



PRESS RELEASE

For Immediate Release

COMINAR ANNOUNCES 2018 FIRST QUARTER RESULTS AND HIGHLIGHTS

Québec City, Québec, May 8, 2018 – Cominar Real Estate Investment Trust (“Cominar” or the “REIT”) (TSX: CUF.UN) is pleased to announce its results and highlights for the first quarter of 2018.

2018 FIRST QUARTER – RESULTS AND HIGHLIGHTS

- The stabilization of our balance sheet through the quarter-end sale of a portfolio of 95 properties located outside of our core markets for gross proceeds of \$1.14 billion
- The decrease of our debt ratio from 57.4% at 2017 year end to 51.3% as at March 31, 2018
- The refocussing of our strategy on our core markets portfolio in Montreal, Québec City and Ottawa
- The revitalization of our Board of Trustees with the addition of two new trustees with significant real estate knowledge and expertise, Paul Campbell and René Tremblay
- 0.2% growth in same property net operating income compared to the corresponding period of 2017
- The repurchase of 2.7 million trust units for total cash consideration of \$39.5 million under our normal course issuer bid

“At quarter end, we closed the sale of our non-core market portfolio for gross proceeds of \$1.14 billion, enabling us to focus on our portfolio in Montreal, Québec City and Ottawa, and stabilizing our balance sheet,” stated Sylvain Cossette, President and Chief Executive Officer of Cominar.

“For the first quarter, we recorded positive same property net operating income growth of 0.2%, an improvement over many prior quarters,” stated Gilles Hamel, Executive Vice President and Chief Financial Officer of Cominar.

OVERVIEW OF THE FIRST QUARTER OF 2018

As an integral part of our evolution into “Cominar 2.0”, we wish to highlight three important achievements in the first quarter of 2018:

- The stabilization of our balance sheet through the sale completed at quarter end of a portfolio of 95 properties, comprised of 6.2 million square feet, located outside of our core markets for gross proceeds of \$1.14 billion. The net proceeds from this

transaction were used to repay debt and stabilize our balance sheet. As a result, Cominar's debt ratio decreased from 57.4% as at December 31, 2017 to 51.3% as at March 31, 2018.

- The refocussing of our strategy on our Montreal, Québec City and Ottawa core market portfolios. Montreal's economy, where we have over 50% of our continuing portfolio, is vibrant, while Québec City continues to provide stability.
- The revitalization of our Board of Trustees with the addition in the quarter of two new trustees with significant real estate knowledge and expertise, Messrs. Paul Campbell and René Tremblay, and a third new trustee with significant real estate and capital market knowledge and expertise, Ms. Heather Kirk, being nominated for election at the upcoming annual meeting of unitholders.

During the quarter, Cominar recorded growth in same property net operating income of 0.2% compared to the corresponding period of 2017, with a strong growth of 5.2% in the industrial segment and 1.8% growth in the office segment. We continue to see pressure in the retail segment. During the quarter, our committed occupancy rate increased to 92.9%.

In the vibrant industrial segment, Cominar remains the largest owner in the Province of Québec of industrial leasable area. Cominar owns a 15.8 million square foot industrial portfolio with a quarter-end occupancy rate of 95.1% with continued strong fundamentals.

The following tables present our current portfolio:

Operating segment	Number of properties	Leasable area (sq. ft.)
Office	97	11,800,000
Retail	136	10,570,000
Industrial and mixed-use	197	15,839,000
TOTAL	430	38,209,000

Geographic market	Number of properties	Leasable area (sq. ft.)
Québec City	127	10,253,000
Montreal	282	25,420,000
Ottawa	20	2,476,000
Atlantic Provinces	1	60,000
TOTAL	430	38,209,000

We continue to review our portfolio for additional opportunities to sell assets to further stabilize our balance sheet, and to enhance and intensify our properties to increase net operating income and create value. Our portfolio includes many well-located urban assets in close proximity to transit lines and with significant potential for value creation.

Our \$700 million unsecured credit facility currently stands undrawn and unencumbered income properties totalled \$2.7 billion at quarter end. In addition, substantially all of our 2018 mortgages have been addressed. During the quarter, Cominar repurchased 2.7 million

units under its normal course issuer bid for total cash consideration of \$39.5 million. As of today, we have \$121.5 million in cash deposits.

PRESENTATION OF RESULTS

For the quarter ended March 31, 2018, **net operating income (NOI) – Cominar’s proportionate share**⁽¹⁾ was \$102.6 million compared to \$107.4 million for the same period of 2017. This \$4.8 million decrease is the result of a \$0.2 million increase in net operating income in our same property portfolio and a \$5.0 million decrease in the non-core property portfolio sold on March 27, 2018.

Same property net operating income – Cominar’s proportionate share⁽¹⁾ increased by 0.2% from the corresponding period in 2017. This increase is the result of 5.2% same property growth in the industrial segment combined with 1.8% growth in the office segment, partially offset by a 4.3% decrease in the retail segment.

Adjusted net income⁽¹⁾ for the first quarter of 2018 amounted to \$52.9 million compared to \$59.7 million for the same period of 2017. The \$6.8 million decrease in adjusted net income⁽¹⁾ is explained mainly by a \$5.3 million decrease in net operating income, resulting primarily from our assets sales, and by a \$1.5 million increase in finance charges.

Recurring funds from operations (FFO)⁽¹⁾ for the first quarter of 2018 was \$53.7 million, compared to \$61.0 million for the same period of 2017. Fully diluted recurring funds from operations⁽¹⁾ per unit amounted to \$0.29 for the first quarter of 2018.

Recurring adjusted funds from operations (AFFO)⁽¹⁾ for the first quarter of 2018 was \$42.3 million compared to \$52.5 million for the same period of 2017. Fully diluted per unit, recurring AFFO amounted to \$0.23 for the first quarter of 2018.

Payout ratio of recurring adjusted funds from operations (AFFO)⁽¹⁾ for the first quarter of 2018 decreased to 108.7% compared to 126.7% for the corresponding period of 2017.

FINANCIAL POSITION

As at March 31, 2018, Cominar’s debt ratio stood at 51.3%, compared to 57.4% as at December 31, 2017. This significant improvement in our debt ratio results from the sale of our non-core property portfolio for gross proceeds of \$1.14 billion. At quarter end, total assets declined to \$7.2 billion and unencumbered income properties totalled \$2.7 billion, representing an unencumbered asset ratio of 1.68:1, up from 1.43:1 as at December 31, 2017.

LEASING ACTIVITY

During the first quarter of 2018, our leasing efforts allowed us to renew 43.9% [36.7% in 2017] of the total leasable area expiring in 2018, totalling 3.0 million square feet, and to sign

new leases for 1.8 million square feet, overall representing 69.4% [58.4% in 2017] of the total leasable area expiring in 2018.

Committed occupancy stood at 92.9% as at March 31, 2018, compared to 92.6% as at December 31, 2017. In-place occupancy stood at 86.9% as at March 31, 2018, compared to 87.9% as at December 31, 2017. The difference between the committed occupancy rate and the in-place occupancy rate reflects 1.5 million square feet for which leases have been signed and will begin in the next five quarters, and represents \$24.3 million in net operating income on an annualized basis.

The following table presents the occupancy rates as at March 31, 2018 by operating segment for our core markets:

	Montreal		Québec City		Ottawa		Total	
	Committed	In-place	Committed	In-place	Committed	In-place	Committed	In-place
Operating segment								
Office	87.2%	82.5%	96.8%	93.9%	90.4%	81.5%	90.0%	84.9%
Retail	92.6%	82.5%	93.8%	87.5%	90.1%	58.1%	93.0%	83.5%
Industrial and mixed-use	95.1%	91.2%	95.2%	88.3%	N/A	N/A	95.1%	90.5%
Core markets	92.3%	86.7%	95.1%	89.4%	90.4%	77.9%	92.9%	86.9%

The difference between the in-place occupancy rate and the committed occupancy rate for the retail segment was 9.5% due to several signed but non-revenue generating leases, approximately 40% of which will come into force by the end of 2018. For the Ottawa office segment, the difference was 8.9% and represents signed leases of which approximately 50% will come into force by the end of 2018.

NON-IFRS FINANCIAL MEASURES

Net operating income, funds from operations (FFO), adjusted funds from operations (AFFO) and adjusted net income 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.

RESULTS OF OPERATIONS

For the quarters ended March 31	2018 (\$000)	2017 (\$000)
Operating revenues	208,865	213,956
Operating expenses	(108,319)	(108,073)
Net operating income⁽¹⁾	100,546	105,883
Finance charges	(43,802)	(42,298)
Trust administrative expenses	(5,255)	(4,484)
Change in fair value of investment properties	(4,331)	—
Share of joint ventures' net income	1,085	831
Transaction costs	(18,554)	—
Income before income taxes	29,689	59,932
Income taxes		
Payable	(6,251)	—
Deferred	6,539	(219)
	288	(219)
Net income	29,977	59,713
Change in fair value of investment properties	4,331	—
Transaction costs	18,554	—
Adjusted net income⁽¹⁾	52,862	59,713

SAME PROPERTY NET OPERATING INCOME⁽¹⁾

For the quarters ended March 31	2018 (\$000)	2017 (\$000)	% Δ
Net operating income	100,546	105,883	(5.0)
Joint-ventures	2,081	1,534	35.7
Net operating income – Cominar's proportionate share⁽¹⁾	102,627	107,417	(4.5)
Distribution:			
Same property portfolio			
Office	34,239	33,645	1.8
Retail	33,005	34,493	(4.3)
Industrial and mixed-use	21,237	20,185	5.2
Same property portfolio	88,481	88,323	0.2
Non-same portfolio	14,146	19,094	(25.9)
Net operating income – Cominar's proportionate share⁽¹⁾	102,627	107,417	(4.5)

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

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 quarters ended March 31	2018 (\$000)	2017 (\$000)
Net income	29,977	59,713
Taxes on disposition of properties	6,251	—
Deferred income taxes	(6,539)	219
Initial and re-leasing salary costs	1,009	874
Change in fair value of investment properties	4,331	—
Capitalizable interest on properties under development – joint ventures	154	202
Transaction costs	18,554	—
Recurring funds from operations ⁽¹⁾⁽²⁾	53,737	61,008
Provision for leasing costs	(7,153)	(6,251)
Recognition of leases on a straight-line basis ⁽¹⁾	(623)	(727)
Capital expenditures – maintenance of rental income generating capacity	(3,682)	(1,557)
Recurring adjusted funds from operations ⁽¹⁾⁽²⁾	42,279	52,473
Recurring adjusted funds from operations distribution ratio	108.7%	126.7%

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

(2) Non-IFRS financial measure.

ADDITIONAL FINANCIAL INFORMATION

Cominar's condensed interim consolidated financial statements and interim management's discussion and analysis for the first quarter of 2018 are filed with SEDAR at www.sedar.com and are available on Cominar's website at www.cominar.com.

CONFERENCE CALL ON MAY 8, 2018

On **Tuesday, May 8, 2018 at 11 a.m. (ET)**, Cominar's management will hold a conference call to present the results for the first quarter of 2018. Interested persons 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 Tuesday, May 8, 2018 at 2 p.m. to Tuesday, May 15, 2018 at 11:59 p.m., by dialing **1 888 390-0541** followed by this code: **984562#**.

PROFILE AS AT MAY 8, 2018

Cominar is the third largest diversified real estate investment trust in Canada and is the largest commercial property owner in the Province of Québec. The REIT owns a real estate portfolio of 430 properties in three different market segments, that is, office properties, retail properties and industrial and mixed-use properties. Cominar's portfolio totals 38.2 million square feet located in the Montreal, Québec City and Ottawa areas. Cominar's primary objectives are to maximize unit value through the proactive management of its properties.

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements with respect to Cominar and its operations, strategy, financial performance and financial position. 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 and the use of conditional and future tenses. 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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