



## PRESS RELEASE

For Immediate Release

# Cominar Accelerates Its Debt Reduction

Québec, November 3, 2016 – Cominar Real Estate Investment Trust (“Cominar” or the “REIT”) (TSX: CUF.UN) announced today its results for the third quarter of fiscal 2016.

### Highlights for the Quarter Ended September 30, 2016

- Offering of units for \$200 million
- Re-instatement of distribution reinvestment plan

“The offering of units for \$200 million that we completed recently, the re-instatement of our distribution reinvestment plan and the pursuit of our capital optimization program will significantly lower our debt ratio,” said Michel Dallaire, Chief Executive Officer and Chairman of the Board of Trustees of Cominar. “At the operational level, we continue to work on increasing our occupancy rate,” added Mr. Dallaire.

### PRESENTATION OF RESULTS

**Net operating income**<sup>(1)</sup> reached \$124.6 million compared to \$122.9 million for the corresponding period of 2015. This increase results primarily from the net proceeds of \$10.7 million from the settlement of the claim against Target which offset the decrease in revenues caused by the dispositions of income properties completed in 2015 and 2016.

**Net income** for the third quarter of 2016 amounted to \$77.5 million, up \$3.5 million compared to net income for the corresponding period of 2015. This increase results from the \$1.7 million increase in net operating income explained above, from the \$2.2 million decrease in finance charge and the \$0.4 million increase in the Trust administrative expenses.

**Cash flows provided by operating activities** reached \$120.2 million for the third quarter of 2016, compared to \$100.6 million for the corresponding period of 2015, up 19.5%.

**Recurring funds from operations**<sup>(1)</sup> amounted to \$68.0 million, while **recurring funds from operations per unit fully diluted**<sup>(1)</sup> amounted to \$0.40 for the third quarter of 2016.

**Recurring adjusted funds from operations**<sup>(1)</sup> for the third quarter of 2016 amounted to \$57.7 million. Fully diluted per unit, they amounted to \$0.34.

### FINANCIAL POSITION

As at September 30, 2016, Cominar’s **debt ratio** was at 51.8%, down 2.6% from June 30, 2016, and **total assets** amounted to \$8.3 billion. As at the end of the quarter, the unsecured revolving credit facility used was \$280.9 million, down \$100.3 million from December 31, 2015. Cash available was \$419.1 million as at September 30, 2016.

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

## LEASING ACTIVITIES

During the first nine months of 2016, our leasing efforts in the retail segment have increased the occupancy rate by 2.3% in this segment, thereby contributing to the increase of 0.3% in overall occupancy rate, from 91.9% as at December 31, 2015, to 92.2% as at September 30, 2016. This increase is the result of a more aggressive leasing strategy which allowed Cominar to sign new leases for a total of 2.9 million square feet since the beginning of the year.

## FINANCING

During the third quarter, Cominar proceeded to a public offering of \$200 million. The net proceeds of the offering were used to pay down the unsecured revolving operating and acquisition credit facility.

## RESULTS OF OPERATION

(in thousands of Canadian dollars)

For the periods ended September 30	Quarter			Year-to-date (nine months)		
	2016	2015	% Δ	2016	2015	% Δ
Operating revenues	217,946	217,946	—	656,632	672,126	(2.3)
Operating expenses	93,377	95,092	(1.8)	302,324	307,413	(1.7)
Net operating income <sup>(1)</sup>	124,569	122,854	1.4	354,308	364,713	(2.9)
Finance charges	(43,243)	(45,420)	(4.8)	(128,163)	(134,556)	(4.8)
Trust administrative expenses	(4,252)	(3,919)	8.5	(12,229)	(12,246)	(0.1)
Share of joint ventures' net income and comprehensive income	799	572	39.7	2,211	1,826	21.1
Income taxes	(344)	(92)	273.9	(730)	(303)	140.9
Net income	77,529	73,995	4.8	215,397	219,434	(1.8)

(1) Non-IFRS financial measure.

## NON-IFRS FINANCIAL MEASURES

Net operating income, 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.

The following table presents a reconciliation of cash flows provided by operating activities as shown in the condensed interim consolidated financial statements to recurring adjusted funds from operations:

(in thousands of Canadian dollars)

For the periods ended September 30	Quarter		Year-to-date (nine months)	
	2016	2015	2016	2015
<b>Cash flows provided by operating activities as shown in the condensed interim consolidated financial statements</b>	<b>120,213</b>	100,635	<b>182,059</b>	156,263
+ Adjustments – Investments in joint ventures <sup>(1)</sup>	787	291	2,101	1,163
- Amortization of other assets	(296)	(213)	(861)	(675)
- Provision for leasing costs	(6,100)	(5,800)	(17,700)	(17,200)
+ Initial and re-leasing salary costs	862	711	2,298	2,102
+ Change in non-cash working capital items	(44,999)	(28,694)	27,646	56,316
- Capital expenditures – maintenance of rental income generating capacity	(2,045)	(1,800)	(5,484)	(4,724)
+ Accretion of the liability component of convertible debentures	–	299	–	411
- Other income – non-recurring <sup>(2)</sup>	(10,724)	–	(10,724)	–
<b>Recurring adjusted funds from operations<sup>(1)(3)</sup></b>	<b>57,698</b>	65,429	<b>179,335</b>	193,656

(1) Non-IFRS financial measure.

(2) Represents the net amount received from the settlement of the claim against Target.

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

The following table presents a reconciliation of cash flows provided by operating activities as shown in the condensed interim consolidated financial statements to recurring funds from operations:

(in thousands of Canadian dollars)

For the periods ended September 30	Quarter		Year-to-date (nine months)	
	2016	2015	2016	2015
<b>Cash flows provided by operating activities as shown in the condensed interim consolidated financial statements</b>	<b>120,213</b>	100,635	<b>182,059</b>	156,263
+ Amortization	536	163	1,883	1,399
- Compensation expense related to long-term incentive plan	(242)	(491)	(780)	(1,484)
+ Recognition of leases on straight-line basis	1,566	1,902	3,108	5,617
+ Excess of proportionate share of net income and comprehensive income over distributions received from the joint ventures	799	572	2,211	1,626
+ Initial and re-leasing salary costs	862	711	2,298	2,102
+ Change in non-cash working capital items	(44,999)	(28,694)	27,646	56,316
+ Write-off of deferred financing costs	–	1,102	–	2,232
- Other income – non-recurring <sup>(3)</sup>	(10,724)	–	(10,724)	–
<b>Recurring funds from operations<sup>(1)(2)</sup></b>	<b>68,011</b>	75,900	<b>207,701</b>	224,071

(1) Non-IFRS financial measure.

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

(3) Represents the net amount received from the settlement of the claim against Target.

## **ADDITIONAL FINANCIAL INFORMATION**

Cominar's condensed interim consolidated financial statements and interim management report for the quarter ended September 30, 2016, 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 NOVEMBER 3, 2016**

On **Thursday, November 3, 2016 at 11 a.m. (ET)**, Cominar's management will hold a conference call to present the results for the quarter ended September 30, 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](http://www.cominar.com), under the Conference Call header. In addition, a taped rebroadcast of the conference call will be available from Thursday, November 3, 2016 at 2 p.m. to Thursday, November 18, 2016 at 11:59 p.m., by dialing **1 888 390-0541** followed by this code: **330417#**.

## **PROFILE AS AT NOVEMBER 3, 2016**

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 539 properties in three different market segments, that is, office properties, retail properties and industrial and mixed-use properties. Cominar's portfolio totals 44.8 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 and Chairman of the Board of Trustees

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