

# Press Release

For Immediate Release

## **Cominar REIT Announces Good Results for the First Quarter of 2010**

- Increase of 57.8% in net income
- Increase of 3.0% in operating revenues and 3.7% in net operating income
- Offering of convertible debentures for \$86.3 million
- Acquisition of Overland Realty Limited: 16 high-quality properties in the Maritime Provinces

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### **TSX - CUF.UN**

Québec City, May 13, 2010 — During the quarter ended March 31, 2010, Cominar Real Estate Investment Trust (“Cominar” or the “REIT”) achieved good results that are reflected in increases in most of its performance indicators, and continued to expand by acquiring Overland Realty Limited, giving it access to the Maritime Provinces, which becomes its fourth geographic market.

“We are proud to have weathered the 2009 recession and achieved a good performance in the first quarter of 2010. Furthermore, we have maintained distributions per unit of \$0.36 while continuing to create value through developments and acquisitions, of which Overland Realty Limited. Since the beginning of this year, we have completed an offering of convertible debentures for \$86.3 million and a unit issuance for gross proceeds of \$115 million. Our sound financial position enables us to pursue our business strategy,” indicated Michel Dallaire, President and Chief Executive Officer of Cominar.

**Operating revenues** totaled \$69.9 million for the first quarter ended March 31, 2010, up 3.0%. This growth is due primarily to the contribution of the property acquisitions completed in 2009.

**Net operating income** amounted to \$38.1 million, up 3.7% over the first quarter of 2009. The operating profit margin stood at 54.5% and the same property profit margin at 53.8 %, a slight increase over the margins of 54.2% and 53.7% respectively for the first quarter of 2009.

**Net income** totaled \$6.4 million, up 57.8% over the first quarter of 2009. **Net income per diluted unit** amounted to \$0.12, an increase of 33.3% over the corresponding quarter of 2009.

**Distributable income** totaled \$19.7 million, up 13.1% over the first quarter of 2009. **Recurring distributable income per fully diluted unit** amounted to \$0.36, down 5.3% from \$0.38 for the same quarter of 2009.

**Recurring funds from operations** totaled \$22.9 million, an increase of 10.0% that reflects the contribution of the acquisitions and developments completed in 2009. **Recurring adjusted funds from operations** per fully diluted unit amounted to \$0.35, down 5.4% from \$0.37 for the first quarter of 2009. This decrease primarily reflects the dilutive effect of unit issues in 2009.

Cominar paid **distributions** of \$19.8 million to unitholders during the first quarter of 2010, up from \$16.5 million for the corresponding quarter of 2009, an increase of 19.9%. **Distributions per unit** amounted to \$0.36, remaining stable compared with the first quarter of 2009.

### **Financial Position**

As at March 31, 2010, **the overall debt ratio was** of 61.0%, below the maximum debt ratio of 65.0% allowed by the REIT's Contract of Trust when convertible debentures are outstanding. The proceeds of the unit offering completed on April 7, 2010 will lower the debt ratio. In addition, the **annualized interest coverage ratio**, which stood at 2.72:1 as at March 31, 2010, compares favorably with that of Cominar's peers.

### **Property Occupancy Rate**

As at March 31, 2010, **the occupancy rate** stood at 92.7%, down from December 31, 2009 (93.5%). This decline is partly attributable to the integration into the portfolio, at the end of 2009, of three properties that had yet to be fully developed, thereby increasing the vacant space. Excluding these three properties from the calculation, the occupancy rate stands at 93.3%, almost the same as at December 31, 2009. Cominar's management is confident that this available space will find tenants in 2010. It should also be noted that the occupancy rate is below the 95% average normally posted by the portfolio mostly due to the industrial and mixed-use sector in the Montréal region, which was affected by the economic slowdown. However, since the fourth quarter of 2009, Cominar has seen a significant increase in the demand for rental space in the industrial sector and remains positive it will improve this rate by year-end.

During the first quarter, the leasing team already renewed 53.1% of the leases expiring in 2010. Also in the first quarter, Cominar signed new leases representing an area of 0.4 million square feet.

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

In March 2010, Cominar acquired all the outstanding common shares of Overland Realty Limited, for a transaction amount of \$71 million. Overland's real estate portfolio consists of 16 high-quality properties located in the Maritime Provinces, including seven office, three retail and six industrial and mixed-use buildings as well as a land lease representing a total area of 603,000 square feet. These properties were integrated into Cominar's real estate portfolio at the end of the first quarter of 2010.

### **Ongoing Development**

Phase 1 of Complexe Jules-Dallaire initiated in January 2008 is almost completed and the fitting out of the rental space is on track. This phase covers a leasable area of 396,000 square feet, of which approximately 100,000 square feet is intended for retail purposes and 296,000 square feet for office space. The first retail tenant was welcomed in February 2010. The office premises will welcome their first tenants in the second quarter of 2010; the pre-leasing rate stands at 64%, in line with objectives.

### **Distribution Reinvestment Plan**

The REIT 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 first quarter ended March 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).

### **Conference Call on May 13, 2010**

On Thursday, May 13, 2010 at 11:00 a.m. (EST), Cominar's management will hold a conference call to discuss the results for the first 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, May 13, 2010 at 2:00 p.m. to Thursday, May 20, 2010 at 11:59 p.m. by dialing 1-800-642-1687, followed by the code 70345557.

### **PROFILE as at May 13, 2010**

Cominar is the largest commercial property owner in the Province of Québec. The REIT owns a real estate portfolio of 242 high-quality properties, consisting of 45 office, 51 retail and 146 industrial and mixed-use buildings that cover a total area of over 19.4 million square feet in the Greater Québec City, Montréal and Ottawa areas as well as in the Maritime 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 (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 March 31   | 2010   |        |         | 2009   |        |         |
|---|--------|--------|---------|--------|--------|---------|
|   | DI     | FFO    | AFFO    | DI     | FFO    | AFFO    |
| Net income (GAAP)   | 6,377  | 6,377  | 6,377   | 4,042  | 4,042  | 4,042   |
| + Depreciation of income properties                                       | 13,985 | 13,985 | 13,985  | 14,219 | 14,219 | 14,219  |
| + Amortization of capitalized leasing costs                               | —      | 2,581  | 2,581   | —      | 2,598  | 2,598   |
| - Amortization of below-market leases                                     | (203)  | —      | (203)   | (204)  | —      | (204)   |
| + Compensation expenses related to unit option plan                       | 223    | —      | 223     | 173    | —      | 173     |
| + Accretion of liability component of convertible debentures              | 56     | —      | —       | 10     | —      | —       |
| - Rental income – straight-line accounting for leases                     | (672)  | —      | (672)   | (764)  | —      | (764)   |
| - Amortization of fair value adjustments on assumed mortgages payable     | (30)   | —      | —       | (31)   | —      | —       |
| - Amortization of capitalized leasing costs                               | —      | —      | (2,581) | —      | —      | (2,598) |
| - Capital expenditures – maintenance of ability to generate rental income | —      | —      | (138)   | —      | —      | (420)   |
|   | 19,736 | 22,943 | 19,572  | 17,445 | 20,859 | 17,046  |

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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 – Quarterly Reports".