



## PRESS RELEASE

For Immediate Release

# Cominar Pursues its Capital Optimization Strategy

Québec, May 5, 2016 – Cominar Real Estate Investment Trust (“Cominar” or the “REIT”) (TSX: CUF.UN) announced today its results for the first quarter of fiscal 2016.

### Highlights for the Quarter Ended March 31, 2016

- Increased cash flows provided by operating activities of 27.9%
- Disposition of income properties for \$71.7M
- Repurchase of units under the NCIB for \$40.8M
- Increased occupancy rate to 92.5%
- Increased minimum average rent of renewed leases of 0.9%

“Since our capital optimization strategy was adopted in September 2015, we completed sales of properties for a total of \$210 million, including \$71.7 million during the first quarter of 2016 and \$39.5 million after quarter end,” said Michel Dallaire, Chief Executive Officer of Cominar.

“The proceeds from the sales of properties were used to pay down our debt and repurchase units under the NCIB for a consideration of \$48.5 million, including \$40.8 million during the first quarter of 2016. In addition, in order not to offset the advantages generated by the repurchases of units, we have suspended the distribution reinvestment plan in January 2016,” said Gilles Hamel, Executive Vice President and Chief Financial Officer of Cominar.

### PRESENTATION OF RESULTS

For the quarter ended March 31, 2016, **operating revenues** amounted to \$221.4 million, compared to \$229.4 million for the corresponding period of 2015. This decrease resulted primarily from the dispositions of income properties completed in 2015 and 2016 as well as the decreased overall occupancy rate.

**Net operating income**<sup>(1)</sup> reached \$113.7 million compared to \$119.1 million for the same period of 2015. This decrease resulted primarily from the dispositions of income properties completed in 2015 and 2016 as well as the decreased overall occupancy rate.

**Net income** for the first quarter of 2016 amounted to \$68.1 million, down \$3.1 million compared to net income for the corresponding period of 2015. This \$3.1 million decrease results from the \$5.4 million decrease in net operating income explained above, which was partially offset by a reduction in finance

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

charges of \$1.9 million, a reduction in Trust administrative expenses of \$0.2 million and an increase in share of joint ventures' net income of \$0.2 million.

**Cash flows provided by operating activities** reached \$38.6 million for the first quarter of 2016, up 27.9% compared to the corresponding period of 2015.

**Recurring funds from operations<sup>(1)</sup>** amounted to \$68.8 million, while **recurring funds from operations per unit fully diluted<sup>(1)</sup>** amounted to \$0.41 for the first quarter of 2016.

**Recurring adjusted funds from operations<sup>(1)</sup>** for the first quarter of 2016 amounted to \$59.8 million. Fully diluted per unit, they amounted to \$0.35.

## FINANCIAL SITUATION

As at March 31, 2016, Cominar's **debt ratio** was at 54.2 % and **total assets** amounted to \$8.2 billion. As at the end of the quarter, the unsecured revolving credit facility used was \$358.6 million, down \$22.5 million from December 31, 2015. Cash available was \$341.4 million as at March 31, 2016.

## LEASING ACTIVITIES

During the first quarter of 2016, Cominar's occupancy rate increased by 0.6%, from 91.9% as at December 31, 2015 to 92.5% as at March 31, 2016. In addition, the average minimum rent of renewed leases during the quarter increased by 0.9%.

## DISPOSITIONS

On January 29, 2016, Cominar completed the sale of a portfolio of 10 retail properties located in Quebec and Ontario, for a total price of \$15.2 million, at a capitalization rate of 6.7%.

On March 31, 2016, Cominar completed the sale of a portfolio of 14 retail properties located in Quebec and Ontario, for a total price of \$56.5 million, at a capitalization rate of 7.1%.

The sale proceeds of these properties were used to reimburse a portion of the credit facility as well as to repurchase units under the NCIB.

## FINANCING

During the first quarter of 2016, Cominar contracted mortgages payable for \$119.9 million at a weighted average contractual rate of 3.40% and for a weighted average term of 10 years.

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

## SHARES

During the first quarter of 2016, Cominar has repurchased 2,717,396 units under the NCIB for a total consideration of \$40.8 million and announced the suspension of the distribution reinvestment plan. This suspension does not affect the regular monthly cash distribution.

## SUBSEQUENT EVENT AFTER MARCH 31, 2016

On May 2, 2016, Cominar completed the sale of a portfolio of five retail properties located in Québec and Montréal, for a total price of \$39.5 million, with a capitalization rate of 7.0%.

## RESULTS OF OPERATION

For the quarters ended March 31	2016	2015	% Δ
Operating revenues	221,424	229,411	(3.5)
Operating expenses	107,754	110,345	(2.3)
Net operating income <sup>(1)</sup>	113,670	119,066	(4.5)
Finance charges	(42,210)	(44,142)	(4.4)
Trust administrative expenses	(3,997)	(4,227)	(5.4)
Share of joint ventures' net income and comprehensive income	711	557	27.6
Income taxes	(93)	(101)	(7.9)
Net income	68,081	71,153	(4.3)
Net income by share (diluted)	0.40\$	0.40\$	(7.0)

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

For the quarters ended March 31	2016	2015
Cash flows provided by operating activities as shown in the condensed interim consolidated financial statements	38,632	30,201
+ Adjustments – investments in joint ventures <sup>(2)</sup>	632	322
- Amortization of other assets	(238)	(238)
- Provision for leasing costs	(5,625)	(5,800)
+ Initial and re-leasing salary costs	661	729
+ Change in non-cash working capital items	27,205	38,483
- Capital expenditures – maintenance of rental income generating capacity	(1,418)	(1,181)
Recurring adjusted funds from operations <sup>(1)</sup>	59,849	62,516

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

For the quarters ended March 31	2016	2015
<b>Cash flows provided by operating activities as shown in the condensed interim consolidated financial statements</b>	<b>38,632</b>	30,201
- Adjustments – investments in joint ventures <sup>(2)</sup>	(87)	(38)
+ Amortization	774	1,301
- Compensation expense related to long-term incentive plan	(261)	(469)
+ Recognition of leases on straight-line basis <sup>(1)</sup>	1,200	1,419
+ Excess of proportionate share of net income and comprehensive income over distributions received from the joint ventures	711	357
+ Initial and re-leasing salary costs	661	729
+ Change in non-cash working capital items	27,205	38,483
<b>Recurring funds from operations<sup>(1)</sup></b>	<b>68,835</b>	71,983

(1) Non-IFRS financial measure. See relevant section for reconciliation to closest IFRS 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 March 31, 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 MAY 5, 2016

On **Thursday, May 5, 2016 at 11 a.m. (ET)**, Cominar's management will hold a conference call to present the results for quarter ended March 31, 2016. Anyone who is interested may take part in this call by dialing **1 888 390-0605**. 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, May 5, 2016 at 2 p.m. to Thursday, May 12, 2016 at 11:59 p.m., by dialing **1 888 390-0541** followed by this code: **529305 #**.

## PROFILE AS AT MAY 5, 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 537 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:**

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