



## PRESS RELEASE

For Immediate Release

# Cominar Restores Its Flexibility

Québec, August 3, 2017 – Cominar Real Estate Investment Trust (“Cominar” or the “REIT”) (TSX: CUF.UN) announced today its results for the second quarter of fiscal 2017.

### Highlights for the Quarter Ended June 30, 2017

- Suspension of the distribution reinvestment plan
- Decreased monthly distribution from \$0.1225 per unit to \$0.095 per unit

*“Although the distribution reinvestment plan is a useful financing tool for our development projects, the temporary suspension of the distribution reinvestment plan, beginning with the distribution of August 2017 payable in September 2017, is the result of the market value of units not reflecting the intrinsic value of Cominar”,* said Gilles Hamel, Executive Vice President and Chief Financial Officer of Cominar.

*“We have adjusted our monthly distribution to \$0.095 per unit to give back to Cominar all the flexibility in our operations and growth, and reduce our payout ratio below 90%”,* added Mr. Dallaire, Chief Executive Officer of Cominar.

### PRESENTATION OF RESULTS

For the quarter ended June 30, 2017, **operating revenues** were \$210.0 million compared to \$217.3 million for the corresponding period of 2016.

**Net operating income**<sup>(1)</sup> was \$109.5 million compared to \$116.1 million for the corresponding period of 2016, up \$3.6 million from the previous quarter.

**Net income** for the second quarter of 2017 was \$65.8 million compared to \$69.8 million for the corresponding period of 2016, up \$6.1 million from the previous quarter.

**Recurring funds from operations**<sup>(1)</sup> for the second quarter of 2017 were \$64.9 million, while they were \$71.4 million for the corresponding period of 2016 and \$61.0 million for the previous quarter. **Fully diluted recurring funds from operations per unit**<sup>(1)</sup> amounted to \$0.35 for the second quarter of 2017, up \$0.02 from the previous quarter.

**Recurring adjusted funds from operations**<sup>(1)</sup> for the second quarter of 2017 were \$56.3 million compared to \$62.9 million for the corresponding period of 2016, up \$3.8 million from the previous quarter. Fully diluted per unit, they amounted to \$0.31 for the second quarter of 2017, up \$0.02 from the previous quarter.

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

**Recurring adjusted cash flows from operations**<sup>(1)</sup> for the second quarter of 2017 were \$57.1 million, compared to \$63.5 million for the corresponding period of 2016, up \$3.8 million from the previous quarter. Fully diluted per unit, they amounted to \$0.31 for the second quarter of 2017, up \$0.02 from the previous quarter.

For the second 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 to the dispositions of properties completed in 2016 and 2017 and to a decrease in the physical occupancy rate for the office segment.

## **FINANCIAL SITUATION**

As at June 30, 2017, Cominar's **debt ratio** stood at 52.7%, compared to 52.4% as at December 31, 2016. At the end of the second quarter of 2017, **total assets** reached \$8.4 billion and the unencumbered income properties amounted to \$3.6 billion.

## **LEASING ACTIVITY**

During the first half of 2017, our leasing efforts allowed us to renew 49.8% 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 2.3 million square feet and to renew 4.0 million square feet, together representing 78.2% of the spaces maturing in 2017.

Growth in the average net rent of renewed leases was 0.6% for the first half of 2017.

Occupancy rate was 92.4% as at June 30, 2017, stable from 92.4% as at December 31, 2016.

## **SUBSEQUENT EVENTS**

On July 13, 2017, Cominar completed the sale of an industrial and mixed-use property located in the Québec area for a total of \$2.2 million.

On August 3, 2017, Cominar temporarily suspended the distribution reinvestment plan, beginning with the distribution of August 2017 payable in September 2017. If Cominar decides to resume the plan in the future, the unitholders who were registered in the plan at the time of its suspension and who are still registered at the time of its resumption shall automatically resume their participation in the plan.

On August 3, 2017, Cominar decreased the monthly distribution from \$0.1225 per unit to \$0.095 per unit, beginning with the distribution of August 2017 payable in September 2017.

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

## RESULTS OF OPERATIONS

For the periods ended June 30	Quarter			Year-to-date (six months)		
	2017 (\$000)	2016 (\$000)	% Δ	2017 (\$000)	2016 (\$000)	% Δ
Operating revenues	<b>209,955</b>	217,262	(3.4)	<b>423,911</b>	438,686	(3.4)
Operating expenses	<b>(100,468)</b>	(101,193)	(0.7)	<b>(208,541)</b>	(208,947)	(0.2)
Net operating income <sup>(1)</sup>	<b>109,487</b>	116,069	(5.7)	<b>215,370</b>	229,739	(6.3)
Finance charges	<b>(41,755)</b>	(42,710)	(2.2)	<b>(84,053)</b>	(84,920)	(1.0)
Trust administrative expenses	<b>(4,925)</b>	(3,980)	23.7	<b>(9,409)</b>	(7,977)	18.0
Share of joint ventures' net income	<b>3,273</b>	701	366.9	<b>4,104</b>	1,412	190.7
Income taxes	<b>(243)</b>	(293)	(17.1)	<b>(462)</b>	(386)	19.7
Net income	<b>65,837</b>	69,787	(5.7)	<b>125,550</b>	137,868	(8.9)

(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:

For the periods ended June 30	Quarter		Year-to-date (six months)	
	2017 (\$000)	2016 (\$000)	2017 (\$000)	2016 (\$000)
<b>Net income</b>	<b>65,837</b>	69,787	<b>125,550</b>	137,868
+ Deferred income taxes	<b>243</b>	293	<b>462</b>	386
+ Initial and re-leasing salary costs	<b>908</b>	775	<b>1,782</b>	1,436
- Change in fair value of investment properties – Cominar’s proportionate share	<b>(2,284)</b>	–	<b>(2,284)</b>	–
+ Capitalizable interest on properties under development – joint ventures	<b>198</b>	504	<b>400</b>	946
<b>Recurring funds from operations<sup>(1)(2)</sup></b>	<b>64,902</b>	71,359	<b>125,910</b>	140,636
- Provision for leasing costs	<b>(6,336)</b>	(5,975)	<b>(12,587)</b>	(11,600)
- Recognition of leases on a straight-line basis <sup>(1)</sup>	<b>(648)</b>	(455)	<b>(1,375)</b>	(1,655)
- Capital expenditures – maintenance of rental income generating capacity	<b>(1,606)</b>	(2,021)	<b>(3,163)</b>	(3,439)
<b>Recurring adjusted funds from operations<sup>(1)(2)</sup></b>	<b>56,312</b>	62,908	<b>108,785</b>	123,942

(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 periods ended June 30	Quarter		Year-to-date (six months)	
	2017 (\$000)	2016 (\$000)	2017 (\$000)	2016 (\$000)
<b>Cash flows provided by operating activities as per the condensed interim consolidated financial statements</b>	<b>11,546</b>	23,214	<b>47,299</b>	61,846
+ Adjustments – investments in joint ventures <sup>(1)</sup>	<b>973</b>	668	<b>1,515</b>	1,285
- Provision for leasing costs	<b>(6,336)</b>	(5,975)	<b>(12,587)</b>	(11,600)
+ Initial and re-leasing salary costs	<b>908</b>	775	<b>1,782</b>	1,436
+ Changes in non-cash working capital items	<b>50,802</b>	45,440	<b>73,858</b>	72,645
- Capital expenditures – maintenance of rental income generating capacity	<b>(1,606)</b>	(2,021)	<b>(3,163)</b>	(3,439)
- Amortization of deferred financing costs and others	<b>(754)</b>	(777)	<b>(1,487)</b>	(1,562)
+ Amortization of fair value adjustments on assumed mortgages payable	<b>1,389</b>	1,682	<b>2,809</b>	3,486
+ Capitalizable interest on properties under development – joint ventures	<b>198</b>	504	<b>400</b>	946
<b>Recurring adjusted cash flows from operations<sup>(4)</sup></b>	<b>57,120</b>	63,510	<b>110,426</b>	125,043
Payout ratio <sup>(2)</sup>	<b>118.5%</b>	96.7%	<b>122.5%</b>	99.3%
Cash flows payout ratio <sup>(2)(3)</sup>	<b>89.4%</b>	96.7%	<b>92.0%</b>	99.3%

(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 second quarter ended June 30, 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 AUGUST 4, 2017**

On **Friday, August 4, 2017 at 11 a.m.** (ET), Cominar's management will hold a conference call to present the results for the second quarter ended June 30, 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 Friday, August 4, 2017 at 2 p.m. to Friday, August 18, 2017 at 11:59 p.m., by dialing **1 888 390-0541** followed by this code: **186242#**.

### **PROFILE AS AT AUGUST 3, 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 525 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.

## **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)