

Press Release

For Immediate Release

Cominar Announces Solid and Continued Growth for Q3 2008

- Increases of 16.6% in net income, 6.9% in operating revenues and 8.3% in net operating income
- Recurring distributable income of \$20.0 million, up 9.4%, and recurring funds from operations of \$22.7 million, up 8.4%
- Year-to-date investments of \$224.4 million in property acquisitions and completed developments, including a Class “A” office tower at 2001 McGill College, Montreal
- All mortgages payable maturing in 2008 repaid and \$233.3 million in mortgages obtained since the beginning of 2008
- Development program representing an investment of \$133.4 million over the coming years for an additional leasable area of about one million sq.ft.

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Quebec City, November 13, 2008 — Cominar Real Estate Investment Trust (“Cominar” or the “REIT”) announces solid results for its third quarter ended September 30, 2008.

Financial Highlights

For the periods ended September 30, (in thousands of dollars except per unit amounts)	Quarter			Cumulative (nine months)		
	2008	2007	% Change	2008	2007	% Change
Operating revenues	56,732	53,077	6.9	173,224	128,824 ⁽¹⁾	34.5
Net operating income ⁽²⁾	36,280	33,487	8.3	102,064	77,389 ⁽¹⁾	31.9
Net income	8,007	6,868	16.6	18,711	22,882	(18.2)
Distributable income ⁽²⁾	20,022	18,307	9.4	54,297	45,351	19.7
Recurring distributable income ⁽²⁾	20,022	18,307	9.4	54,297	44,929 ⁽³⁾	20.9
Recurring funds from operations ⁽²⁾	22,680	20,930	8.4	62,940	51,892 ⁽³⁾	21.3
Recurring adjusted funds from operations ⁽²⁾	20,044	18,307	9.5	54,364	44,929 ⁽³⁾	21.0
Distributions	16,499	14,640	12.7	47,963	39,224	22.3
Per unit (fully diluted)						
Recurring distributable income ⁽²⁾	0.42	0.40	5.0	1.17	1.09 ⁽³⁾	7.3
Recurring funds from operations ⁽²⁾	0.47	0.45	4.4	1.33	1.24 ⁽³⁾	7.3
Recurring adjusted funds from operations ⁽²⁾	0.42	0.40	5.0	1.17	1.09 ⁽³⁾	7.3
Distributions (basic)	0.360	0.325	10.8	1.052	0.943	11.6

(1) Certain figures for the first nine months of 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 third-quarter results which show continued growth in our markets, despite the global economic turmoil and credit crisis. Our fundamentals remain very solid, as evidenced by our stable occupancy rate of 95.2%, our ability to renew and arrange financings, and our conservative interest coverage ratio of 2.7. Cominar is well positioned to maintain a relatively stable financial performance through an economic downturn, given its quality real estate portfolio, well-diversified tenant base, cost management discipline, sound financial position and growth potential,” indicated Michel Dallaire, President and Chief Executive Officer of Cominar.

Operating revenues totaled \$56.7 million for the third quarter ended September 30, 2008, up 6.9%. This significant increase is due mainly to the contribution of the properties acquired in 2007, as well as the other acquisitions and developments completed in 2007 and the beginning of 2008.

Net operating income (“NOI”) amounted to \$36.3 million, up 8.3% over the third quarter of 2007. Same property NOI, which provides an indication of the operating profitability of the existing portfolio, was up by 2.0% over the corresponding quarter of the previous year, and 3.3% for the first nine months.

Net income amounted to \$8.0 million, up 16.6% over the corresponding period of 2007.

Recurring distributable income (“RDI”) grew to \$20.0 million for the quarter, up 9.4% over the same period of 2007. RDI per fully diluted unit amounted to \$0.42, compared with \$0.40 for the third quarter of 2007, an increase of 5.0%.

Recurring funds from operations (“FFO”) increased by 8.4% to \$22.7 million due to the contribution of the acquisitions and developments completed in 2007 and the beginning of 2008 as well as organic growth. Recurring FFO per fully diluted unit amounted to \$0.47, compared with \$0.45 for the third quarter of 2007, up 4.4%.

Recurring adjusted funds from operations (“AFFO”) totaled \$20.0 million, compared with \$18.3 million for the third quarter of 2007. Recurring AFFO per fully diluted unit grew 5.0%.

Distributions to unitholders totaled \$16.5 million for the third quarter of 2008, compared with \$14.6 million in the third quarter of 2007, an increase of 12.7%. Distributions per unit amounted to \$0.360, up from \$0.325 in the third quarter of 2007.

Financial Position

Since the beginning of the year, Cominar has repaid all mortgages payable maturing in 2008 and has obtained \$233.3 million in mortgages at a weighted average interest rate of 5.22%, while also increasing the maximum amount of its available credit facilities from \$180 million to \$248 million. As at September 30, 2008, Cominar had in excess of \$282 million in unencumbered properties and maintained a **debt ratio** of 57.9%, 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 and the weighted average interest rate of its long term debt was 5.66%, down 13 basis points from December 31, 2007.

Operational Highlights

Cominar consistently strives to maximize its property occupancy rates and has successfully maintained an average of approximately 95.0% since its inception. Leasing activities continued to progress across its portfolio throughout the third quarter. As at September 30, 2008, its portfolio occupancy rate was stable at 95.2%. Satisfactory occupancy rates were achieved in all three sectors of activity and renewal rates are up by an average of 7.8% year-to-date.

Acquisitions and Developments Completed in 2008

Since the beginning of the year, Cominar has acquired 12 income properties representing a total investment of \$213.6 million, including the acquisition of the 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 and Upcoming Developments

As at September 30, 2008, ongoing and upcoming developments in the Quebec City and Montreal regions represented an additional leasable area of approximately one million square feet and a total estimated investment of approximately \$133.4 million over the coming years. Their average capitalization rate is estimated at 9.4%, which is much higher than current market rates for similar properties.

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.

Additional Financial Information

Cominar's interim consolidated financial statements and the management's discussion and analysis for the third quarter ended September 30, 2008 will be filed with SEDAR at www.sedar.com and are available on Cominar's website at www.cominar.com.

November 13, 2008 Conference Call

On Thursday, November 13, 2008, at 11:30 a.m. (EDT), Cominar's management will hold a conference call to discuss the results for the third quarter of 2008. Anyone who is interested may take part in this call by dialing 1-800-732-9307. A presentation of the third quarter 2008 results will be available before the conference call on the REIT's website at 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 November 13, 2008

Cominar is the largest commercial property owner in the Province of Quebec. The REIT owns a real estate portfolio of 213 high-quality properties, consisting of 37 office, 38 retail and 138 industrial and mixed-use buildings that cover a total area of over 18.2 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.

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.

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Complete interim consolidated financial statements, including accompanying notes, are available on Cominar's website at www.cominar.com under "Investor Relations – Quarterly Reports".

Consolidated Balance Sheets

[in thousands of dollars]

	As at September 30, 2008 (unaudited) \$	As at December 31, 2007 (audited) \$
ASSETS		
Income properties		
Buildings	1,102,959	1,073,830
Land	182,958	174,657
Intangible assets	64,527	74,608
Deposit for future acquisition	<u>6,000</u>	<u>—</u>
	1,356,444	1,323,095
Properties under development	60,766	31,401
Land held for future development	19,365	29,879
Deferred expenses and other assets	42,431	36,001
Prepaid expenses	9,855	2,758
Accounts receivable	<u>20,813</u>	<u>19,660</u>
	1,509,674	1,442,794
LIABILITIES		
Mortgages payable	588,388	619,755
Convertible debentures	203,371	203,852
Bank indebtedness	157,572	35,321
Accounts payable and accrued liabilities	33,259	35,924
Distributions payable to unitholders	<u>5,494</u>	<u>6,246</u>
	988,084	901,098
UNITHOLDERS' EQUITY		
Unitholders' equity	<u>521,590</u>	<u>541,696</u>
	1,509,674	1,442,794

Consolidated Statements of Unitholders' Equity

For the periods ended September 30,
[unaudited, in thousands of dollars]

	Quarter		Cumulative (nine months)	
	2008	2007	2008	2007
	\$	\$	\$	\$
Unitholders' contributions				
Balance, beginning of period	596,455	580,683	591,172	400,698
Issue of units	3,483	8,697	8,766	194,534
Underwriters' fees and offering expenses	—	(51)	—	(5,903)
Balance, end of period	599,938	589,329	599,938	589,329
Cumulative net income				
Balance, beginning of period	258,483	234,552	247,779	218,538
Net income	8,007	6,868	18,711	22,882
Balance, end of period	266,490	241,420	266,490	241,420
Cumulative distributions				
Balance, beginning of period	(329,544)	(267,210)	(298,080)	(242,626)
Distributions to unitholders	(16,499)	(14,640)	(47,963)	(39,224)
Balance, end of period	(346,043)	(281,850)	(346,043)	(281,850)
Contributed surplus				
Balance, beginning of period	752	407	513	398
Unit option plan	141	50	380	59
Balance, end of period	893	457	893	457
Other equity component				
Convertible debentures equity component	312	—	312	—
Unitholders' equity	521,590	549,356	521,590	549,356

Consolidated Statements of Income and Comprehensive Income

For the periods ended September 30,
[unaudited, in thousands of dollars except per-unit amounts]

	Quarter		Cumulative (nine months)	
	2008 \$	2007 \$	2008 \$	2007 \$
Operating revenues				
Rental revenue from income properties	56,732	53,077	173,224	128,824
Operating expenses				
Operating costs	9,665	9,135	32,137	24,059
Realty taxes and services	10,221	9,900	37,152	26,210
Property management expenses	566	555	1,871	1,166
	20,452	19,590	71,160	51,435
Operating income before the undernoted	36,280	33,487	102,064	77,389
Interest on borrowings	12,543	12,054	36,454	24,293
Depreciation of income properties	12,587	12,047	37,691	23,410
Amortization of deferred leasing costs	1,980	1,761	6,223	5,180
Amortization of other assets	91	59	225	161
	27,201	25,921	80,593	53,044
Operating income from real estate assets	9,079	7,566	21,471	24,345
Trust administrative expenses	1,117	749	2,980	2,201
Other revenues	45	133	220	308
Unusual item	—	—	—	422
Net income from continuing operations	8,007	6,950	18,711	22,874
Net income from discontinued operations	—	(82)	—	8
Net income and comprehensive income	8,007	6,868	18,711	22,882
Basic net income per unit	0.175	0.153	0.412	0.567
Diluted net income per unit	0.173	0.152	0.408	0.558

Consolidated Statements of Cash Flows

For the periods ended September 30,
[unaudited, in thousands of dollars]

	Quarter		Cumulative (nine months)	
	2008 \$	2007 \$	2008 \$	2007 \$
OPERATING ACTIVITIES				
Net income	8,007	6,868	18,711	22,882
Items not affecting cash:				
Depreciation of income properties	12,587	12,201	37,691	24,028
Amortization of below-market leases	(131)	(170)	(384)	(178)
Amortization of deferred leasing costs	1,980	1,761	6,223	5,180
Amortization of deferred financing costs and other assets	457	344	1,683	826
Amortization of fair value adjustments on assumed indebtedness	(32)	—	(95)	—
Accretion of liability component of convertible debentures	10	—	28	—
Compensation costs related to unit option plan	176	70	477	169
	23,054	21,074	64,334	52,907
Change in non-cash operating working capital items	6,831	9,816	(12,057)	5,999
	29,885	30,890	52,277	58,906
INVESTING ACTIVITIES				
Acquisitions of income properties	(4,315)	(9,666)	(60,685)	(413,631)
Additions to properties under development and land held for future development	(7,957)	(9,526)	(18,954)	(32,358)
Deposit for future acquisition	(6,000)	—	(6,000)	—
Compensation on disposal of real estate asset	—	28,000	—	28,000
Leasing costs	(3,857)	(2,353)	(12,783)	(7,171)
Other assets	—	(237)	(1,920)	(727)
	(22,129)	6,218	(100,342)	(425,887)
FINANCING ACTIVITIES				
Mortgages payable	—	—	111,232	167,987
Repayments of mortgages payable	(4,026)	(4,061)	(143,889)	(60,811)
Bank indebtedness	10,325	(19,509)	122,251	50,666
Net proceeds from issue of units	1,579	201	5,001	168,781
Net proceeds from issue of convertible debentures	—	—	—	77,386
Distributions to unitholders	(15,634)	(13,739)	(46,530)	(37,028)
	(7,756)	(37,108)	48,065	366,981
Net change in cash and cash equivalents	—	—	—	—
Cash and cash equivalents, beginning of period	—	—	—	—
Cash and cash equivalents, end of period	—	—	—	—