Cominar

PRESS RELEASE

For Immediate Release

COMINAR ANNOUNCES 2019 RESULTS, FURTHER PROGRESS ON TRANSFORMATION, STRENGTHENING OF BALANCE SHEET AND INCREASE IN BOOK VALUE PER UNIT

Québec City, Quebec, March 5, 2020 – 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, 2019.

2019 FOURTH QUARTER AND FULL YEAR – HIGHLIGHTS

- Net income per unit for 2019 was $2.54 compared to ($1.17) in 2018
- FFO(1) per unit (excluding restructuring costs, penalties on mortgages repayments and debentures redemption costs) for 2019 was $1.13, due to the sale of $260.6 million of properties year over year
- 3.2% growth in same property NOI(1) in 2019
- Increase in book value per unit of 11.8% to $17.30
- 2.8% growth in the average net rent on renewed leases in 2019 compared to 0.6% in 2018
- Increase in the committed occupancy rate to 95.1% from 93.6% in 2018 and the in-place occupancy rate to 91.7% from 89.2% in 2018
- 25.8% year-over-year decrease in trust administrative expenses, down to $17.3 million in 2019 from $23.3 million in 2018
- Reduction in leverage to 51.4% at year-end 2019 from 55.3% at the end of 2018
- Guidance for 2020 same property NOI growth of 2.0% to 3.0%

"Our unwavering focus on transforming our business continues to create value by accelerating our NOI growth, making our business more efficient, increasing portfolio value and strengthening our balance sheet." said Sylvain Cossette, President and Chief Executive Officer of Cominar. "Our same property NOI growth for the quarter increased a solid 4.0%, with each of our asset classes contributing growth, and for the full year same property NOI growth was 3.2%. In addition, our focus on driving portfolio value contributed to an 11.8% increase in book value per unit. After a busy 2019 year, during which we have put in place the groundwork for our transformation, we see ongoing opportunities to optimize our business and the team is excited about building on our momentum in 2020" added Mr. Cossette.

"2019 was a transformational year operationally, culturally and financially", stated Heather C. Kirk, Executive Vice President and Chief Financial Officer. "We have materially strengthened our balance sheet and we remain focused on optimizing our capital structure through initiatives to reduce leverage and improve our credit metrics in order to reduce our cost of debt and to improve our financial flexibility. "Although we completed $261 million of dispositions in 2019, we delivered FFO per unit of $1.13 (excluding restructuring costs, penalties on mortgages repayments and debentures redemption costs) well ahead of our budget, which is a testament

(1) Refer to section "Non-IFRS financial measures" in this press release.

to the positive impact of our strategic initiatives on our bottom line and the dedication of Cominar's entire team to our transformation" added Ms. Kirk.

FINANCIAL AND OPERATING HIGHLIGHTS

- Net income for 2019 amounted to $462.5 million compared to a net loss of $212.3 million in 2018. This reflects an increase in the fair value of investment properties of $276.5 million in 2019 compared to a decrease of $267.1 million in 2018, resulting in a year-over-year variation of $543.6 million, an increase of $4.8 million in restructuring costs and decreases of $120.4 million in goodwill impairment, $16.4 million in transaction costs and $6.0 million in trust administrative expenses.
- Adjusted net income(1) for fiscal 2019 was $202.3 million compared to $206.8 million for fiscal 2018.
- On a proportionate basis, we recorded a $277.8 million (4.3% increase) fair value gain on our investment properties as at December 31, 2019. The increase was driven by the industrial portfolio whose fair value increased by $361 million (24.6% increase), the office portfolio whose fair value increased by $50 million (2.0% increase), partially offset by the retail portfolio whose fair value was written down by $132 million (a 5.3% decrease).
- Book value per unit increased 11.8% to $17.30 from $15.47 as at December 31 2018.
- FFO adjusted(1) per unit (excluding restructuring costs, penalties on mortgages repayments and debentures redemption costs) of $1.13 for the year ended December 31, 2019
- AFFO adjusted(1) per unit (excluding restructuring costs and penalties on mortgages of $0.83) for the year ended December 31, 2019, compared to $0.90 per unit for fiscal 2018. The $0.07 decrease is mainly due to the increase in provision for leasing costs and capital expenditures to maintain rental income generating capacity.
- Committed occupancy increased 150 bps to 95.1% as at December 31, 2019, from 93.6% as at December 31, 2018. In-place occupancy was 91.7% as at December 31, 2019, up 250 bps from 89.2% as at December 31, 2018.
- The AFFO payout ratio(1) for fiscal 2019 increased to 93.5% from 89.8% for fiscal 2018. Excluding restructuring costs, yield maintenance payments and other infrequent items the payout ratio was 86.7%.
- Same property NOI(1) for the year ended December 31, 2019 increased 3.2% as a result of a 7.2% increase in the industrial and flex portfolio combined with 4.0% growth in the office portfolio, partially offset by a decrease of 0.5% in the retail portfolio. For Q4 2019, same property NOI(1) increased 4.0% due to 6.9% growth in the industrial and flex portfolio combined with 5.5% growth in the office portfolio and 0.4% growth in the retail portfolio.
- The weighted average increase in net rental rates on renewals was 2.8% due to a 10.1% increase in the industrial portfolio, a 4.1% increase in the office portfolio and a 1.7% decline in the retail portfolio.
- The retention rate on expiring leases increased to 77.3% from 75.8% in 2018. During fiscal 2019, we renewed 3.8 million square feet and signed 2.0 million square feet of new leases representing 117.8% of 2019 expiring leasable area compared to 115.1% in 2018.
- Trust administrative expenses decreased 25.8% to $17.3 million in 2019 from $23.3 million in 2018. Excluding severance allowances, governance, and strategic alternatives

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consulting fees, adjusted trust administrative expenses decreased by 13.2% year-over-year.

- As at December 31, 2019, the area previously occupied by Sears for which leases were signed or in advanced discussions was 64%, down from 70% as at September 30, 2019.

BALANCE SHEET AND LIQUIDITY HIGHLIGHTS

- $276.5 million increase in fair value of investment properties as at December 31, 2019, compared to a $267.1 million decrease in fiscal 2018.
- Decreased debt ratio to 51.4%, compared to 55.3% as at December 31, 2018. The improvement in our debt ratio results from 2019 dispositions totalling $260.6 million 2019 and the $276.5 million positive fair value adjustment on investment properties.
- Increased Debt to EBITDA (TTM) as at December 31, 2019 to 10.6x from 10.3x at December 31, 2018 as a result of $260.6 million of dispositions of properties in 2019 and $152.6 million of cash at year end. Net debt to EBITDA adjusted for cash was 10.1x at year end.
- At year-end, the unencumbered asset ratio was 1.82x, up from 1.53x as at December 31, 2018. Our pool of 140 unencumbered properties totalled $2.1 billion at December 31, 2019.
- Unsecured debt to total debt was 36.5% at December 31, 2018 down from 51.8% as December 31, 2018.
- As at December 31, 2019, Cominar had $152.6 million of cash on hand and $400 million of availability on its $400 million unsecured credit facility.
- The $285 million blend-and-extend mortgage financing on Alexis-Nihon closed in December 2019 has extended the maturity on this loan from 3.7 years to 10 years, while decreasing the interest rate from 4.77% to 3.99% and unencumbering $90 million of properties through transfer of the associated mortgages to the new financing.

INVESTMENT HIGHLIGHTS

- For the quarter ended December 31, 2019, investments in income properties including capital expenditures, leasing costs and leasehold improvements totalled $38.8 million, down 26.4% from $52.7 million for last year's comparable period. Including investments in development activities, capital expenditures for the quarter totaled $42.4 million, down 19.6% from $52.7 million in Q4 2018.
- For fiscal 2019, investments in income properties including capital expenditures, leasing costs and leasehold improvements totalled $134.0 million, down 39.3% from $220.7 million in 2018. Including investments in development activities, fiscal 2019 capital expenditures totaled $158.7 million, down 32.8% from $236.1 million in 2018.
- Investment properties held for sale at December 31, 2019 totalled $11.7 million compared to $188.7 million at December 31, 2018, mainly due to the sale of properties held for sale for gross proceeds of $258.1 million.
- Subsequent to quarter end, Cominar completed the sale of three investment properties held for sale for gross proceeds of $2.7 million.

NON-IFRS FINANCIAL MEASURES

Cominar's financial statements are prepared in accordance with IFRS. Management uses a number of measures, which are not standardized under IFRS and should not be construed as an alternative to financial measures calculated in accordance with IFRS. Cominar uses those measures to better assess its performance. Cominar's proportionate share, same property net operating income, funds from operations (FFO), adjusted funds from operations (AFFO), debt ratio and debt to EBITDA 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. These non-IFRS financial measures are more fully defined and discussed in Cominar's management discussion and analysis for the fiscal year ended December 31, 2019, available at Cominar.com and on Sedar.com.

RESULTS OF OPERATIONS

Periods ended December 31	Quarter 2019 ($000)	Quarter 2018 ($000)	Year 2019 ($000)	Year 2018 (1) ($000)
Operating revenues	**173,931**	176,073	**704,041**	734,650
Operating expenses	**(82,715)**	(84,945)	**(345,719)**	(362,186)
Net operating income	**91,216**	91,128	**358,322**	372,464
Finance charges	**(40,416)**	(36,393)	**(151,051)**	(152,237)
Trust administrative expenses	**(4,145)**	(6,106)	**(17,254)**	(23,255)
Change in fair value of investment properties	**270,964**	(276,160)	**276,475**	(267,098)
Share of joint ventures' net income	**2,822**	1,083	**7,200**	5,176
Transaction costs	**(1,225)**	(2,866)	**(6,463)**	(22,847)
Restructuring costs	—	—	**(4,774)**	—
Impairment of goodwill	—	(120,389)	—	(120,389)
Derecognition of goodwill	—	(3,278)	—	(3,872)
Net income (net loss) before income taxes	**319,216**	(352,981)	**462,455**	(212,058)
Income taxes				
Current	**—**	(372)	—	(6,763)
Deferred	**49**	—	**49**	6,539
	49	(372)	**49**	(224)
Net income (net loss)	**319,265**	(353,353)	**462,504**	(212,282)
Net income (net loss) per unit	**1.75**	(1.94)	**2.54**	(1.17)

(1) Results for the year ended December 31, 2018 include results of 95 non-core properties sold for total consideration of $1.14 billion during the first quarter of 2018

Net income for 2019 amounted to $462.5 million compared to a net loss of $212.3 million in 2018. This reflects an increase of $543.6 million in the change in fair value of investment properties, increase of $4.8 million in restructuring costs and decreases of $120.4 million in goodwill impairment, $16.4 million in transaction costs and $6.0 million in trust administrative expenses. Excluding the change in fair value of investment properties, which is non-monetary as well as severance allowances, transaction costs, restructuring costs, the Target settlement, penalties on mortgages repaid before maturity and governance and strategic alternatives consulting fees which are not related to the trend in occupancy levels, rental rates and property operating costs, adjusted net income would have been $202.3 million compared to $206.8 million in 2018.

SAME PROPERTY NET OPERATING INCOME

Same property NOI is a non-IFRS measure used by Cominar to provide an indication of the period-over-period operating profitability of the same property portfolio, that is, Cominar's ability to increase revenues, manage costs, and generate organic growth. Same property NOI includes the results of properties owned by Cominar as at December 31 2017, with the exception of results from the properties sold, acquired and under development in 2018 and 2019, as well as the rental income arising from the recognition of leases on a straight-line basis.

Periods ended December 31	Quarter 2019 000$	Quarter 2018 000$	Quarter % Δ	Year-to-date 2019 000$	Year-to-date 2018 [(1)] 000$	Year-to-date % Δ
Property type						
Office	**35,883**	34,007	5.5	**139,960**	134,607	4.0
Retail	**31,790**	31,662	0.4	**122,608**	123,273	(0.5)
Industrial and flex	**23,814**	22,278	6.9	**92,314**	86,152	7.2
Same property NOI[(1)] – Cominar's proportionate share[(2)]	**91,487**	87,947	4.0	**354,882**	344,032	3.2
Properties sold, acquired and under development in 2018 and 2019	**2,208**	5.579	(60.4)	**13,273**	37,925	(65.0)
NOI – Cominar's proportionate share[(2)]	**93,695**	93,526	0.2	**368,155**	381,957	(3.6)
NOI – Financial statements	**91,216**	91,128	0.1	**358,322**	372,464	(3.8)
NOI – Joint ventures	**2,479**	2,398	3.4	**9,833**	9,493	3.6

(1) Net operating income for the year ended December 31, 2018 includes net operating income of 95 non-core properties sold for a total considerations of $1.14 billion during the first quarter of 2018

(2) Refer to section Non-IFRS financial measure in this press release

Same property NOI ("SPNOI") increased to 3.2% for the fiscal year ended December 31, 2019. The increase reflected growth of 4.0% in the office portfolio, 7.2% in the industrial and flex portfolio and (0.5)% in the retail portfolio. The increase in SPNOI was mainly related to an increase in average in-place occupancy for all property types and for all geographic markets.

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

FFO is a non-IFRS measure which represents a standard real estate benchmark used to measure an entity's performance, and is calculated by Cominar as defined by REALpac as net income (calculated in accordance with IFRS) adjusted for, among other things, changes in the fair value of investment properties, deferred taxes and income taxes related to a disposition of properties, derecognition and impairment of goodwill, initial and re-leasing salary costs, adjustments relating to the accounting of joint ventures and transaction costs incurred upon a business combination or a disposition of properties. It is Cominar's view that net income does not necessarily provide a complete measure of Cominar's recurring operating performance since net income includes items such as changes in fair value of investment property, which may not be representative of recurring performance. Cominar considers FFO as a key measure of operating performance as it adjusts net income for items that are not recurring including gain (loss) on sale of real estate assets as well as non-cash items such as the fair value adjustments on investment properties and Cominar ties employee incentives to this measure.

AFFO is a non-IFRS measure which, by excluding from the calculation of FFO the rental income arising from the recognition of leases on a straight-line basis, the investments needed to maintain the property portfolio's capacity to generate rental income and a provision for leasing costs is calculated as defined by REALpac. Cominar considers AFFO to be a useful measure of recurring economic earnings and considers AFFO in determining the appropriate level of distributions.

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

Periods ended December 31	Quarter 2019 ($000)	Quarter 2018 ($000)	Year 2019 ($000)	Year 2018 (1) ($000)
Net income (net loss)	**319,265**	(353,353)	**462,504**	(212,282)
Taxes on disposition of properties	**—**	372	**—**	6,763
Deferred income taxes	**(49)**	—	**(49)**	(6,539)
Initial and re-leasing salary costs	**866**	713	**3,347**	3,348
Change in fair value of investment properties(2)	**(272,303)**	276,459	**(277,814)**	267,397
Capitalizable interest on properties under development – joint ventures	**161**	159	**676**	621
Transaction costs	**1,225**	2,866	**6,463**	22,847
Impairment of goodwill	**—**	120,389	—	120,389
Derecognition of goodwill	**—**	3,278	—	3,872
FFO(2)(3)	**49,165**	50,883	**195,127**	206,416
Provision for leasing costs	**(7,658)**	(7,613)	**(32,182)**	(29,225)
Recognition of leases on a straight-line basis	**(390)**	(1,020)	**(262)**	(2,036)
Capital expenditures – Maintenance of rental income generating capacity	**(5,495)**	(3,203)	**(21,723)**	(15,004)
AFFO (2)(3)	**35,622**	39,047	**140,960**	160,151
Payout ratio of AFFO adjusted(3)(4)	**90.0%**	85.7%	**93.5%**	89.8%

(1) FFO and AFFO for the year ended December 31, 2018 include results of 95 non-core properties sold for a total consideration of $1.14 billion during the first quarter of 2018.
(2) Including Cominar's proportionate share in joint ventures.
(3) Refer to section Non-IFRS financial measure in this press release.
(4) Fully diluted.

FFO for fiscal 2019 decreased from fiscal 2018 due mainly to the sale of $260.6 million of properties during 2019, and infrequent items, partially offset by growth in same property NOI. Excluding these infrequent items, FFO per unit would have been $1.13.

AFFO for fiscal 2019 decreased from 2018 due to the decrease in FFO, to a $3.5 million increase in the provision for leasing costs and a $6.7 million increase in capital expenditures to maintain rental income generating capacity. Excluding infrequent items, AFFO per unit would have been $0.83, $0.07 below fiscal 2018, mainly due to increases in the provision for leasing costs and capital expenditures to maintain rental income generating capacity.

OCCUPANCY RATES

	Montreal		Québec City		Ottawa		Total	
As at December 31, 2019	Committed	In-place	Committed	In-place	Committed	In-place	Committed	In-place
Property Type								
Office	90.5%	85.4%	98.5%	97.4%	94.2%	91.9%	92.9%	89.2%
Retail	95.3%	88.5%	92.6%	87.7%	90.9%	63.3%	94.1%	87.3%
Industrial and flex	96.9%	96.0%	97.9%	96.5%	N/A	N/A	97.1%	96.2%
Total	**94.8%**	**91.5%**	**96.0%**	**93.3%**	**93.7%**	**87.5%**	**95.1%**	**91.7%**

ADDITIONAL FINANCIAL INFORMATION

Cominar's consolidated financial statements and management's discussion and analysis for fiscal 2019 are filed with SEDAR at sedar.com and are available on Cominar's website at cominar.com.

CONFERENCE CALL ON MARCH 5, 2020

On **Thursday, March 5, 2020 at 11 a.m.** (ET), Cominar's management will hold a conference call to present the results for fiscal 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 Thursday, March 5, 2020 at 2 p.m. to Thursday, March 12, 2019 at 11:59 p.m., by dialing **1 888 390-0541** and entering passcode: **705506#.**

PROFILE AS AT MARCH 5, 2020

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 315 high-quality office, retail and industrial properties, totalling 35.9 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 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.
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