

# Press Release

For Immediate Release

## Cominar Real Estate Investment Trust: sustained growth and expansion in the second quarter of 2011

- Increase of 7.3% in net income
  - Increase of 13.3% in operating revenues and 12.2% in net operating income
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### TSX - CUF.UN

Québec City, August 4, 2011 — Cominar Real Estate Investment Trust (“Cominar” or the “REIT”) (TSX: CUF.UN) continued to grow and expand during the second quarter ended June 30, 2011. “We are satisfied with our financial performance, which is in line with our growth track record. In addition, we further expanded in the Atlantic Provinces, where we acquired two properties for a \$5.2 million investment in the second quarter, and three other acquisitions were completed in July for a \$13.2 million investment at an 8.4% average capitalization rate. Furthermore, we maintained our distributions at \$0.36 per unit. We remain in a healthy and solid financial position to pursue our business strategy,” indicated Michel Dallaire, President and Chief Executive Officer of Cominar.

For the second quarter of 2011, **operating revenues** totaled \$82.1 million, up 13.3%. This increase is due mainly to the property acquisitions completed in 2010 and 2011 plus the progressive contribution of Complexe Jules-Dallaire.

**Net operating income** grew to \$47.1 million, up 12.2% over the second quarter of 2010.

**Net income** amounted to \$28.2 million, up 7.3% over the second quarter of 2010. **Net income per fully diluted unit** was \$0.44, a 2.3% increase compared to the same period of 2010.

**Recurring distributable income** improved to \$24.6 million, up 5.8% over the second quarter of 2010. **Recurring distributable income per fully diluted unit** amounted to \$0.38, compared with \$0.37 for the corresponding quarter of 2010, an increase of 2.7%.

**Recurring funds from operations** totaled \$27.9 million, an increase of 4.6% that reflects the contribution of the acquisitions and developments completed within the previous months.

**Recurring adjusted funds from operations per fully diluted unit** amounted to \$0.38, compared with \$0.37 for the second quarter of 2010, an increase of 2.7%.

In the second quarter of 2011, Cominar paid **distributions** of \$23.1 million to unitholders, compared with \$22.2 million for the corresponding quarter of 2010, an increase of 4.0%. **Distributions per unit** amounted to \$0.36, remaining stable compared with the second quarter of 2010.

### Financial Position

As at June 30, 2011, Cominar’s **overall debt ratio** was 54.3%, and the **interest coverage ratio** was 2.84:1 as at June 30, 2011, which compares favourably with that of its peers.

### Property Occupancy Rate

As at June 30, 2011, the overall occupancy rate of Cominar’s leased properties was stable at 93.7%,. The leasing teams are pursuing their intensive efforts, especially in the industrial and mixed-use sector in the Montréal region where occupancy rates are turning around. Thus, during the first six months,

Cominar already renewed 57.8% of all leases expiring in 2011. In addition, new leases were signed covering an area of 1.2 million square feet during this same period.

### **Acquisitions Completed in the Second quarter of 2011**

On April 29, 2011, Cominar acquired a 15,000-square-foot office property and a 27,000-square-foot retail property, both located in Moncton, New Brunswick. Acquired at a cost of \$5.2 million, of which \$1.4 million by the assumption of a mortgage payable and \$3.8 million paid cash, these two properties are fully occupied. The capitalization rate of this transaction is 8.8%.

### **Subsequent Events**

In July 2011, Cominar completed the following three acquisitions:

- an industrial and mixed-use property in the Greater Moncton Area, New Brunswick, representing an area of 11,000 square feet, for a cash consideration of \$1.2 million. Its occupancy rate is 100% and the capitalization rate of this transaction is 9.0%; and
- an office property in Saint John, New Brunswick, representing an area of 41,000 square feet, for a consideration of \$6.5 million, of which \$5.0 million by the assumption of a mortgage payable and \$1.5 million paid cash. Leased on a long-term basis to a government client, this property is fully occupied. The capitalization rate of this transaction is 8.2%; and
- a commercial property in Halifax, Nova Scotia, representing an area of 41,000 square feet for a cash consideration of \$5.5 million. Its occupancy rate is 100% and the capitalization rate of this transaction is 8.5%.

Cominar also announces the departure of Scott Armour McCrea, who was Executive Vice-President, Atlantic Provinces. Mr. McCrea has decided to leave his position for family reasons. We thank him for his exceptional contribution to Cominar's development in the Maritimes. Mr. Todd Bechard, who held the position of Vice-President, Finance, Atlantic Provinces, will be promoted to Executive Vice-President, Atlantic Provinces, replacing Mr. McCrea.

### **Distribution 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 interim consolidated financial statements, prepared in accordance with International Financial Reporting Standards (IFRS), and the interim management's discussion and analysis for the second quarter ended June 30, 2011 will be filed on SEDAR at [www.sedar.com](http://www.sedar.com) and are available on Cominar's website at [www.cominar.com](http://www.cominar.com).

### **August 4, 2011 Conference Call**

On Thursday, August 4, 2011 at 11:00 a.m. (EDT), Cominar's management will hold a conference call to discuss the results for the second quarter of 2011. Anyone who is interested may take part in this call by dialing 1-877-974-0445. 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 Thursday, August 4, 2011 at 2:00 p.m. to Thursday, August 11, 2011 at 11:59 p.m. by dialing 1-877-289-8525 followed by the code 4452160#.

### **PROFILE as at August 4, 2011**

Cominar is the largest commercial property owner in the Province of Québec. The REIT owns a real estate portfolio of 268 high-quality properties, consisting of 53 office, 55 retail and 160 industrial and mixed-use buildings that cover a total area of 20.9 million square feet in the Greater Québec City,

Montréal and Ottawa-Gatineau areas as well as in the Atlantic Provinces. Cominar's objectives are to deliver growing cash distributions to its unitholders and to maximize unitholder value through proactive management and the growth 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. These measures may differ from similar computations reported by other similar organizations and, accordingly, may not be comparable to similar measures reported by such organizations. The following table shows the reconciliation of DI, FFO and AFFO with the most similar IFRS measures:*

Quarters closed June 30	2011			2010		
	DI	FFO	AFFO	DI	FFO	AFFO
Net income (IFRS)	28,221	28,221	28,221	26,311	26,311	26,311
+ Compensation expenses related to unit option plan	271	—	271	220	—	220
+ Accretion of liability component of convertible debentures	60	—	—	57	—	—
- Rental income – straight-line accounting for leases	(459)	—	(459)	(717)	—	(717)
- Amortization of fair value adjustments on assumed mortgages payable	(399)	—	—	(133)	—	—
- Capital expenditures– maintenance of ability to generate rental income	—	—	(262)	—	—	(595)
+ Differed income tax expense	565	565	565	196	196	196
- Provision for leasing costs	(2,802)	—	(2,802)	(2,865)	—	(2,865)
+ Transaction costs – business combinations	—	—	—	151	151	151
	<b>25,457</b>	<b>28,786</b>	<b>25,534</b>	<b>23,220</b>	<b>26,658</b>	<b>22,701</b>
Six-month periods closed June 30	2011			2010		
	DI	FFO	AFFO	DI	FFO	AFFO
Net income (IFRS)	53,840	53,840	53,840	48,398	48,398	48,398
+ Compensation expenses related to unit option plan	542	—	542	443	—	443
+ Accretion of liability component of convertible debentures	118	—	—	113	—	—
- Rental income – straight-line accounting for leases	(1,555)	—	(1,555)	(1,267)	—	(1,267)
- Amortization of fair value adjustments on assumed mortgages payable	(555)	—	—	(163)	—	—
- Capital expenditures– maintenance of ability to generate rental income	—	—	(780)	—	—	(733)
+ Differed income tax expense	697	697	697	196	196	196
- Provision for leasing costs	(5,672)	—	(5,672)	(5,446)	—	(5,446)
+ Transaction costs – business combinations	—	—	—	651	651	651
	<b>47,415</b>	<b>54,537</b>	<b>47,072</b>	<b>42,925</b>	<b>49,245</b>	<b>42,242</b>

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