

# Press Release

For Immediate Release

## **Cominar achieves a new milestone in the first quarter of 2012**

- **Closing of the acquisition of Canmarc Real Estate Investment Trust**
  - **Increase of \$1.9 billion in assets**
  - **Increase of 9.4 million square feet in leasable area**
  - **Offering of \$548.3 million in units**
- Subsequent event: assignment of BBB (low) credit rating*
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### **TSX - CUF.UN**

Québec City, May 15, 2012 — Cominar Real Estate Investment Trust (“Cominar” or the “REIT”) (TSX: CUF.UN) achieved a strong financial performance for its first quarter ended March 31, 2012, during which it closed the acquisition of Canmarc Real Estate Investment Trust (“Canmarc”). “On March 1<sup>st</sup>, we completed the largest acquisition in our history, positioning Cominar as the third largest diversified real estate investment trust in Canada, with assets of approximately \$4.7 billion divided among our three sectors of activity, in Québec, Ontario, the Atlantic Provinces and Western Canada. We are pleased to announce that as a result of our enhanced market positioning, our success and our solid financial health, we have been assigned a BBB (Low) credit rating by the DBRS credit rating agency. Its primary advantages are that it will lower our financing cost and provide Cominar with access to new financing sources,” indicated Michel Dallaire, President and Chief Executive Officer of Cominar.

### **Closing of the acquisition of Canmarc**

Upon closing the acquisition of Canmarc, Cominar added assets of \$1.9 billion covering an area of 9.4 million square feet to its real estate portfolio. This transaction provides it with better segmented diversification of its assets, expands its presence in Québec and the Atlantic Provinces, and enables it to achieve a major breakthrough in Western Canada and Ontario. Today, Cominar’s assets comprise a unique portfolio of high-quality properties, including many prestigious buildings such as the Scotia Centre (Calgary, Alberta), Woodside Square (Toronto, Ontario), Central Station (Montréal, Québec), Centre Laval (Laval, Québec), Place Longueuil (Longueuil, Québec), Place Alexis Nihon (Montréal, Québec), Place de la Cité (Québec City, Québec), Complexe Jules Dallaire (Québec City, Québec) and the McGill College property ((Montréal, Québec). While ranking as the third largest diversified real estate investment trusts in Canada, Cominar currently remains the largest commercial property owner in the Province of Québec.

### **Offering of \$548.3 in units**

On February 28, 2012, Cominar closed a bought deal offering of 9.2 million units. The units were sold to a syndicate of underwriters for total gross proceeds of \$201.3 million.

Cominar also issued 16.0 million units for a total of \$347.0 million as part of its acquisition of Canmarc.

## **Analysis of financial results**

For the first quarter of 2012, **operating revenues** totalled \$126.3 million, up 58.5%. This increase is due mainly to the contribution of the property acquisitions completed by Cominar in 2011, along with the contribution of Canmarc's income-producing properties integrated during the quarter.

**Net operating income** reached \$66.9 million, up 54.9% over the first quarter of 2011.

**Net income** grew to \$32.7 million, an increase of 27.7% over the first quarter of 2011. **Net income per fully diluted unit** amounted to \$0.36, down 7.7% from the same period of the previous year. This decline is attributable to non-recurring costs related to the acquisition of Canmarc. Excluding these unusual items, adjusted net income per fully diluted unit amounted to \$0.41, an increase of 5.1%.

**Recurring distributable income** totalled \$35.2 million, up 54.7% over the first quarter of 2011. **Recurring distributable income per fully diluted unit** amounted to \$0.38, compared with \$0.36 for the first quarter of 2011, an increase of 5.6%.

**Recurring funds from operations** totalled \$42.5 million, up 65.1%. **Recurring adjusted funds from operations per fully diluted unit** amounted to \$0.38, compared with \$0.35 for the first quarter of 2011, an increase of 8.6%.

In the first quarter of 2012, Cominar paid **distributions** totalling \$35.6 million to unitholders, compared with \$22.8 million for the corresponding quarter of 2011, an increase of 56.3%. **Distributions per unit** remained stable with those for the first quarter of 2011, at \$0.36.

As at March 31, 2012, Cominar's **overall annualized debt ratio** stood at 54.4% and its **interest coverage ratio** at 2.60:1, comparing favourably with its peers.

## **Leasing activities**

As at March 31, 2012, the occupancy rate of Cominar's leased properties stood at 94.6%. The leasing teams are pursuing their intensive efforts, especially in the industrial and mixed-use sector in the Montréal region. Thus, during the first quarter, Cominar already renewed 35.9% of all leases expiring in 2012. In addition, new leases were signed for an area of 0.4 million square feet during the period.

## **Increase in operating and acquisition credit facilities**

In January 2012, Cominar raised its operating and acquisition credit facilities to \$550.0 million, an increase of \$289 million. As at March 31, 2012, bank loans amounted to \$366.7 million.

## **Appointment of Guy Charron**

We are pleased to announce the nomination of Mr Guy Charron as Executive Vice President, Operations – Retail Sector. Prior to joining Cominar, he was Executive Vice President and Chief Operating Officer - Québec of Canmarc Real Estate Investment Trust. He has also held a number of positions, including as President and Chief Operating Officer of a publicly listed retail business. He has been a member of the Ordre des comptables agréés du Québec and the Canadian Institute of Chartered Accountants since 1981.

## **Dividend reinvestment plan**

Cominar has a dividend reinvestment plan for its unitholders that allows participants to reinvest their monthly distributions in additional Trust units. Participants receive an effective discount of 5% of distributions in the form of additional units. Information and enrolment forms are available at [www.cominar.com](http://www.cominar.com).

## **Additional financial information**

Cominar's condensed consolidated interim financial statements, prepared in accordance with IFRS, and the interim management's discussion and analysis for the first quarter ended March 31, 2012, will be filed with SEDAR at [www.sedar.com](http://www.sedar.com) and are available on Cominar's website at [www.cominar.com](http://www.cominar.com).

## **May 15, 2012 conference call**

On Tuesday, May 15, 2012 at 11:00 a.m. (EDT), Cominar's management will hold a conference call to discuss the results for the first quarter of 2012. Anyone who is interested may take part in this call by dialing 1.888.231.8191. To ensure your participation, please dial in five minutes before the start of the call. For those unable to participate, a taped re-broadcast will be available from Tuesday, May 15, 2012 at 2:00 p.m. to Tuesday, May 22, 2012 at 11:59 p.m., by dialing 1.855.859.2056 followed by the code 69628680.

## **PROFILE as at May 15, 2012**

Cominar Real Estate Investment Trust is the third largest diversified real estate investment trust in Canada and currently remains the largest commercial property owner in the Province of Québec. The REIT owns a real estate portfolio of 413 high-quality properties, consisting of 82 office, 158 retail and 173 industrial and mixed-use buildings that cover a total area of 30.6 million square feet in Québec, Ontario, the Atlantic Provinces and Western Canada. Cominar's objectives are to pay growing cash distributions to unitholders and to maximise unitholder value by way of 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 the Annual Information Form of Cominar. 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.*

## **Non-IFRS measures**

*Net operating income, distributable income (DI), funds from operations (FFO) and 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 shows the reconciliation of DI, FFO and AFFO with the most similar IFRS measures:*

Quarters ended March 31	2012			2011		
	DI	FFO	AFFO	DI	FFO	AFFO
<b>Net income (IFRS)</b>	<b>32,726</b>	<b>32,726</b>	<b>32,726</b>	25,619	25,619	25,619
+ Accretion of liability component of convertible debentures	56	—	56	58	—	58
- Adjustment of accounts receivable from straight-line recognition of leases	(1,449)	—	(1,449)	(1,096)	—	(1,096)
- Adjustment of investment in a public entity at fair value	(2,582)	(2,582)	(2,582)	—	—	—
+ Amortization of capitalized financing costs	3,369	2,091	3,369	826	—	826
- Amortization of fair value adjustments on assumed indebtedness	(3,092)	—	(3,092)	(156)	—	(156)
+ Amortization of fair value adjustments on investments in bonds	46	—	46	—	—	—
- Capital expenditures – maintenance of ability to generate rental income	—	—	(224)	—	—	(518)
+ Compensation expenses related to unit option plan	239	—	239	271	—	271
+ Deferred tax expense	129	129	129	132	132	132
- Provision for leasing costs	(4,340)	—	(4,340)	(2,870)	—	(2,870)
+ Reorganization expenses	237	237	237	—	—	—
+ Transaction costs – business combination	9,907	9,907	9,907	—	—	—
Recurring DI/FFO/AFFO	35,246	42,508	35,022	22,784	25,751	22,266

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**Condensed consolidated interim financial statements, including accompanying notes, are available on Cominar’s website at [www.cominar.com](http://www.cominar.com) under “Investor Relations – Interim Reports”.**