

**PRESS RELEASE****For Immediate Release****COMINAR ANNOUNCES INSTITUTIONAL INVESTOR DAY IN TORONTO ON  
OCTOBER 4, 2019 AND STRATEGIC INITIATIVES UPDATE**

Québec City, Quebec, October 4, 2019 – Cominar Real Estate Investment Trust (“Cominar”, the “REIT”, “we”, “us” or “our”) (TSX: CUF.UN) is pleased to announce that an institutional Investor Day will be held in Toronto on October 4, 2019 from 8.30 am to 12.30 pm. The presentation will be available on the REIT’s website at [cominar.com](http://cominar.com), under the Conference Call header following the event.

**STRATEGIC INITIATIVES**

As previously disclosed, we have completed our strategic assessment announced in earlier in 2019 and have begun to implement numerous initiatives to accelerate our NOI and AFFO growth, create value in our portfolio and create a culture of real estate investing excellence.

Our plan is the result of a comprehensive review of our business undertaken over the last several months to better understand the reasons for our past underperformance and to identify how core issues can be rectified in order to unlock unitholder value. We have created a transformation plan structured to deliver operating efficiencies, accelerate NOI growth and crystallize untapped portfolio value in order to generate short term and long-term value for unitholders.

The plan includes:

- A series of concrete actions to add additional revenue streams, reduce operating costs and streamline G&A, which are to have a collective positive impact on FFO and materially accelerate our organic growth. Initiatives include new sources of revenue, workforce optimization, outsourcing arrangements, operating cost reductions, process automation, leveraging technology and lease auditing among others. These initiatives are targeted to increase the NOI by approximately \$15 million (run rate).
- Creation of a dedicated asset management platform to maximize portfolio returns and enhance the investment decision-making process. We are currently executing a full asset management review of the REIT’s portfolio, commencing with our top 20 properties, to formalize business plans for each asset in order to optimize the investment decisions and maximize the value of our assets. Our business plans include value creation strategies for each asset through NOI maximization, intensification of sites with excess density and repositioning/reconfiguration as well as rigorous investment analysis upon which our hold, recapitalize or sell decisions are based.
- A disciplined reduction in leverage to a targeted approximate 50% debt-to-asset value, a targeted 9.5x debt-to-EBITDA ratio and a targeted 1.55x unencumbered assets to unsecured debt ratio through growing EBITDA, higher retained cash flow, driving growth in

our portfolio value and selective dispositions. Our portfolio is located in strong markets where we believe that driving EBITDA and portfolio value can make a positive contribution to leverage reduction.

- Strategic refinancing and multi-year planning, including the repayment of low LTV and high interest rate mortgages to improve credit metrics and drive FFO.
- A responsible approach to capex aimed at creating value with a targeted run rate of \$125 million.
- A task force to explore our different options to maximize the value of Cominar's largest property, the Gare Centrale in Montreal.
- The exploration of additional targeted dispositions, including the reduction of our exposure to lower-quality non-core assets, the disposition of fully valued liquid assets at historically low cap rates and targeted dispositions to provide price discovery and unlock trapped equity value.
- The exploration of joint venture opportunities to capitalize on interest in the strong Quebec market.

Through the plan, our target is to generate 15% NAV growth and 15% FFO growth primarily from SPNOI growth (in the short term of 3% with a long-term target of 2%), G&A expense reduction, unlocking unrealized intrinsic value, strategic refinancing and unit repurchases.

The investment associated with the implementation of the strategic initiatives to drive NOI amounts to approximately \$5 million, consisting primarily of severance payments related to the reduction of our workforce. Year to date, our workforce has been reduced by close to 70 employees, or approximately 12%, for which a provision of \$3.9 million was recorded in Q2 2019.

In order to de-risk the execution of our transformation we also have undertaken a number of steps to ensure seamless implementation of the plan:

- We have implemented a Change Management Office to oversee execution of the plan and bring focus, support and accountability to our initiatives.
- We have explicit accountability. We have created a management report card that tracks progress towards our goals with board oversight.

The plan is already being executed, we are building momentum through quick wins and our team of seasoned leaders is committed to our new strategic direction.

## **STRATEGY BY PROPERTY TYPE**

Given the nature and the strong quality of our retail portfolio, we see the ongoing transformation in the retail industry as an opportunity. Our retail strategy is built on the following pillars:

- Leasing: improve the tenant mix by industry to stick to consumption trends.
- Sears redevelopment: to date, the leasing of 68% of Sears space (already signed or in advanced discussions) is expected to generate 56% higher rental income than Sears total rental income.
- Operations: standardization of the management of our shopping centers, cost savings, lease audit and close monitoring of our operations.

- Intensification: it is estimated that 10 of our retail properties offer intensification opportunities for approximately 9,550 residential units (including 1,100 doors in Mail Champlain), subject to zoning.
- Selective dispositions of non-core assets.
- Marketing and digital transformation.
- Social responsibility and environment.

Our office strategy, driven by a strong focus on location and tenant diversification, rests on the following pillars:

- Enhance our amenity offering in suburban portfolio.
- Implement value enhancement in properties in proximity to transit.
- Proactively target tenants in emerging industries.
- Maintain weighting to stability of government leases.

Given the strong momentum of the industrial market in the Province of Quebec, both from a leasing and investment standpoint, our industrial strategy has been realigned from a focus on occupancy to a focus on value creation, and is based on the following pillars:

- Drive NOI growth: occupancy optimization, aggressive rent growth approach for new leases and renewals. With 49% of our industrial leases expiring between 2020 and 2022, we have identified approximately \$12 million of potential run rate NOI upside.
- Investments: recycle capital into growing our industrial portfolio.
- Selective development: lack of new supply provides development opportunities (greenfield development and asset redevelopment/infill).

## **NON-IFRS FINANCIAL MEASURES**

Net operating income and funds from operations (FFO) 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.

## **PROFILE AS AT OCTOBER 4, 2019**

Cominar is one of the largest diversified real estate investment trusts in Canada and is the largest commercial property owner in the Province of Québec. Our portfolio consists of 331 high-quality office, retail and industrial properties, totalling 36.5 million square feet located in the Montreal, Québec City and Ottawa areas. Cominar's primary objective is to maximize total return to unitholders by way of tax-efficient distributions and maximizing the unit value through the proactive management of our portfolio.

## **FORWARD-LOOKING STATEMENTS**

This press release may contain forward-looking statements with respect to Cominar and its operations, strategy, financial performance and financial condition. 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 the Annual Information Form of Cominar. The cautionary statements qualify all forward-looking statements attributable to Cominar and persons acting on its behalf. Although this is not an exhaustive list, Cominar cautions investors that statements concerning the following subjects are, or are likely to be, forward-looking statements: leasing results, the financial results we target to deliver pursuant to our strategic plan, the amount of dispositions, developments and redevelopments we are targeting to complete, the return on investment of our development and existing property enhancement projects, our access to capital and debt markets in the context of our capital structure and financing strategy, our expectations for capital expenditures and the intensification opportunities we have identified. Cominar's actual results could differ materially from those anticipated in forward-looking statements, as applicable, including as a result of the risks described in Cominar's Annual Information Form. While Cominar believes that the expectations reflected in the forward-looking statements made in this press release, are reasonable, no assurance can be given that these expectations will prove to be correct, and such forward-looking statements should not be unduly relied upon. Unless otherwise indicated in this press release, these statements speak only as of the date of this press release. Cominar does not assume any obligation to update the aforementioned such statements, except as required by applicable laws.

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