

# Press Release

For Immediate Release

## Cominar continues to firmly pursue its growth in the Second Quarter of 2010

- Increase of 8.1% in operating revenues and 7.1% in net operating income
- Funds from operations of \$27.1 million, up 13.5%
- Acquisition of an industrial property in Brossard, Québec and of land on an exceptional site in Québec City

### *Event subsequent to June 30, 2010:*

- Acquisition of an industrial and mixed-use property in Brossard, Québec

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### TSX - CUF.UN

Québec City, August 5, 2010 — During the quarter ended June 30, 2010, Cominar Real Estate Investment Trust (“Cominar” or the “REIT”) achieved solid results that are reflected by strong growth in its performance indicators.

“We are proud to achieve a good performance in the second quarter of 2010. We have maintained our distributions per unit at \$0.36 and continued to create value through acquisitions and developments. We closed a unit offering for gross proceeds of \$115 million on top of the offering of convertible debentures for \$86.3 million completed at the beginning of the fiscal year. Our sound financial position enables us to pursue our business strategy. We have therefore acquired in the second quarter a high-quality industrial property in Brossard and exceptional land for future development in Québec City,” indicated Michel Dallaire, President and Chief Executive Officer of Cominar.

For the second quarter ended June 30, 2010, **operating revenues** totaled \$72.8 million, up 8.1%. This growth is due primarily to the contribution of the property acquisitions completed in 2009 and 2010.

**Net operating income** amounted to \$42.3 million, up 7.1% over the second quarter of 2009. The operating profit margin stood at 58.0% and the same property profit margin at 57.6%, down slightly from the 58.6% and 58.3% margins posted respectively in the second quarter of 2009.

**Net income** rose to \$9.9 million, up 28.6% over the second quarter of 2009. **Net income per fully diluted unit** remained stable compared with the corresponding quarter of 2009, at \$0.16.

**Distributable income increased** to \$23.2 million, up 12.7% over the second quarter of 2009. **Recurring distributable income per fully diluted unit** amounted to \$0.37, down 9.8% from \$0.41 for the same quarter of 2009. This decline per unit resulted primarily from the dilutive effect of the units issues made in 2009 and 2010.

**Recurring funds from operations** totaled \$27.1 million, an increase of 13.5% that reflects the contribution of the acquisitions and developments completed in 2009 and 2010. **Recurring adjusted funds from operations per fully diluted unit** amounted to \$0.37, down 7.5% from \$0.40 for the second quarter of 2009. This decrease primarily reflects the dilutive effective of the unit offerings completed in 2009 and 2010.

In the second quarter de 2010, Cominar paid **distributions** of \$22.2 million to unitholders, compared with \$18.3 million for the corresponding quarter of 2009, an increase of 21.5%. **Distributions per unit** amounted to \$0.36, remaining the same as the second quarter of 2009.

### **Financial Position**

The proceeds from the unit offering completed last April contributed to lower the REIT's **overall debt ratio**; as at June 30, 2010, it stood at 56.7%, below the maximum of 65.0% allowed by its Contract of Trust when convertible debentures are outstanding. Furthermore, the REIT posted an **annualized interest coverage ratio** of 2.79:1 as at June 30, 2010, comparing favourably with that of its peers.

### **Property Occupancy Rate**

As at June 30, 2010, the overall **occupancy rate** stood at 93.0%, up slightly over the first quarter of 2010. In fact, whereas the occupancy rate fell to 92.7% in the first quarter of 2010, down from 93.5% as at December 31, 2009, it is gradually picking up. The highly proactive approach Cominar has adopted since the beginning of the year in carrying out its leasing activities, combined with growing demand, especially for industrial rental space in the Montréal area, are giving encouraging results. Management is confident that this will be more strongly felt in upcoming quarters. Furthermore, as at June 30, 2010, the leasing team had already renewed 70% of the leases expiring in 2010 and new leases were signed for an area of 0.7 million square feet.

### **Acquisition Completed in the Second Quarter of 2010**

At the beginning of April, the REIT acquired a 31,000-square-foot industrial and mixed-use property in Brossard for \$5.6 million. In addition, at the end of July, the REIT acquired another high-quality industrial property covering a leasable area of 90,000 square feet in Brossard, at a cost of \$13 million. This property is a recent construction located near Highways 10 and 30 with an occupancy rate of 86.6%. The capitalization rate related to this acquisition is of 8.5%.

### **Ongoing Development**

The development of Phase I of Complexe Jules-Dallaire is almost completed and the office space tenants are gradually moving in. Cominar plans to initiate Phase II of the Complexe in the spring of 2011.

### **Distribution Reinvestment Plan**

Cominar has a distribution reinvestment plan for its unitholders that allows participants to reinvest their monthly distributions in additional Trust units. Participants will be given the right to receive an effective discount of 5% of distributions to which they are entitled in the form of additional units. Additional information and enrolment forms are available at [www.cominar.com](http://www.cominar.com).

### **Additional Financial Information**

Cominar's interim consolidated financial statements and the management's discussion and analysis for the second quarter ended June 30, 2010 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 5, 2010 Conference Call**

On Thursday, August 5, 2010 at 11:00 a.m. (EDT), Cominar's management will hold a conference call to discuss the results for the second quarter of 2010.

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 Thursday, August 5, 2010 at 2:00 p.m. to Thursday, August 12, 2010 at 11:59 p.m. by dialing 1-800-642-1687, followed by the code 86634053.

### **PROFILE as at August 5, 2010**

Cominar is the largest commercial property owner in the Province of Québec. The REIT owns a real estate portfolio of 243 high-quality properties, consisting of 45 office, 51 retail and 147 industrial and mixed-use buildings that cover a total area of over 19.5 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 Financial Measures**

*Net operating income, 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 June 30	2010			2009		
	DI	FFO	AFFO	DI	FFO	AFFO
Net income (PCGR)	9,924	9,924	9,924	7,715	7,715	7,715
+ Depreciation of income properties	14,331	14,331	14,331	13,731	13,731	13,731
+ Amortization of capitalized leasing costs	—	2,864	2,864	—	2,389	2,389
- Amortization of below-market leases	(238)	—	(238)	(175)	—	(175)
+ Compensation expenses related to unit option plan	220	—	220	150	—	150
+ Accretion of liability component of convertible debentures	56	—	—	10	—	—
- Rental income – straight-line accounting for leases	(846)	—	(846)	(774)	—	(774)
- Amortization of fair value adjustments on assumed mortgages payable	(133)	—	—	(31)	—	—
- Amortization of capitalized leasing costs	—	—	(2,864)	—	—	(2,389)
- Capital expenditures – maintenance of ability to generate rental income	—	—	(595)	—	—	(486)
- Future tax savings	(65)	(65)	(65)	—	—	—
	<b>23,249</b>	<b>27,054</b>	<b>22,731</b>	20,626	23,835	20,161

- 30 -

For information:

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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” – Interim Reports”.