



PRESS RELEASE

For Immediate Release

Cominar Completes its Capital Optimization Program

Québec, March 9, 2017 — Cominar Real Estate Investment Trust (“Cominar” or the “REIT”) (TSX: CUF.UN) announced today its results for the fourth quarter and fiscal year 2016.

Highlights for the Year Ended December 31, 2016

- Increased occupancy rate to 92.4%
- Decreased debt ratio to 52.4%
- Growth in the average net rent of renewed leases of 1.8%

“The dispositions which closed in the first quarter of 2017 mark the end of our capital optimization program, as we have reduced our debt ratio below 52%, the level we intend to maintain for 2017 and which corresponds to the debt ratio prevailing prior to our acquisitions of 2014,” stated Michel Dallaire, Chief Executive Officer of Cominar.

PRESENTATION OF RESULTS

For the year ended December 31, 2016, **operating revenues** were \$867.0 million compared to \$889.2 million for fiscal 2015.

Net operating income⁽¹⁾ was \$468.6 million compared to \$487.5 million for fiscal 2015.

Net income for fiscal 2016 was \$241.7 million compared to \$272.4 million for fiscal 2015.

Cash flows provided by operating activities reached \$284.1 million, up 7.6% compared to fiscal 2015, when cash flows provided by operating activities were \$263.9 million.

Recurring funds from operations⁽¹⁾ for fiscal 2016 were \$278.6 million, while they were \$302.2 million in 2015. **Recurring funds from operations per unit fully diluted**⁽¹⁾ amounted to \$1.62 in 2016.

Recurring adjusted funds from operations⁽¹⁾ for fiscal 2016 were \$239.5 million compared to \$261.6 million for fiscal 2015. Fully diluted per unit, they amounted to \$1.39 in 2016.

For fiscal 2016, operating revenues, net operating income, recurring funds from operations as well as recurring adjusted funds from operations decreased compared to fiscal 2015, due mainly to the dispositions of properties completed in 2015 and 2016.

(1) Non-IFRS financial measure. See relevant section for definition and reconciliation to closest IFRS measure.

FINANCIAL SITUATION

As at December 31, 2016, Cominar's **debt ratio** decreased to 52.4%, down from 53.9% as at December 31, 2015. At the end of fiscal 2016, **total assets** reached \$8.3 billion. As at December 31, 2016, the unsecured revolving credit facility utilized was \$332.1 million, and cash available amounted to \$367.9 million.

DISPOSITIONS

During the fiscal year ended December 31, 2016, Cominar completed the sale of 31 income properties for total net proceeds of \$115.6 million. This amount contributed to reduce our debt ratio to 52.4%.

As at December 31, 2016, Cominar had \$143.1 million in income properties held for sale. (See subsequent events.) Cominar intends to use the total net proceeds of the dispositions to pay down debt.

TRANSFER TO INCOME PROPERTIES

During the fourth quarter of 2016, Cominar completed the construction of a \$20.0 million industrial and mixed-use property located in Laval and a \$2.3 million retail property located in Trois-Rivières. These two properties have an occupancy rate of 100%. The capitalization rates of these properties are 8.4% and 7.6%, respectively.

LEASING ACTIVITY

During fiscal 2016, our leasing efforts allowed us to increase the occupancy rate by 2.7% in the retail segment, therefore contributing to increase our overall occupancy rate by 0.5% to 92.4% as at December 31, 2016. This increase resulted from a more aggressive leasing policy that allowed Cominar to sign new leases for 2.7 million square feet during fiscal 2016.

Growth in the average net rent of renewed leases was 1.8% for fiscal 2016.

SUBSEQUENT EVENTS AFTER DECEMBER 31, 2016

On January 10, 2017, Cominar filed a short form base shelf prospectus allowing it to issue up to \$1.0 billion in securities during the 25-month period that this prospectus remains valid.

On January 31, 2017, Cominar completed the sale of one industrial and mixed-use property and one retail property located in the Toronto area, for a total of \$58.4 million.

On March 3, 2017, Cominar completed the sale of a portfolio of 8 retail properties located in the Montreal area and in Ontario for a total of \$35.3 million.

(1) *Non-IFRS financial measure. See relevant section for definition and reconciliation to closest IFRS measure.*

RESULTS OF OPERATIONS

For the periods ended December 31	Quarter			Year-to-date		
	2016 (\$000)	2015 (\$000)	% Δ	2016 (\$000)	2015 (\$000)	% Δ
Operating revenues	210,350	217,049	(3.1)	866,982	889,175	(2.5)
Operating expenses	96,049	94,274	1.9	398,373	401,687	(0.8)
Net operating income ⁽¹⁾	114,301	122,775	(6.9)	468,609	487,488	(3.9)
Finance charges	(42,482)	(41,652)	2.0	(170,645)	(176,208)	(3.2)
Trust administrative expenses	(4,490)	(4,138)	8.5	(16,719)	(16,384)	2.0
Share of joint ventures' net income	5,795	(399)	1,552.4	8,006	1,427	461.0
Change in fair value of investment properties	(46,675)	(23,322)	100.1	(46,675)	(23,322)	100.1
Income taxes	(108)	(264)	(59.1)	(838)	(567)	47.8
Net income	26,341	53,000	(50.3)	241,738	272,434	(11.3)

NON-IFRS FINANCIAL MEASURES

Net operating income, recurring distributable income (DI), recurring funds from operations (FFO) and recurring adjusted funds from operations (AFFO) 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.

RECURRING ADJUSTED FUNDS FROM OPERATIONS

The following table presents a reconciliation of cash flows provided by operating activities to recurring distributable income and recurring adjusted funds from operations:

For the periods ended December 31	Quarter		Year-to-date	
	2016 (\$000)	2015 (\$000)	2016 (\$000)	2015 (\$000)
Cash flows provided by operating activities as shown in the consolidated financial statements	102,031	107,679	284,090	263,942
+ Adjustments – investments in joint ventures	2	444	2,103	2,018
– Amortization of other assets	(260)	(404)	(1,121)	(1,079)
– Provision for leasing costs	(6,390)	(5,100)	(24,090)	(22,300)
+ Initial and re-leasing salary costs	797	661	3,095	2,763
+ Capitalizable interest on properties under development – Joint ventures	1,968	–	1,968	–
+ Change in non-cash working capital items	(34,992)	(32,808)	(7,346)	23,508
– Capital expenditures – maintenance of rental income generating capacity	(3,014)	(2,483)	(8,498)	(7,207)
– Other income – non-recurring ⁽²⁾	–	–	(10,724)	–
Recurring adjusted funds from operations⁽¹⁾⁽³⁾	60,142	67,989	239,477	261,645

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

(2) In 2016, net proceeds of \$10.7 million were received from the settlement of the claim against Target Canada.

(3) Non-IFRS financial measure.

RECURRING FUNDS FROM OPERATIONS

The following table presents a reconciliation of net income as shown in the consolidated financial statements and recurring funds from operations:

For the periods ended December 31	Quarter		Year-to-date	
	2016 (\$000)	2015 (\$000)	2016 (\$000)	2015 (\$000)
Net income	26,341	53,000	241,738	272,434
+ Change in fair value of investment properties ⁽²⁾	41,655	24,244	41,655	24,244
+ Deferred income taxes	108	264	838	567
+ Initial and re-leasing salary costs	797	661	3,095	2,763
+ Capitalizable interest on properties under development – joint ventures	1,968	–	1,968	–
Funds from operations⁽¹⁾⁽²⁾	70,869	78,169	289,294	300,008
+ Write-off of deferred financing costs ⁽³⁾	–	–	–	2,232
- Other income – non-recurring ⁽³⁾	–	–	(10,724)	–
Recurring funds from operations⁽¹⁾⁽²⁾	70,869	78,169	278,570	302,240

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

(2) Non-IFRS financial measure.

(3) In 2016, net proceeds of \$10.7 million were received from the settlement of the claim against Target Canada. In 2015, \$2.2 million of deferred financing costs were written off following the early repurchase of all Series E debentures effective on July 6, 2015 and Series D effective on September 8, 2015.

ADDITIONAL FINANCIAL INFORMATION

Cominar's consolidated financial statements and management's discussion and analysis for the year ended December 31, 2016, will be filed with SEDAR at www.sedar.com and will be available on Cominar's website at www.cominar.com.

CONFERENCE CALL ON MARCH 9, 2017

On **Thursday, March 9, 2017 at 11 a.m. (ET)**, Cominar's management will hold a conference call to present the results for fiscal 2016. 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, under the Conference Call header. In addition, a taped rebroadcast of the conference call will be available from Thursday, March 9, 2017 at 2 p.m. to Thursday, March 16, 2017 at 11:59 p.m., by dialing **1 888 390-0541** followed by this code: **215769#**.

PROFILE AS AT MARCH 9, 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 529 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.

Cominar offers unitholders the opportunity to participate in its Unitholder Distribution Reinvestment Plan, which allows them to receive their monthly cash distributions as additional Cominar units. Participants will be entitled to receive an additional distribution equal to 3% of the distributions reinvested, which will be reinvested in additional units. For more information and to obtain a participation form, please visit Cominar's website at www.cominar.com.

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.

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