



## PRESS RELEASE

For Immediate Release

# Excellent Performance In a Difficult Environment

Québec, March 3, 2016 – Cominar Real Estate Investment Trust (“Cominar” or the “REIT”) (TSX: CUF.UN) announced today its results for the fourth quarter and fiscal year 2015, and a new role for its Chief Operating Officer, Sylvain Cossette.

### Highlights for the Year Ended December 31, 2015

- Increased net operating income<sup>(1)</sup> of 18.5%
- Increased recurring distributable income<sup>(1)</sup> of 19.4%
- Disposition of income properties for a purchase price of \$98.0M
- Decreased debt ratio to 53.9%
- Repurchase of units under the REIT’s normal course issuer bid (“NCIB”)

“I am pleased to inform you that I will be transferring the role of President to Sylvain Cossette, while retaining the role of Chief Executive Officer. The role of President will be in addition to Mr. Cossette’s current role of Chief Operating Officer of Cominar. Cominar has undergone significant growth over the last four years, and I view this promotion as an important step in the pursuit of our organic growth and operating goals,” stated Michel Dallaire, Chief Executive Officer of Cominar.

“As Chief Executive Officer, I remain the senior executive officer of Cominar and fully responsible and committed to our strategy, including finances, acquisitions and developments which remain key to our success and future. I will also be working closely with Mr. Cossette in the pursuit of his objectives and areas of responsibility, being leasing, operations, asset management and talent management,” added Mr. Dallaire.

“Our excellent performance in the Greater Québec Area and in the Montréal industrial segment as well as the important acquisitions completed in 2014 enabled us to increase our recurring distributable income by 19.4% and to increase our distribution at a sustainable level over the long term,” said Sylvain Cossette, President and Chief Operating Officer of Cominar.

“During the 2015 fiscal year, we implemented a capital recycling program and disposed of selected income properties. The net proceeds from these dispositions were used to reduce our debt ratio and repurchase units under our NCIB. While we are maintaining our long-term debt ratio target of 50%, we have set our 2016 year-end target goal at 53%,” said Gilles Hamel, Executive Vice President and Chief Financial Officer of Cominar.

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

## PRESENTATION OF RESULTS

For the year ended December 31, 2015, **operating revenues** increased to \$889.2 million, up 20.2% compared to fiscal 2014 when operating revenues were \$739.9 million.

**Net operating income**<sup>(1)</sup> reached \$487.5 million, up 18.5 % compared to net operating income in 2014.

**Net income** for fiscal 2015 increased to \$272.4 million compared to \$199.5 million for fiscal 2014.

**Cash flows provided by operating activities** reached \$263.9 million for fiscal 2015 compared to \$229.0 million in 2014.

**Recurring distributable income**<sup>(1)</sup> reached \$268.9 million, up 19.4% compared to 2014. The basic recurring distributable income per unit<sup>(1)</sup> amounted to \$1.60 for fiscal 2015.

**Recurring funds from operations**<sup>(1)</sup> for fiscal 2015 reached \$302.2 million, up 18.5% over fiscal 2014. **Recurring funds from operations per unit fully diluted**<sup>(1)</sup> amounted to \$1.79 in 2015.

**Recurring adjusted funds from operations**<sup>(1)</sup> for fiscal 2015 reached \$261.6 million, up 18.7% compared to 2014. Fully diluted per unit, they amounted to \$1.55 in 2015.

## FINANCIAL SITUATION

As at December 31, 2015, Cominar's debt ratio decreased to 53.9%, down from 56.1% as at December 31, 2014. At the end of fiscal 2015, total assets reached \$8.2 billion. As at December 31, 2015, the unsecured revolving credit facility used was \$381.2 million, down \$76.1 million from December 31, 2014. Cash available was \$318.8 million as at December 31, 2015.

## ACQUISITIONS

On April 23, 2015, Cominar acquired 3 industrial properties located in the Greater Montréal area, for a purchase price of \$34.5 million paid in cash.

## DISPOSITIONS

On September 30, 2015, Cominar announced that it completed the sale of one industrial and mixed-used property and two office properties located in Montréal, for a total purchase price of \$98.0 million. This amount contributed to reduce our debt ratio to 53.9%.

## FINANCING

On July 6, 2015 and September 8, 2015, Cominar redeemed early all of the Series E and D convertible debentures respectively totalling \$186.0 million and a weighted average interest rate of 6.15%. These transactions eliminated the dilutive effect of the convertible debentures.

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

## SHARES

During fiscal 2015, Cominar set up an NCIB and repurchased 530 836 units for a total consideration of \$7.7 million.

## SUBSEQUENT EVENTS AFTER DECEMBER 31, 2015

On January 20, 2016 Cominar announced the suspension of the distribution reinvestment plan. This suspension does not affect the regular monthly cash distribution.

On January 29, 2016, Cominar completed the sale of a portfolio of ten retail properties located in the Québec and Montréal areas and in Ontario, for a sales price of \$15.2 million at a 6.7% capitalization rate reflecting an increase in the fair value of these properties in our books.

Under the NCIB, Cominar has repurchased, since the beginning of fiscal year 2016, 2,072,976 units for a consideration of \$30.0 million. Since the beginning of the program, Cominar repurchased a total of 2,603,812 units for a total consideration of \$37.7 million.

## RESULTS OF OPERATIONS

For the periods ended December 31	Quarter			Cumulative		
	2015 (\$000)	2014 (\$000)	% Δ	2015 (\$000)	2014 (\$000)	% Δ
Operating revenues	217,049	217,492	(0.2)	889,175	739,884	20.2
Operating expenses	94,274	92,057	2.4	401,687	328,605	22.2
Net operating income <sup>(1)</sup>	122,775	125,435	(2.1)	487,488	411,279	18.5
Finance charges	(41,652)	(46,402)	(10.2)	(176,208)	(149,385)	18.0
Trust administrative expenses	(4,138)	(3,723)	11.1	(16,384)	(12,977)	26.3
Share of joint ventures' net income	(399)	8,923	(104.5)	1,427	10,918	(86.9)
Change in fair value of investment properties	(23,322)	(33,951)	(31.3)	(23,322)	(33,951)	(31.3)
Transaction costs – business combination	–	(5,143)	(100.0)	–	(26,667)	(100.0)
Income taxes	(264)	688	(138.4)	(567)	236	(340.3)
Net income	53,000	45,827	15.7	272,434	199,453	36.6
Net income per unit (diluted)	0.31\$	0.29\$	6.9	1.62\$	1.45\$	11.7

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

## 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.*

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		Cumulative	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
<b>Cash flows provided by operating activities as shown in the consolidated financial statements</b>	<b>107,679</b>	110,266	<b>263,942</b>	229,030
+ Adjustments – investments in joint ventures	<b>444</b>	(332)	<b>2,018</b>	782
– Amortization of other assets	<b>(404)</b>	(243)	<b>(1,079)</b>	(884)
+ Transaction costs – business combination	–	5,143	–	26,667
– Provision for leasing costs	<b>(5,100)</b>	(5,790)	<b>(22,300)</b>	(19,840)
+ Initial and re-leasing salary costs	<b>661</b>	620	<b>2,763</b>	2,238
+ Change in non-cash working capital items	<b>(32,808)</b>	(39,147)	<b>23,508</b>	(12,837)
<b>Recurring distributable income <sup>(1)</sup></b>	<b>70,472</b>	70,517	<b>268,852</b>	225,156
– Capital expenditures – maintenance of rental income generating capacity	<b>(2,483)</b>	(1,976)	<b>(7,207)</b>	(4,793)
<b>Recurring adjusted funds from operations <sup>(1)</sup></b>	<b>67,989</b>	68,541	<b>261,645</b>	220,363

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

The following table presents a reconciliation of the cash flows from operating activities with funds from recurring operations:

For the periods ended December 31	Quarter		Cumulative	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
<b>Cash flows provided by operating activities as shown in the condensed interim consolidated financial statements</b>	<b>107,679</b>	110,266	<b>263,942</b>	229,030
- Adjustments – investments in joint ventures <sup>(2)</sup>	<b>836</b>	(8,528)	<b>759</b>	(8,673)
+ Amortization	<b>1,077</b>	185	<b>2,476</b>	5,320
- Compensation expense related to long-term incentive plan	<b>(486)</b>	(377)	<b>(1,970)</b>	(1,414)
+ Recognition of leases on straight-line basis	<b>1,609</b>	73	<b>7,303</b>	3,854
+ Excess of proportionate share of net income over distributions received from the joint ventures	<b>(399)</b>	8,173	<b>1,227</b>	9,443
+ Transaction costs – business combination	–	5,143	–	26,667
+ Write-off of deferred financing costs	–	1,021	<b>2,232</b>	1,522
+ Initial and re-leasing salary costs	<b>661</b>	620	<b>2,763</b>	2,238
+ Change in non-cash working capital items	<b>(32,808)</b>	(39,147)	<b>23,508</b>	(12,837)
<b>Recurring funds from operations<sup>(1)</sup></b>	<b>78,169</b>	77,429	<b>302,240</b>	255,150

#### ADDITIONAL FINANCIAL INFORMATION

Cominar's consolidated financial statements and management's discussion and analysis for the year ended December 31, 2015, 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 MARCH 3, 2016

On **Thursday, March 3, 2016 at 11 a.m. (ET)**, Cominar's management will hold a conference call to present the results for fiscal 2015. 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, March 3, 2016 at 2 p.m. to Thursday, March 10, 2016 at 11:59 p.m., by dialing **1 888 390-0541** followed by this code: **882644#**.

#### PROFILE AS AT MARCH 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 556 properties in three different market segments, that is, office properties, retail properties and industrial and mixed-use properties. Cominar's portfolio totals 45.3 million square feet spread out across Quebec, Ontario, the Atlantic Provinces and Western Canada. Cominar's

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

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

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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