



## Press Release

For Immediate Release

# Cominar REIT – 2010 was a year of growth, expansion and geographic diversification

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### TSX - CUF.UN

Québec City, March 10, 2011 — Cominar Real Estate Investment Trust (“Cominar” or the “REIT”) announces its financial results for the fourth quarter and fiscal year ended December 31, 2010.

### Financial Highlights

- **Increase of 26.4% in net income**
- **Increase of 17.4% in distributions paid**
- **Increase of 11.1% in funds from operations**
- **Geographic diversification in the Atlantic Provinces**
- **Acquisitions for \$135 million**

“We achieved good growth in 2010 in the context of an economic recovery that enabled us to accelerate our lease renewals and to improve leasing rates in the industrial and mixed-use segment in the Montréal region, which was further affected by the uncertain climate in 2009. We continued to benefit from the sustained economic robustness of the Greater Québec City Area, where Cominar retains a dominant position. We remained on the lookout for high-potential acquisition opportunities and acquired 33 quality properties in a market where opportunities were rather scarce in 2010. Among these, we purchased the 16 Overland properties in the Atlantic Provinces, giving us access to a fourth geographic market, followed by the acquisition of 10 other income-producing properties in this market. We are proud of the confidence witnessed by the investor community as we raised \$204 million in financing in 2010. We foresee pursuing our growth and expansion through quality acquisitions and developments in 2011,” indicated Michel Dallaire, President and Chief Executive Officer of Cominar.

For the fiscal year ended December 31, 2010, **operating revenues** totalled \$283.9 million, up 8.3%. This increase is due mainly to the contribution of the acquisitions completed and integrated during fiscal 2009 and 2010.

**Net operating income** grew to \$166.5 million, up 7.5% over fiscal 2009, whereas the operating profit margin as a percentage of operating revenues stood at 58.7%.

**Net income** rose to \$36.7 million, up 26.4% over the previous year. **Recurring distributable income per fully diluted unit** amounted to \$1.47.

**Funds from operations** totalled \$104.4 million, an increase of 11.1% reflecting the contribution of the acquisitions and developments completed in 2009 and 2010. **Recurring funds from operations** per fully diluted unit amounted to \$1.66.

**Adjusted funds from operations** totalled \$88.8 million, up from \$78.9 million in 2009. **Recurring adjusted funds from operations** per fully diluted unit amounted to \$1.46.

In 2010, Cominar paid **distributions** of \$87.0 million to unitholders, compared with \$74.2 million in 2009, an increase of 17.4%. **Distributions per unit** were maintained at \$1.44.

### **Financial Position**

At the beginning of the year, Cominar proceeded with an offering of convertible debentures for \$86.3 million, followed by a unit issue for approximately \$3 million in connection with an equity offering agreement by way of at-the-market distributions. In April, an offering of six million units was closed on a bought deal base for proceeds of \$115 million, which were used to pay down debt. As at December 31, 2010, Cominar maintained a **debt ratio** of 56.9%. The interest coverage ratio remained conservative at 2.85 and the weighted average interest rate of its long-term debt stood at 5.54%, compared with 5.50% as at December 31, 2009.

### **Fourth-Quarter Results**

For the quarter ended December 31, 2010, **operating revenues** amounted to \$71.8 million, compared with \$63.7 million for the same period of 2009, an increase of 12.7% reflecting the contribution of acquisitions and developments. **Net operating income** grew by 11.1% to \$43.8 million. **Distributable income** rose to \$23.5 million, up from \$21.2 million for the corresponding period of 2009, an increase of 10.8%. **Distributable income per fully diluted unit** amounted to \$0.37 for the fourth quarter of 2010, a decrease of 2.6%. **Adjusted funds from operations** were up by 12.1% over the fourth quarter of 2009. AFFO per fully diluted unit remained stable at \$0.37.

### **Operational Highlights**

Cominar consistently strives to maximize its property occupancy rates, which have little fluctuated since its inception. As at December 31, 2010, the occupancy rate stood at 93.8%, compared with 93.5% as at December 31, 2009, a most appreciable rate in the context of a relatively slow economic recovery. Cominar intensified its leasing activities in the industrial and mixed-use segment in the Montréal area where occupancy rates turned around.

### **Acquisitions and Developments**

In 2010, Cominar acquired 33 income-producing properties representing a \$135 million total investment and a leasable area of approximately 1.5 million square feet, specifically the 26 properties acquired in the Atlantic Provinces in its three business segments, along with four industrial and mixed-use properties in the Montréal region and one in Québec City as well as two office buildings in the Greater Montréal Area. The construction of Phase I of Complexe Jules-Dallaire is completed and the office space clients continue to gradually move in.

### **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 consolidated financial statements and the management's discussion and analysis for the fiscal year ended December 31, 2010 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).

### **March 10, 2011 Conference Call**

On Thursday, March 10, 2011 at 11:00 a.m. (EST), Cominar's management will hold a conference call to discuss the results for fiscal 2010. Anyone who is interested may take part in this call by dialing 1-877-974-0445. A presentation of the results will be available before the conference call on the REIT's website at [www.cominar.com](http://www.cominar.com) under the title "Conference Call". In addition, a taped re-broadcast will be available from Thursday, March 10, 2011 at 2:00 p.m. to Thursday, March 17, 2011 at 11:59 p.m. by dialing 1-877-289-8525 followed by the code 4405593#.

### **PROFILE as at March 10, 2011**

Cominar is the largest commercial property owner in the Province of Québec. The REIT owns a real estate portfolio of 261 high-quality properties, consisting of 51 office, 51 retail and 159 industrial and mixed-use buildings that cover a total area of over 20.8 million square feet in the Greater Québec City, Montréal and Ottawa 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-GAAP Measures

Net operating income, (NOI), distributable income (DI), funds from operations (FFO) and adjusted funds from operations (AFFO) are not measures recognized under Canadian generally accepted accounting principles (GAAP) and do not have standardized meanings prescribed by GAAP. NOI, DI, FFO and AFFO computed by Cominar may differ from similar computations as 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 GAAP measures:

Quarters ended December 31 (in thousands of \$)	2010			2009		
	DI	FFO	AFFO	DI	FFO	AFFO
Net income (GAAP)	10,336	10,336	10,336	8,395	8,395	8,395
+ Depreciation of income-producing properties	14,068	14,068	14,068	13,523	13,523	13,523
+ Amortization of capitalized leasing costs	—	3,025	3,025	—	2,393	2,393
- Amortization of below-market leases	(291)	—	(291)	(191)	—	(191)
+ Compensation expenses related to unit option plan	209	—	209	116	—	116
+ Accretion of liability component of convertible debentures	56	—	—	53	—	—
- Rental income – straight-line accounting for leases	(803)	—	(803)	(634)	—	(634)
- Amortization of fair value adjustments on assumed mortgages payable	(143)	—	—	(32)	—	—
- Amortization of capitalized leasing costs	—	—	(3,025)	—	—	(2,393)
+ Future income tax expense	95	95	95	—	—	—
- Capitalization expenditures – maintenance of ability to generate rental income	—	—	(448)	—	—	(536)
	23,527	27,524	23,166	21,230	24,311	20,673

Fiscal years ended December 31 (in thousands of \$)	2010			2009		
	DI	FFO	AFFO	DI	FFO	AFFO
Net income (GAAP)	36,670	36,670	36,670	29,012	29,012	29,012
+ Depreciation of income-producing properties	56,378	56,378	56,378	55,082	55,082	55,082
+ Amortization of capitalized leasing costs	—	11,360	11,360	—	9,878	9,878
- Amortization of below-market leases	(962)	—	(962)	(763)	—	(763)
+ Compensation expenses related to unit option plan	873	—	873	548	—	548
+ Accretion of liability component of convertible debentures	224	—	—	83	—	—
- Rental income – straight-line accounting for leases	(2,590)	—	(2,590)	(2,901)	—	(2,901)
- Amortization of fair value adjustments on assumed mortgages payable	(439)	—	—	(124)	—	—
- Amortization of capitalized leasing costs	—	—	(11,360)	—	—	(9,878)
+ Future income tax expense	9	9	9	—	—	—
- Capitalization expenditures – maintenance of ability to generate rental income	—	—	(1,597)	—	—	(2,038)
	90,163	104,417	88,781	80,937	93,972	78,940

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