

# Press Release

For Immediate Release

## Cominar REIT Achieves Another Year of Growth and Expansion

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Québec City, March 11, 2010 — Cominar Real Estate Investment Trust (“Cominar” or the “REIT”) announces its financial results for the fourth quarter and fiscal year ended December 31, 2009.

### Financial Highlights

- Increase of 16.1% in net income
- Increase of 11.4% in operating revenues and of 10.4% in net operating income
- Distributable income of \$80.9 million, up 9.4%
- Paid distributions up 14.5%
- Funds from operations of \$94.0 million, up 10.0%
- Acquisitions of income properties totaling \$96.1 million in 2009
- Financing of \$230 million raised during the fiscal year

### ***Subsequent event*** — filing of an offer to acquire all the outstanding common shares of Overland Realty Limited, located in the Atlantic Provinces

“Cominar achieved satisfactory growth despite the downturn prevailing in 2009. We further expanded the real estate portfolio by acquiring 11 income properties for approximately \$96 million. We are proud of the confidence granted by the financial community, as we successfully raised \$230 million in financing despite the financial crisis. The construction of Phase I of “Complexe Jules Dallaire” is basically completed and we welcomed the first retail tenant into these premises at the beginning of fiscal 2010.

Following our successful takeover bid, Cominar has acquired Overland Realty Limited, which owns, in our three business sectors, a portfolio of 17 quality properties covering a total of 0.6 million square feet located in several urban centres in the Maritime Provinces. This acquisition will give us access to a fourth geographic region,” indicated Michel Dallaire, President and Chief Executive Officer of Cominar.

For the fiscal year ended December 31, 2009, **operating revenues** totaled \$262.1 million, up 11.4%. This increase is due mainly to the contribution of the acquisitions completed and integrated during fiscal 2008 and 2009.

**Net operating income** (“NOI”) amounted to \$155.0 million, up 10.4% over fiscal 2008, whereas the operating profit margin as a percentage of operating revenues stood at 59.1%

**Net income** totaled \$29.0 million, up 16.1% over the previous year. **Recurring distributable income per fully diluted unit** amounted to \$1.55.

**Funds from operations** (“FFO”) amounted to \$94.0 million, an increase of 10.0% reflecting the contribution of the acquisitions and developments completed in 2008 and 2009 as well as a 1.5% internal growth. **Recurring FFO** per fully diluted unit stood at \$1.77.

**Adjusted funds from operations** (“AFFO”) totaled \$78.9 million, up from \$71.9 million in 2008. **Recurring AFFO** per fully diluted unit amounted to \$1.52.

In 2009, Cominar paid **distributions** totaling \$74.2 million to unitholders, compared with \$64.7 million in 2008, an increase of 14.5%. **Distributions per unit** amounted to \$1.44, up from \$1.42 in 2008.

### **Financial Position**

During 2009, Cominar completed two unit issues pursuant to two public offerings totaling \$115 million and an issue of convertible debentures for an aggregate principal amount of \$115 million. The net proceeds from these offerings were used to pay down part of the bank loan. As at December 31, 2009, Cominar maintained a **debt ratio** of 60.1%. The interest coverage ratio was conservative at 2.66 and the weighted average interest rate of its long-term debt stood at 5.50%, down 13 basis points from December 31, 2008.

### **Fourth-Quarter Financial Results**

For the quarter ended December 31, 2009, **operating revenues** totaled \$63.7 million, compared with \$62.4 million for the same period of 2008, an increase of 2.1% reflecting the contribution of acquisitions and developments. **Net operating income** grew by 2.7% to \$39.4 million. **Distributable income** (“DI”) amounted to \$21.2 million, compared with \$19.6 million for the corresponding period of 2008, an increase of 8.5%. **DI per fully diluted unit** for the fourth quarter of 2009 decreased by 9.5% to \$0.38.

**AFFO** grew by 10.2% over the fourth quarter of 2008. AFFO per fully diluted unit declined by 7.5% to \$0.37. This reduction in per-unit figures is due primarily to the dilutive effect of the unit issues completed in 2009. These results will improve as soon as Cominar has invested these funds in income properties and once its development project is completed.

### **Operational Highlights**

Cominar consistently strives to maximize its property occupancy rates, which have little fluctuated since its inception. As at December 31, 2009, its portfolio occupancy rate stood at 93.5%, compared with 94.6% as at December 31, 2008; this decline is attributable to industrial properties in the Montréal region which was more affected by the economic downturn. Leasing activities continued to progress across the portfolio in 2009, especially in the retail sector where 83.7% of expiring leases were renewed. The leasing team redoubled its efforts to renew 72.0% of all expiring leases in 2009, with an average increase of 3.4%, thereby achieving a most satisfactory performance. In addition, Cominar signed new leases representing an area of 0.6 million square feet.

### **Acquisitions and Developments**

In 2009, Cominar acquired 11 income properties representing a total investment of \$96.1 million and land totaling \$9.2 million. In addition, three properties under development were converted into income properties, representing a leasable area of 265,633 square feet and a \$23.4 million investment. The construction of Phase I of “Complexe Jules-Dallaire” is basically completed and the first tenant recently moved in.

### **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 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, 2009 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 March 11, 2010**

On Thursday, March 11, 2010 at 11:00 a.m. (EST), Cominar's management will hold a conference call to discuss the results for fiscal 2009. Anyone who is interested may take part in this call by dialing 1-888-231-8191. 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". The event will also be simultaneously webcast on Cominar's website and archived for 90 days.

### **PROFILE as at March 11, 2010**

Cominar is the largest commercial property owner in the Province of Québec. The REIT owns a real estate portfolio of 241 high-quality properties, consisting of 45 office, 51 retail and 145 industrial and mixed-use buildings that cover a total area of 19.4 million square feet in the Greater Quebec City, Montreal and Ottawa areas and in the Maritimes. 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.*

Quarters ended December 31 (in thousands of \$)	2009			2008		
	DI	FFO	AFFO	DI	FFO	AFFO
Net income (GAAP)	8,395	8,395	8,395	6,147	6,147	6,147
+ Amortization of income properties	13,523	13,523	13,523	14,180	14,180	14,180
+ Amortization of capitalized leasing costs	—	2,393	2,393	—	2,020	2,020
- Amortization of below-market leases	(191)	—	(191)	(192)	—	(192)
+ Compensation expenses related to unit option plan	116	—	116	175	—	175
+ Accretion of liability component of convertible debentures	53	—	—	9	—	—
- Rental income – straight-line accounting for leases	(634)	—	(634)	(1,090)	—	(1,090)
- Amortization of fair value adjustments on assumed indebtedness	(32)	—	—	(32)	—	—
- Amortization of capitalized leasing costs	—	—	(2,393)	—	—	(2,020)
- Capital expenditures – maintenance of ability to generate rental income	—	—	(536)	—	—	(824)
+ Loss on disposal of an income property	—	—	—	368	368	368
	21,230	24,311	20,673	19,565	22,715	18,764

Fiscal years ended December 31 (in thousands of \$)	2009			2008		
	DI	FFO	AFFO	DI	FFO	AFFO
Net income (GAAP)	29,012	29,012	29,012	24,985	24,985	24,985
+ Amortization of income properties	55,082	55,082	55,082	51,871	51,871	51,871
+ Amortization of capitalized leasing costs	—	9,878	9,878	—	8,243	8,243
- Amortization of below-market leases	(763)	—	(763)	(576)	—	(576)
+ Compensation expenses related to unit option plan	548	—	548	652	—	652
+ Accretion of liability component of convertible debentures	83	—	—	37	—	—
- Rental income – straight-line accounting for leases	(2,901)	—	(2,901)	(3,221)	—	(3,221)
- Amortization of fair value adjustments on assumed indebtedness	(124)	—	—	(127)	—	—
- Amortization of capitalized leasing costs	—	—	(9,878)	—	—	(8,243)
- Capital expenditures – maintenance of ability to generate rental income	—	—	(2,038)	—	—	(2,168)
+ Loss on disposal of an income property	—	—	—	368	368	368
	80,937	93,972	78,940	73,989	85,467	71,911

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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".