



## PRESS RELEASE

For Immediate Release

# Cominar Remains Focused

Québec, August 4, 2016 — Cominar Real Estate Investment Trust ("Cominar" or the "REIT") (TSX: CUF.UN) announced today its results for the second quarter of fiscal 2016.

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

- Increased occupancy rate to 92.6%
- Disposition of income properties for \$39.3M

"At the operational level, our more aggressive leasing policy helped us to sign new leases aggregating 2.3 million square feet since the beginning of the year, which is much higher than the total of new leases signed during the year 2015. This excellent performance contributed to increase our occupancy rate to 92.6% as at June 30, 2016, up 0.7% from December 31, 2015," said Michel Dallaire, Chief Executive Officer and Chairman of the Board of Trustees of Cominar.

"During the quarter, we pursued our capital optimization strategy through property dispositions for a total price of \$39.3 million. The proceeds from the sale of these properties were used to pay down our debt, according to our financial management principles for maintaining a strong and healthy balance sheet on a long-term basis," said Gilles Hamel, Executive Vice President and Chief Financial Officer of Cominar.

### PRESENTATION OF RESULTS

For the quarter ended June 30, 2016, **operating revenues** amounted to \$217.3 million, compared to \$224.8 million for the corresponding period of 2015. This decrease resulted primarily from the dispositions of income properties completed in 2015 and 2016.

**Net operating income**<sup>(1)</sup> reached \$116.1 million compared to \$122.8 million for the corresponding period of 2015. This decrease resulted primarily from the dispositions of income properties completed in 2015 and 2016.

**Net income** for the second quarter of 2016 amounted to \$69.8 million, down \$4.5 million compared to net income for the corresponding period of 2015. This decrease results from the \$6.7 million decrease in net operating income explained above, which was partially offset by a reduction in finance charges of \$2.3 million.

**Cash flows provided by operating activities** reached \$23.2 million for the second quarter of 2016, compared to \$25.4 million for the corresponding period of 2015.

**Recurring funds from operations**<sup>(1)</sup> amounted to \$70.9 million, while **recurring funds from operations per unit fully diluted**<sup>(1)</sup> amounted to \$0.42 for the second quarter of 2016.

**Recurring adjusted funds from operations**<sup>(1)</sup> for the second quarter of 2016 amounted to \$61.8 million. Fully diluted per unit, they amounted to \$0.37.

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

## FINANCIAL SITUATION

As at June 30, 2016, Cominar's **debt ratio** was at 54.4 % and **total assets** amounted to \$8.3 billion. As at the end of the quarter, the unsecured revolving credit facility used was \$246.5 million, down \$134.7 million from December 31, 2015. Cash available was \$453.5 million as at June 30, 2016.

## LEASING ACTIVITIES

During the first half of 2016, our leasing efforts in the retail segment have increased the occupancy rate by 1.9% in this segment, thereby contributing to the increase of 0.7% in overall occupancy rate, from 91.9% as at December 31, 2015, to 92.6% as at June 30, 2016. This increase is the result of a more aggressive leasing policy that allowed Cominar to sign new leases for a total of 2.3 million square feet since the beginning of the year.

## DISPOSITIONS

During the second quarter, in line with our capital optimization strategy, we completed the sale of a portfolio of 5 retail properties located in Quebec, for a total price of \$39.3 million, at a capitalization rate of 7.0%. The proceeds from the sale of these properties were used to pay down our debt. Since the beginning of 2016, income properties were sold for a total price of \$109.7 million, which confirmed the assessed value of our properties in our books. As at June 30, 2016, the portfolio of income properties held for sale over the coming quarters was worth \$149.0 million.

## FINANCING

During the second quarter, in accordance with its prudent debt management principles, Cominar early refinanced Series 6 unsecured debentures maturing in September 2016 by issuing \$225 million Series 10 unsecured debentures bearing interest at 4.247% and maturing in 2023.

## RESULTS OF OPERATION

(in thousands of Canadian dollars, except per unit amounts)

For the periods ended June 30	Quarter			Year-to-date (six months)		
	2016	2015	% Δ	2016	2015	% Δ
Operating revenues	217,262	224,769	(3.3)	438,686	454,180	(3.4)
Operating expenses	101,193	101,976	(0.8)	208,947	212,321	(1.6)
Net operating income <sup>(1)</sup>	116,069	122,793	(5.5)	229,739	241,859	(5.0)
Finance charges	(42,710)	(44,994)	(5.1)	(84,920)	(89,136)	(4.7)
Trust administrative expenses	(3,980)	(4,100)	(2.9)	(7,977)	(8,327)	(4.2)
Share of joint ventures' net income and comprehensive income	701	697	0.6	1,412	1,254	12.6
Income taxes	(293)	(110)	166.4	(386)	(211)	82.9
Net income	69,787	74,286	(6.1)	137,868	145,439	(5.2)
Net income by share (diluted)	\$0.41	\$0.44	(6.8)	\$0.82	\$0.87	(5.7)

(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 June 30	Quarter		Year-to-date (six months)	
	2016	2015	2016	2015
<b>Cash flows provided by operating activities as shown in the condensed interim consolidated financial statements</b>	<b>23,214</b>	25,427	<b>61,846</b>	55,628
+ Adjustments – Investments in joint ventures <sup>(2)</sup>	682	606	1,314	872
- Amortization of other assets	(327)	(224)	(565)	(462)
- Provision for leasing costs	(5,975)	(5,600)	(11,600)	(11,400)
+ Initial and re-leasing salary costs	775	662	1,436	1,391
+ Change in non-cash working capital items	45,440	46,527	72,645	85,010
- Capital expenditures – maintenance of rental income generating capacity	(2,021)	(1,743)	(3,439)	(2,924)
+ Accretion of the liability component of convertible debentures	–	56	–	112
<b>Recurring adjusted funds from operations<sup>(1)(2)</sup></b>	<b>61,788</b>	65,711	<b>121,637</b>	128,227

(1) Non-IFRS financial measure.

(2) 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 June 30	Quarter		Year-to-date (six months)	
	2016	2015	2016	2015
<b>Cash flows provided by operating activities as shown in the condensed interim consolidated financial statements</b>	<b>23,214</b>	25,427	<b>61,846</b>	55,628
+ Amortization	573	(65)	1,347	1,236
- Compensation expense related to long-term incentive plan	(277)	(524)	(538)	(993)
+ Recognition of leases on straight-line basis	429	2,334	1,542	3,715
+ Excess of proportionate share of net income and comprehensive income over distributions received from the joint ventures	701	697	1,412	1,054
+ Initial and re-leasing salary costs	775	662	1,436	1,391
+ Change in non-cash working capital items	45,440	46,527	72,645	85,010
+ Write-off of deferred financing costs	–	1,130	–	1,130
<b>Recurring funds from operations<sup>(1)(2)</sup></b>	<b>70,855</b>	76,188	<b>139,690</b>	148,171

(1) Non-IFRS financial measure.

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

## **ADDITIONAL FINANCIAL INFORMATION**

Cominar's condensed interim consolidated financial statements and interim report for the quarter ended June 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 AUGUST 4, 2016**

On **Thursday, August 4, 2016 at 11 a.m. (ET)**, Cominar's management will hold a conference call to present the results for quarter ended June 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, August 4, 2016 at 2 p.m. to Thursday, August 11, 2016 at 11:59 p.m., by dialing **1 888 390-0541** followed by this code: **526519 #**.

## **PROFILE AS AT AUGUST 4, 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 538 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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