



PRESS RELEASE

For Immediate Release

COMINAR ANNOUNCES 2019 FIRST QUARTER RESULTS AND HIGHLIGHTS CONTINUED IMPROVEMENT IN ORGANIC GROWTH

Québec City, Quebec, May 6, 2019 – Cominar Real Estate Investment Trust (“Cominar” or the “REIT”) (TSX: CUF.UN) is pleased to announce its results for the first quarter ended March 31, 2019.

“During the first quarter of 2019 we continued to make progress on our objective of driving stronger operating performance with improvement in many key metrics including in-place occupancy which increased to 89.7%, rent increases on renewals of 3% and growth of same property NOI of 1.9%,” said Sylvain Cossette, President and Chief Executive Officer of Cominar. “We have been actively moving ahead with our strategic review and are focused on portfolio optimization, cost rationalization and increasing the efficiency of our platform.”

“Our first quarter results provide us with heightened confidence in achieving our goals of accelerated NOI growth, balance sheet de-risking, and selective dispositions in order to drive performance”, stated Heather C. Kirk, Executive Vice President and Chief Financial Officer. “We remain focused on the execution of our refinancing strategy and initiatives to streamline and structure operations in order to enhance capital allocation, drive revenue growth and control costs”.

FINANCIAL AND OPERATING HIGHLIGHTS

- Net income for the quarter ended March 31, 2019, amounted to \$44.3 million compared to \$30.0 million in 2018
- Adjusted net income⁽¹⁾ for the quarter ended March 31, 2019 was \$46.9 million compared to \$52.9 million for last year’s comparable quarter. The \$6.0 million decrease in adjusted net income⁽¹⁾ was mainly due to a \$14.3 million decrease in net operating income (NOI)⁽¹⁾ resulting from the sale of a portfolio of 95 non-core properties in March 2018, partially offset by a \$7.1 million decrease in finance charges, a \$0.8 million decrease in adjusted Trust administrative expenses and by a \$1.6 million increase in same property NOI.
- FFO⁽¹⁾ per unit was \$0.26 for Q1 2019, compared to \$0.29 per unit for Q1 2018. The decrease is primarily due to the decrease in NOI.
- AFFO⁽¹⁾ per unit was \$0.18 for Q1 2019, compared to \$0.23 per unit for Q1 2018. Excluding a severance allowance of \$1.0 million paid in 2019, AFFO would have been \$0.19 per unit,
- Decreased the AFFO payout ratio⁽¹⁾ for Q1 2019 to 100.0% from 108.7% for Q1 2018. Excluding the severance allowance paid in Q1 2019, the AFFO payout ratio would have been 94.7%.
- Same property NOI for Q1 2019 was \$88.4 million compared to \$86.8 million for Q1 2018, resulting in a 1.9% year-over-year increase driven by 8.0% growth in the industrial

and flex portfolio combined with 2.2% growth in the office portfolio, which was partially offset by a decrease of 2.3% in the retail portfolio.

- The growth in the average net rent of renewed leases was 3.0% in Q1 2019, compared to 0.7% in Q1 2018. Renewal rent growth was driven by a strong 8.6% increase in the industrial and flex portfolio, a 2.1% increase in the office portfolio and a 0.4% increase in the retail portfolio.
- The retention rate on expiring leases increased to 49.3% in Q1 2019 from 43.9% in Q1 2018. During the first quarter of 2019, we renewed 2.5 million square feet and signed 1 million square feet of new leases representing 69.9% of 2019 expiring leasable area compared to 69.4% in Q1 2018.
- Committed occupancy increased 90 bps year-over-year to 93.8% as at March 31, 2019, from 92.9% as at March 31, 2018. In-place occupancy was 89.7% as at March 31, 2019, up 280 bps from 86.9% as at March 31, 2018.
- Our weighting to industrial and flex properties as a percentage of NOI has increased to 25.4% as at March 31, 2019, compared to 24.0% as at March 31, 2018. The contribution of our office portfolio remained essentially stable at 38.7% and our retail weighting decreased to 35.9% from 37.4%.

BALANCE SHEET AND LIQUIDITY HIGHLIGHTS

- The debt ratio was 54.7% as at March 31, 2019, compared to 55.3% as at December 31, 2018 and 51.3% as at March 31, 2018.
- Debt to EBITDA as at March 31, 2019 was 10.6x compared to 10.3x as at December 31, 2018 and 8.6x as at March 31, 2018.
- As at March 31, 2019, the unencumbered asset ratio was 1.53:1, unchanged from December 31, 2018. Our pool of unencumbered properties totalled \$2.8 billion at March 31, 2019.
- Unsecured debt to total net debt was 51.8% at March 31, 2019, unchanged from December 31, 2018.
- As at March 31, 2019, Cominar had \$11.1 million of cash on hand and \$359.6 million of availability on its \$500 million unsecured renewable operating and acquisition credit facility.

INVESTMENT HIGHLIGHTS

- For the quarter ended March 31, 2019, investments in income properties including capital expenditures, leasing costs and leasehold improvements totalled \$29.9 million, down 46.6% from \$56.0 million for last year's comparable period.
- Assets held for sale as at March 31, 2019 totalled \$134.8 million, a decrease from \$188.7 million at December 31, 2018, mainly due to the sale of properties during the quarter for gross proceeds of \$74.4 million. The REIT will continue to optimize its portfolio through selective asset sales, and is targeting approximately \$300 million of dispositions in 2019.
- Subsequent to quarter end, Cominar completed the sale of two income properties for total gross proceeds of \$8.8 million at values in line with our IFRS values.

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 quarters ended March 31	2019 (\$000)	2018 ⁽¹⁾ (\$000)
Operating revenues	181,944	208,865
Operating expenses	(95,259)	(108,319)
Net operating income⁽²⁾	86,685	100,546
Finance charges	(36,751)	(43,802)
Trust administrative expenses	(5,453)	(5,255)
Change in fair value of investment properties	(221)	(4,331)
Share of joint ventures' net income	1,388	1,085
Transaction costs	(1,339)	(18,554)
Net income before income taxes	44,309	29,689
Income taxes		
Current	—	(6,251)
Deferred	—	6,539
	—	288
Net income	44,309	29,977

(1) The quarter ended March 31, 2018 includes results of 95 non-core properties sold to Slate for total consideration of \$1.14 billion.

(2) Non-IFRS financial measure.

SAME PROPERTY NET OPERATING INCOME⁽¹⁾

For the quarters ended March 31	2019 (\$000)	2018 ⁽²⁾ (\$000)	% Δ
Net operating income – Financial statements	86,061	84,675	
Joint-ventures	2,358	2,113	
Same Property – Net operating income – Cominar’s proportionate share⁽¹⁾	88,419	86,788	
Breakdown			
Same property portfolio			
Office	34,222	33,498	2.2
Retail	31,735	32,484	(2.3)
Industrial and flex	22,462	20,806	8.0
Same property portfolio	88,419	86,788	1.9
Other	659	15,839	
Net operating income – Cominar’s proportionate share⁽¹⁾	89,078	102,627	

(1) Non-IFRS financial measure.

(2) The quarter ended March 31, 2018 includes results of 95 non-core properties sold to Slate for total consideration of \$1.14 billion.

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 funds from operations and adjusted funds from operations:

For the quarters ended March 31	2019 (\$'000)	2018 ⁽¹⁾ (\$'000)
Net income	44,309	29,977
Taxes on disposition of properties	—	6,251
Deferred income taxes	—	(6,539)
Initial and re-leasing salary costs	844	1,009
Change in fair value of investment properties ⁽²⁾	221	4,331
Capitalizable interest on properties under development – joint ventures	174	154
Transaction costs	1,339	18,554
Funds from operations⁽²⁾⁽³⁾	46,887	53,737
Provision for leasing costs	(8,429)	(7,153)
Recognition of leases on a straight-line basis ⁽²⁾	(163)	(623)
Capital expenditures – maintenance of rental income generating capacity	(4,768)	(3,682)
Adjusted funds from operations⁽²⁾⁽³⁾	33,527	42,279
Per unit information		
FFO (FD) ⁽³⁾⁽⁴⁾	0.26	0.29
AFFO (FD) ⁽³⁾⁽⁴⁾	0.18	0.23
Payout ratio of adjusted funds from operations⁽³⁾⁽⁴⁾	100.0%	108.7%

(1) FFO and AFFO for periods ended March 31, 2018 include results of 95 non-core properties sold to Slate for total consideration of \$1.14 billion.

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

(3) Non-IFRS financial measure.

(4) Fully diluted.

Excluding a severance allowance of \$1.0 million paid in 2019 following the departure of an executive officer, FFO would have been \$47.9 million and AFFO would have been \$34.6 million, or \$0.19 per unit, and AFFO payout ratio would have been 94.7%.

OCCUPANCY RATES

As at March 31, 2019	Montreal		Québec City		Ottawa		Total	
	Committed	In-place	Committed	In-place	Committed	In-place	Committed	In-place
Property type								
Office	89.7%	85.6%	97.9%	95.0%	93.4%	85.4%	92.3%	87.8%
Retail	95.0%	87.7%	92.1%	85.1%	83.4%	53.7%	93.5%	85.4%
Industrial and flex	94.8%	93.8%	95.9%	94.7%	N/A	N/A	95.0%	94.0%
Total	93.5%	90.1%	95.0%	90.9%	92.3%	80.6%	93.8%	89.7%

ADDITIONAL FINANCIAL INFORMATION

Cominar's condensed interim consolidated financial statements and interim management's discussion and analysis for the first quarter of 2019 are filed with SEDAR at sedar.com and are available on Cominar's website at cominar.com.

CONFERENCE CALL ON MAY 6, 2019

On **Monday, May 6, 2019 at 11 a.m.** (ET), Cominar's management will hold a conference call to present the results for the first quarter of 2019. 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 Monday, May 6, 2019 at 2 p.m. to Monday, May 13, 2019 at 11:59 p.m., by dialing **1 888 390-0541** and entering passcode: **000558#**.

PROFILE AS AT MAY 6, 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 346 properties in three different market segments, that is, office properties, retail properties and industrial and flex properties. Cominar's portfolio totals 37.3 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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