed and enthusiastic management team in place, we are pleased with our progress and look forward to sharing our vision, strategic priorities and action plan at our upcoming annual meeting of unitholders.”

FINANCIAL AND OPERATING HIGHLIGHTS

- Adjusted net income⁽¹⁾ for fiscal 2018 was \$206.8 million compared to \$255.8 million for fiscal 2017. The \$49.0 million decrease in adjusted net income⁽¹⁾ is explained mainly by a \$63.5 million decrease in net operating income (NOI)⁽¹⁾ resulting from the sale of a portfolio of 95 non-core properties in Q1 2018, partially offset by a \$16.5 million decrease in finance charges and by a \$3.5 million increase in same property net operating income.
- The fair value of investment properties as at December 31, 2018 decreased by \$267.4 million based on Cominar’s proportionate share. The decline was primarily related to the retail portfolio whose fair value was written down by \$265.0 million.
- Recognized a \$120.4 million impairment of goodwill related to the REIT’s retail and office portfolios.
- Reported recurring FFO⁽¹⁾ per unit of \$1.16 for the year ended December 31, 2018, compared to \$1.38 per unit for fiscal 2017. The decrease was primarily due to the disposition of investment properties in 2018.
- Reported recurring AFFO⁽¹⁾ per unit of \$0.90 for the year ended December 31, 2018, compared to \$1.17 per unit for fiscal 2017.
- Committed occupancy increased 100 bps to 93.6% as at December 31, 2018, from 92.6% as at December 31, 2017. In-place occupancy was 89.2% as at December 31, 2018, up 130 bps from 87.9% as at December 31, 2017.
- Decreased the recurring AFFO payout ratio⁽¹⁾ for fiscal 2018 to 87.8% from 113.9% for fiscal 2017.

- Same property NOI⁽¹⁾ for the year ended December 31, 2018 increased 1.0% as a result of a 4.0% increase in the industrial and flex portfolio combined with 3.5% growth in the office portfolio, partially offset by a decrease of 3.4% in the retail portfolio. For Q4 2018, same property NOI⁽¹⁾ increased 1.1% due to 1.2% growth in the industrial and flex portfolio combined with 4.1% growth in the office portfolio, partially offset by a decrease of 2.2% in the retail portfolio.
- The weighted average increase in net rental rates on renewals was 0.6% due to a 0.3% increase in the office portfolio, a 1.8% decline in the retail portfolio and a 5.6% increase in the industrial and flex portfolio.
- The retention rate on expiring leases increased to 75.8% from 70.7% in 2017. During fiscal 2018, we renewed 5.4 million square feet and signed 2.8 million square feet of new leases representing 115.1% of 2018 expiring leasable area compared to 106.5% in 2017.
- In 2018, Cominar internalized certain construction activities in Montreal, and broadened its use of independent contractors. We have in essence terminated our use of Groupe Dallaire for construction services.

BALANCE SHEET AND LIQUIDITY HIGHLIGHTS

- Decreased debt ratio to 55.3%, compared to 57.4% as at December 31, 2017. The improvement in our debt ratio results from the sale of \$1.14 billion of properties on March 27, 2018 partially offset by a \$267.1 million write-down in fair value of investment properties and a \$120.4 million impairment of goodwill in 2018.
- Decreased Debt to EBITDA as at December 31, 2018 to 10.3x from 10.9x at December 31, 2017.
- At year-end, the unencumbered asset ratio was 1.53:1, up from 1.43:1 as at December 31, 2017. Our pool of unencumbered properties totalled \$2.9 billion at December 31, 2018.
- Unsecured debt to total net debt was 51.8% at December 31, 2018 down from 52.1% as December 31, 2017.
- As at December 31, 2018, Cominar had \$1.5 million of cash on hand and \$547 million of availability on its \$700 million unsecured renewable operating and acquisition credit facility. Subsequent to the quarter, we requested a reduction in the size of our credit facility to \$500 million, which, in combination with proceeds from our disposition and mortgage financing plans, will adequately provide for our liquidity requirements.
- Post quarter advanced mortgage arrangements totalling approximately \$120 million at spreads of 160 to 190 basis points for five year and ten year mortgages and Cominar launched the first phase of a mortgage financing program of up to \$650 million to strong response.
- Cominar repurchased 2,709,500 units in 2018 at an average price of \$14.58 per unit for an aggregate investment of \$39.5 million. The NCIB has been renewed until December 2019 and approved by the Toronto Stock Exchange, and allows Cominar to repurchase a maximum of 18,112,182 additional units.

“We are entering a very active period for refinancing and are pleased with the progress we are making on our mortgage financing program and the refinancing of our credit line,” stated Heather C. Kirk, Executive Vice President and Chief Financial Officer. “Our goals remain, de-risking the balance sheet, delivering stronger organic growth and selective non-core dispositions in order to drive NAV per unit growth. And, we are excited about the prospects for accelerating progress towards these goals in 2019.”

INVESTMENT HIGHLIGHTS

- Completed, on March 27, 2018, the sale of 95 non-core properties totalling 6.2 million square feet to Slate for \$1.14 billion, of which 24 were located in the Toronto area, 57 in the Atlantic Provinces and 14 in Western Canada. The proceeds of this transaction were used to pay down debt and for general corporate purposes.
- Cominar had \$188.7 million of properties held for sale at December 31, 2018. The REIT will continue to optimize its portfolio through non-core asset sales, and is targeting \$300 million of dispositions in 2019.
- In Q3 2018, Cominar acquired, for \$36 million, the land and superficies rights (the equivalent of a land lease under Québec civil law) related to a property in which Cominar had been leasing the superficies rights associated with an office building. The acquisition contributed to increasing the value of our property more than the acquisition cost of the land and increased NOI.
- Assets held for sale as at December 31, 2018 totalled \$188.7 million, an increase from \$44.2 million at September 30, 2018 and a decrease from \$1.1 billion at December 31, 2017.
- Subsequent to quarter end, Cominar completed the sale of 13 investment properties located in the Québec City and Montreal areas for a total amount of \$48.3 million.
- For the 2018 fiscal year, investments in income properties including capital expenditures, leasing costs and leasehold improvements totalled \$210 million, up 10.5% from \$190 million in 2017 due primarily to property expansion, revitalization, redevelopment and leasehold improvements. Excluding revitalizations, redevelopment and property expansion, investments in income properties would have increased 4.9% to \$151 million.

NEW APPOINTMENTS TO THE BOARD AND MANAGEMENT TEAM

Cominar continues to deepen its management team and refresh its board. On March 8, 2018, two new members, Paul D. Campbell and René Tremblay, joined the Board of Trustees. On May 16, 2018, Heather C. Kirk was elected as a Trustee at the annual meeting of Unitholders. On January 2nd, 2019, Zachary Ryan George joined the board. Additionally, Mitchell Cohen will be included on the list of nominees for the election of Cominar Trustees to fill the vacancy created by the departure of Alban D'Amours in May 2019.

On November 5, 2018, Cominar announced that Heather C. Kirk was stepping down as a member of the board of trustees to take on the role of Executive Vice President and Chief Financial Officer, role Mrs Kirk took on December 3, 2018. During the third quarter, Cominar also announced the appointment of Marie-Andrée Boutin as Executive Vice President, Strategy and Operations, Retail.

NON-IFRS FINANCIAL MEASURES

Net operating income, funds from operations (FFO), adjusted funds from operations (AFFO) and adjusted net income 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.

RESULTS OF OPERATIONS

For the periods ended December 31	Quarter		Year	
	2018 ⁽¹⁾	2017	2018 ⁽¹⁾	2017
	(\$000)	(\$000)	(\$000)	(\$000)
Operating revenues	176,073	207,418	734,650	835,489
Operating expenses	(84,945)	(96,931)	(362,186)	(399,452)
Net operating income⁽²⁾	91,128	110,487	372,464	436,037
Finance charges	(36,393)	(42,839)	(152,237)	(168,752)
Trust administrative expenses	(6,106)	(11,408)	(23,255)	(25,977)
Change in fair value of investment properties	(276,160)	(616,354)	(267,098)	(616,354)
Share of joint ventures’ net income	1,083	108	5,176	5,276
Transaction costs	(2,866)	—	(22,847)	—
Impairment of goodwill	(120,389)	—	(120,389)	—
Derecognition of goodwill	(3,278)	(26,989)	(3,872)	(26,989)
Loss before income taxes	(352,981)	(586,995)	(212,058)	(396,759)
Income taxes				
Current	(372)	—	(6,763)	—
Deferred	—	5,739	6,539	5,034
	(372)	5,739	(224)	5,034
Net loss	(353,353)	(581,256)	(212,282)	(391,725)

(1) *Results for periods ended December 31, 2018 have been affected by the sale of 95 non-core properties during the first quarter of 2018.*

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

SAME PROPERTY NET OPERATING INCOME⁽¹⁾

For the periods ended December 31	Quarter			Year		
	2018 ⁽¹⁾ (\$000)	2017 (\$000)	% Δ	2018 ⁽¹⁾ (\$000)	2017 (\$000)	% Δ
Net operating income – Financial statements	91,128	110,487		372,464	436,037	
Joint-ventures	2,398	2,167		9,493	7,549	
Net operating income – Cominar's proportionate share⁽²⁾	93,526	112,654		381,957	443,586	
Breakdown						
Same property portfolio						
Office	36,767	35,331	4.1	143,868	138,990	3.5
Retail	33,728	34,471	(2.2)	134,773	139,587	(3.4)
Industrial and flex	22,616	22,339	1.2	87,926	84,526	4.0
Same property portfolio	93,111	92,141	1.1	366,567	363,103	1.0
Other	415	20,513		15,390	80,483	
Net operating income – Cominar's proportionate share⁽²⁾	93,526	112,654		381,957	443,586	

(1) Results for periods ended December 31, 2018 have been affected by the sale of 95 non-core properties during the first quarter of 2018.

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

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

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

For the periods ended December 31	Quarter		Year	
	2018 ⁽¹⁾	2017	2018 ⁽¹⁾	2017
	(\$000)	(\$000)	(\$000)	(\$000)
Net loss	(353,353)	(581,256)	(212,282)	(391,725)
Taxes on disposition of properties	372	—	6,763	—
Deferred income taxes	—	(5,739)	(6,539)	(5,034)
Initial and re-leasing salary costs	713	882	3,348	3,532
Change in fair value of investment properties ⁽²⁾	276,459	617,418	267,397	615,134
Capitalizable interest on properties under development				
– joint ventures	159	198	621	793
Transaction costs	2,866	—	22,847	—
Impairment of goodwill	120,389	—	120,389	—
Derecognition of goodwill	3,278	26,989	3,872	26,989
Funds from operations⁽²⁾⁽³⁾	50,883	58,492	206,416	249,689
Governance and strategic alternative consulting fees	310	—	3,839	—
Severance allowance	735	5,400	735	5,400
Recurring funds from operations⁽²⁾⁽³⁾	51,928	63,892	210,990	255,089
Provision for leasing costs	(7,613)	(6,583)	(29,225)	(25,820)
Recognition of leases on a straight-line basis ⁽²⁾	(1,020)	(1,554)	(2,036)	(4,027)
Capital expenditures – maintenance of rental income generating capacity	(3,203)	(4,127)	(15,004)	(9,415)
Recurring adjusted funds from operations⁽²⁾⁽³⁾	40,092	51,628	164,725	215,827
Payout ratio of recurring adjusted funds from operations⁽³⁾⁽⁴⁾	81.8%	101.8%	87.8%	113.9%

(1) FFO and AFFO for periods ended December 31, 2018 have been affected by the sale of 95 non-core properties to Slate during the first quarter of 2018.

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

(3) Non-IFRS financial measure.

(4) Fully diluted.

OCCUPANCY RATES

Operating segment	Montreal		Québec City		Ottawa		Total	
	Committed	In-place	Committed	In-place	Committed	In-place	Committed	In-place
Office	89.0%	84.6%	97.1%	93.2%	92.4%	83.9%	91.5%	86.5%
Retail	95.0%	87.1%	92.7%	86.0%	84.0%	55.4%	93.8%	85.5%
Industrial and flex	94.7%	93.6%	96.1%	93.8%	N/A	N/A	95.0%	93.7%
Total	93.1%	89.5%	95.1%	90.5%	91.5%	79.5%	93.6%	89.2%

ADDITIONAL FINANCIAL INFORMATION

Cominar's consolidated financial statements and management's discussion and analysis for fiscal 2018 are filed with SEDAR at sedar.com and are available on Cominar's website at cominar.com.

CONFERENCE CALL ON March 7, 2019

On **Thursday, March 7, 2019 at 11 a.m. (ET)**, Cominar's management will hold a conference call to present the results for fiscal 2018. In order to participate please dial **1 888 390-0546**. A presentation will be available before the conference call on the REIT's website at cominar.com, under the Conference Call header. In addition, a replay of the conference call will be available from Thursday, March 7, 2019 at 2 p.m. to Thursday, March 14, 2019 at 11:59 p.m., by dialing **1 888 390-0541** and entering passcode: **957382#**.

PROFILE AS AT MARCH 7, 2019

Cominar is one of the largest diversified real estate investment trust in Canada and is the largest commercial property owner in the Province of Québec. The REIT owns a real estate portfolio of 415 properties in three different market segments, that is, office properties, retail properties and industrial and flex properties. Cominar's portfolio totals 37.5 million square feet located in the Montreal, Québec City and Ottawa areas. Cominar's primary objectives are to maximize unit value through the proactive management of its properties.

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements with respect to Cominar and its operations, strategy, financial performance and financial position. 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 and the use of conditional and future tenses. 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 further information:

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