

# Press Release

## For Immediate Release

### Cominar REIT

### 10 Consecutive Years of Growth

- **Increases of 29.4% in operating revenues and 28.1% in net operating income**
- **Distributable income of \$74.0 million, up 17.1%**
- **Funds from operations of \$85.8 million, up 18.7%**
- **Acquisitions of income properties totaling \$213.6 million in 2008**
- **\$255.0 million credit facility maturing in 2009 renewed until June 2010**

#### TSX - CUF.UN

Quebec City, March 17, 2009 — Cominar Real Estate Investment Trust (“Cominar” or the “REIT”) announces excellent results for its fourth quarter and fiscal year ended December 31, 2008.

#### Financial Highlights

For the periods ended December 31, (in thousands of dollars except per unit amounts)	Quarter			Cumulative (12 months)		
	2008	2007	% Change	2008	2007	% Change
Operating revenues <sup>(1)</sup>	<b>62,356</b>	53,219	17.2	<b>235,341</b>	181,870	29.4
Net operating income <sup>(1) (2)</sup>	<b>38,570</b>	32,333	19.3	<b>140,469</b>	109,619	28.1
Net income	<b>6,323</b>	6,359	(0.6)	<b>25,034</b>	29,241	(14.4)
Distributable income <sup>(2)</sup>	<b>19,741</b>	17,886	10.4	<b>74,038</b>	63,237	17.1
Recurring distributable income <sup>(2)</sup>	<b>19,741</b>	17,886	10.4	<b>74,038</b>	62,815 <sup>(3)</sup>	17.9
Recurring funds from operations <sup>(2)</sup>	<b>22,900</b>	20,396	12.3	<b>85,840</b>	72,288 <sup>(3)</sup>	18.7
Recurring adjusted funds from operations <sup>(2)</sup>	<b>19,764</b>	17,929	10.2	<b>74,128</b>	62,858 <sup>(3)</sup>	17.9
Distributions	<b>16,774</b>	16,230	3.4	<b>64,737</b>	55,454	16.7
<b>Per unit (fully diluted)</b>						
Recurring distributable income <sup>(2)</sup>	<b>0.42</b>	0.39	7.7	<b>1.59</b>	1.48 <sup>(3)</sup>	7.4
Recurring funds from operations <sup>(2)</sup>	<b>0.48</b>	0.43	11.6	<b>1.80</b>	1.68 <sup>(3)</sup>	7.1
Recurring adjusted funds from operations <sup>(2)</sup>	<b>0.42</b>	0.39	7.7	<b>1.59</b>	1.48 <sup>(3)</sup>	7.4
Distributions (basic)	<b>0.365</b>	0.358	2.0	<b>1.417</b>	1.301	8.9

(1) Certain figures for fiscal 2007 have been reclassified as discontinued operations in conformity with GAAP.

(2) See the note “Non-GAAP Financial Measures”.

(3) Excluding non-recurring interest income of \$0.4 million realized during the second quarter of 2007 in connection with a public offering of subscription receipts.

“We are very pleased with our 2008 financial results; we achieved continued growth in our markets despite the general economic turmoil and credit crisis. Our fundamentals remain very solid, as reflected by our stable occupancy rate of 94.6%, our ability to renew and arrange financings, and our conservative interest coverage ratio of 2.7:1. Cominar is well positioned to maintain a sound financial performance through an economic downturn, given its quality real estate portfolio, solid and well-diversified tenant base, disciplined cost management, healthy financial position and growth potential,” indicated Michel Dallaire, President and Chief Executive Officer of Cominar.

## Cominar Real Estate Investment Trust – Press Release (cont'd)

**Operating revenues** totaled \$235.3 million for the fiscal year ended December 31, 2008, up 29.4%. This significant increase is due mainly to the contribution of the acquisitions completed and integrated in 2007 and 2008.

**Net operating income** (“NOI”) amounted to \$140.5 million, up 28.1% over 2007, whereas the operating profit margin as a percentage of operating revenues stood at 59.7%, similar to that of 2007.

**Net income** amounted to \$25.0 million for fiscal 2008, down 14.4% from the previous year. This decrease is due mainly to the significant increase in depreciation of income properties attributable to the acquisitions and developments completed in 2007 and 2008.

**Distributable income** (“DI”) totaled \$74.0 million for fiscal 2008, up 17.1% over the previous year. **RDI per fully diluted unit** amounted to \$1.59, compared with \$1.48 in 2007, an increase of 7.4%.

**Funds from operations** (“FFO”) totaled \$85.8 million, up 18.1% due to the contribution of the acquisitions and developments completed in 2007 and 2008 as well as the strong 3.7% organic growth in net operating income. **Recurring FFO** per fully diluted unit amounted to \$1.80, compared with \$1.68 in 2007, up 7.1%.

**Adjusted funds from operations** (“AFFO”) totaled \$74.1 million, compared with \$63.3 million for 2007. **Recurring AFFO** per fully diluted unit increased by 7.4%.

Cominar paid **distributions** totaling \$64.7 million to unitholders in 2008, compared with \$55.5 million in 2007, an increase of 16.7%. **Distributions per unit** amounted to \$1.417, up from \$1.301 in 2007.

“Fiscal 2008 was the 10<sup>th</sup> anniversary of Cominar’s listing on the stock market and also represented our 10<sup>th</sup> consecutive year of growth. The many acquisitions and developments completed over the past decade have raised the gross book value from \$244.6 million to \$1.8 billion. Combined with strong organic growth, this expansion-by-acquisition has contributed to the increases of 360% in distributable income and 325% in distributions over 1999. These 10 years of growth have provided the REIT with the solidity and stability to weather difficult economic conditions and continue meeting our commitments to unitholders,” indicated Michel Dallaire, President and Chief Executive Officer of Cominar.

### **Financial Position**

As at December 31, 2008, Cominar maintained a **debt ratio** of 61.9%, which is less than the maximum debt ratio of 65.0% allowed by its Contract of Trust when convertible debentures are outstanding. Its interest coverage ratio was conservative at 2.7:1 and the weighted average contractual interest rate of its long-term debt was 5.63%, down 16 basis points from December 31, 2007. Furthermore, all mortgages payable and bank indebtedness maturing in 2009 have already been renewed.

### **Fourth-Quarter Results**

For the fourth quarter ended December 31, 2008, **operating revenues** totalled \$62.4 million, up from \$53.2 million for the comparable period of 2007. This strong increase of 17.2% reflects the contribution of the completed acquisitions and developments as well as excellent organic growth. **NOI** grew 19.3% to \$38.6 million. **DI** amounted to \$19.7 million, compared with \$17.9 million for the corresponding period of 2007, an increase of 10.4%. **DI per fully diluted unit** for the fourth quarter of 2008 grew 7.7% to \$0.42.

**AFFO** was up 10.2% over the fourth quarter of 2007. **AFFO** per fully diluted unit grew 7.7% to \$0.42.

## **Cominar Real Estate Investment Trust – Press Release (cont'd)**

### **Operational Highlights**

Cominar consistently strives to maximize its property occupancy rates and has successfully maintained an average of approximately 95.0% since its inception. As at December 31, 2008, its portfolio occupancy rate stood at 94.6%. Leasing activities continued to progress across its portfolio in 2008, especially in the retail sector where 96.1% of expiring leases were renewed. The leasing team redoubled its efforts to renew 77.1% of all expiring leases in 2008, with an average increase of 7.9%, thereby achieving a good performance. In addition, Cominar signed new leases representing an area of more than one million square feet.

### **Acquisitions and Developments Completed in 2008**

In 2008, Cominar acquired 12 income properties representing a total investment of \$213.6 million, including a 24-storey Class “A” office tower located at 2001 McGill College in Montreal for a consideration of \$165 million. In addition, the REIT has completed the development of two industrial and mixed-use properties in the Montreal area for \$10.8 million.

### **Ongoing Developments**

Ongoing developments in the Quebec City and Montreal regions represent an additional leasable area of approximately 0.7 million square feet and a total estimated investment of approximately \$97.4 million. Their average capitalization rate is estimated at 9.4%, which is much higher than current market rates for similar properties. Given the climate of uncertainty, Cominar’s management has decided to postpone all upcoming developments for the moment, including Phase 2 of the Laurier project in Quebec City.

### **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 consolidated financial statements and the management’s discussion and analysis for the fiscal year ended December 31, 2008 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 17, 2009 Conference Call**

On Tuesday, March 17, 2009, at 11:00 a.m. (EDT), Cominar’s management will hold a conference call to discuss the results for fiscal 2008. Anyone who is interested may take part in this call by dialing 1-800-733-7571. A presentation of the 2008 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 its website and archived for 90 days.

### **PROFILE as at March 17, 2009**

Cominar is the largest commercial property owner in the Province of Quebec. The REIT owns a real estate portfolio of 215 high-quality properties, consisting of 38 office, 38 retail and 139 industrial and mixed-use buildings that cover a total area of over 18.5 million square feet in the Greater Quebec City, Montreal and Ottawa areas. 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.

## **Cominar Real Estate Investment Trust – Press Release (cont'd)**

### **Forward-Looking Statements and Non-GAAP Financial Measures**

*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.*

*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.*

- 30 -

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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”.**

## Cominar Real Estate Investment Trust – Press Release (cont'd)

### Consolidated Balance Sheets

As at December 31,  
[in thousands of dollars]

	2008	2007
	\$	\$
<b>ASSETS</b>		
Income properties		
Buildings	1,228,214	1,073,830
Land	199,211	174,657
Intangible assets	<u>79,106</u>	<u>74,608</u>
	<b>1,506,531</b>	<b>1,323,095</b>
Properties under development	72,945	31,401
Land held for future development	20,857	29,879
Deferred expenses and other assets	45,111	36,001
Prepaid expenses	1,954	2,758
Accounts receivable	<u>21,352</u>	<u>19,660</u>
	<b>1,668,750</b>	<b>1,442,794</b>
<b>LIABILITIES</b>		
Mortgages payable	730,711	619,755
Convertible debentures	203,723	203,852
Bank indebtedness	186,987	35,321
Accounts payable and accrued liabilities	34,987	35,924
Distributions payable to unitholders	—	6,246
	<u>1,156,408</u>	<u>901,098</u>
<b>UNITHOLDERS' EQUITY</b>		
Unitholders' equity	<u>512,342</u>	<u>541,696</u>
	<b>1,668,750</b>	<b>1,442,794</b>

*Approved by the Board of Trustees*

Robert Després  
Chairman of the Board of Trustees

Michel Dallaire  
Trustee

Cominar Real Estate Investment Trust – Press Release (cont'd)

## Consolidated Statements of Unitholders' Equity

For the years ended December 31,  
[in thousands of dollars]

	2008	2007
	\$	\$
<b>Unitholders' contributions</b>		
Balance, beginning of year	591,172	400,698
Issue of units	9,793	196,378
Underwriters' fees and offering expenses	—	(5,904)
Balance, end of year	600,965	591,172
<b>Cumulative net income</b>		
Balance, beginning of year	247,779	218,538
Net income	25,034	29,241
Balance, end of year	272,813	247,779
<b>Cumulative distributions</b>		
Balance, beginning of year	(298,080)	(242,626)
Distributions to unitholders	(64,737)	(55,454)
Balance, end of year	(362,817)	(298,080)
<b>Contributed surplus</b>		
Balance, beginning of year	513	398
Unit option plan	556	115
Balance, end of year	1,069	513
<b>Other equity component</b>		
Equity component of convertible debentures	312	312
<b>Total unitholders' equity</b>	<b>512,342</b>	<b>541,696</b>

Cominar Real Estate Investment Trust – Press Release (cont'd)

## Consolidated Statements of Income and Comprehensive Income

For the years ended December 31,  
[in thousands of dollars except per unit amounts]

	2008 \$	2007 \$
<b>Operating revenues</b>		
Rental revenue from income properties	235,341	181,870
<b>Operating expenses</b>		
Operating costs	44,333	35,076
Realty taxes and services	47,924	35,429
Property management expenses	2,615	1,746
	<b>94,872</b>	<b>72,251</b>
<b>Operating income before the undernoted</b>	<b>140,469</b>	<b>109,619</b>
Interest on borrowings	50,798	35,591
Depreciation of income properties	51,833	35,470
Amortization of deferred leasing costs	8,231	6,952
Amortization of other assets	330	196
	<b>111,192</b>	<b>78,209</b>
<b>Operating income from real estate assets</b>	<b>29,277</b>	<b>31,410</b>
<b>Trust administrative expenses</b>	<b>(4,186)</b>	<b>(2,954)</b>
<b>Other revenues</b>	<b>289</b>	<b>394</b>
<b>Unusual item</b>	<b>—</b>	<b>422</b>
<b>Net income from continuing operations</b>	<b>25,380</b>	<b>29,272</b>
<b>Net loss from discontinued operations</b>	<b>(346)</b>	<b>(31)</b>
<b>Net income and comprehensive income</b>	<b>25,034</b>	<b>29,241</b>
<b>Basic net income per unit</b>	<b>0.550</b>	<b>0.703</b>
<b>Diluted net income per unit</b>	<b>0.545</b>	<b>0.693</b>

Cominar Real Estate Investment Trust – Press Release (cont'd)

## Consolidated Statements of Cash Flows

For the years ended December 31,  
[in thousands of dollars]

	2008	2007
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net income	25,034	29,241
Items not affecting cash:		
Depreciation of income properties	51,871	36,132
Amortization of below-market leases	(576)	(250)
Amortization of deferred leasing costs	8,243	6,965
Amortization of deferred financing costs and other assets	2,197	1,302
Amortization of fair value adjustments on assumed indebtedness	(127)	(52)
Accretion of liability component of convertible debentures	37	9
Compensation expense related to unit option plan	652	217
Loss on disposal of an income property	368	—
	<b>87,699</b>	<b>73,564</b>
Change in non-cash operating working capital items	<b>(1,775)</b>	<b>10,842</b>
	<b>85,924</b>	<b>84,406</b>
<b>INVESTING ACTIVITIES</b>		
Acquisitions of income properties	<b>(233,409)</b>	<b>(418,382)</b>
Additions to properties under development and land held for future development	<b>(33,612)</b>	<b>(47,863)</b>
Net proceeds on disposal of an income property	2,044	—
Compensation on disposal of an income property	—	30,000
Leasing costs	<b>(17,495)</b>	<b>(9,746)</b>
Other assets	<b>(1,986)</b>	<b>(1,281)</b>
	<b>(284,458)</b>	<b>(447,272)</b>
<b>FINANCING ACTIVITIES</b>		
Mortgages payable	257,520	167,987
Repayment of mortgages payable	<b>(147,882)</b>	<b>(67,389)</b>
Net proceeds from issue of convertible debentures	—	182,720
Bank indebtedness	151,666	<b>(38,394)</b>
Net proceeds from issue of units	5,027	169,454
Distributions to unitholders	<b>(67,797)</b>	<b>(51,512)</b>
	<b>198,534</b>	<b>362,866</b>
Net change in cash and cash equivalents	—	—
Cash and cash equivalents, beginning of year	—	—
Cash and cash equivalents, end of year	—	—