

# Press Release

For Immediate Release

## Cominar Reaches New Heights in Q1 2008 and Increases its Distributions Per Unit

- Increases of 67.5% in operating revenues and 63.9% in net operating income
- Distributable income of \$15.7 million, up 35.1%, and funds from operations of \$18.7 million
- Ongoing and upcoming developments representing a total investment of \$144.2 million for an additional leasable area of more than 1,000,000 sq.ft.
- Monthly distributions increased from 11.3 cents per unit to 12.0 cents per unit

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### TSX - CUF.UN

Quebec City, May 14, 2008 — Cominar Real Estate Investment Trust (“Cominar” or the “REIT”) announces excellent results for its first quarter ended March 31, 2008.

### Financial Highlights

For the quarters ended March 31, (in thousands of dollars except per unit amounts)	2008	2007	% Change
Operating revenues <sup>(1)</sup>	57,406	34,271	67.5
Net operating income <sup>(1)(2)</sup>	31,386	19,152	63.9
Net income	4,014	7,324	(45.2)
Distributable income <sup>(2)</sup>	15,683	11,608	35.1
Funds from operations <sup>(2)</sup>	18,707	13,672	36.8
Adjusted funds from operations <sup>(2)</sup>	15,705	11,608	35.3
Distributions	15,369	11,378	35.1
<b>Per unit (fully diluted)</b>			
Distributable income	0.35	0.31	12.9
Funds from operations	0.40	0.36	11.1
Adjusted funds from operations	0.35	0.31	12.9
Distributions (basic)	0.339	0.306	10.8

(1) Certain figures for the first quarter of 2007 have been reclassified as discontinued operations in conformity with GAAP.

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

“Along with the quarter’s excellent results and the acquisition of the remaining interests in seven industrial and mixed-use properties located in the Montreal region, the salient event of the first three months of 2008 was definitely the start-up of several large-scale projects, primarily in the Quebec City region, that are an integral part of our development program announced at the end of 2007. These various projects represent an investment of more than \$144 million over the next few years and an attractive value-added potential, having an average capitalization rate of 9.4%. Combined, they will add a leasable area of more than one million square feet to our portfolio, broken down among our three sectors of the real estate market. We are also pleased with our portfolio occupancy rate, which stood at 95.3% as of March 31, 2008, thereby exceeding the 94.7% posted on December 31, 2007,” indicated Michel Dallaire, President and Chief Executive Officer of Cominar.

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

**Operating revenues** totaled \$57.4 million for the first quarter ended March 31, 2008, up 67.5%. 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 \$31.4 million, up 63.9% over the first quarter of 2007. Properties located in the Quebec City region accounted for 40.5% of the period’s NOI, compared with 62.7% in 2007; properties in the Montreal region accounted for 52.9%, up from 37.1% in the first quarter of 2007; and those in the Ottawa region accounted for 6.6% of NOI, compared with 0.2% in the first quarter of 2007.

**Net income** amounted to \$4.0 million, down 45.2% from \$7.3 million for the corresponding period of 2007. It should be noted that the comparison of 2008 net income with that of 2007 is not meaningful, primarily because of the significant increase in amortization attributable to the income properties acquired in 2007 and 2008.

**Distributable income** (“DI”) grew to \$15.7 million for the quarter, up 35.1% over the same period of 2007. DI per fully diluted unit amounted to \$0.35, compared with \$0.31 for the first quarter of 2007, an increase of 12.9%.

**Funds from operations** (“FFO”) increased by 36.8% to \$18.7 million due to the contribution of the acquisitions and developments completed in 2007 and the beginning of 2008 as well as strong organic growth. FFO per fully diluted unit amounted to \$0.40, compared with \$0.36 for the first quarter of 2007, up 11.1%.

**Adjusted funds from operations** totaled \$15.7 million, compared with \$11.6 million for the first quarter of 2007. AFFO per fully diluted unit grew 12.9%

**Distributions to unitholders** totaled \$15.4 million for the first quarter of 2008, compared with \$11.4 million in the first quarter of 2007, an increase of 35.1%. The distribution per unit amounted to \$0.339, up from \$0.306 in the first quarter of 2007.

As at March 31, 2008, Cominar maintained a **debt ratio** of 57.3%, which is less than the maximum debt ratio of 65.0% allowed by its Contract of Trust when convertible debentures are outstanding. Management believes that this disciplined and conservative practice contributes to ensure the stability of future distributions and the prudent growth of the REIT.

### **Operational Highlights**

Cominar consistently strives to maximize its property occupancy rates and has successfully maintained a 95.0% average since its inception. Leasing activities continued to progress at a steady pace across its portfolio throughout the first quarter. As of March 31, 2008, its portfolio occupancy rate stood at 95.3%, thereby exceeding the 94.7% posted as at December 31, 2007. Satisfactory occupancy rates were achieved in all three sectors, and especially in the retail sector where the rate rose to 96.2%, a record high since the inception of the REIT.

### **Acquisitions and Developments Completed in the First Quarter of 2008**

On February 29, 2008, Cominar completed a transaction that enabled it to acquire the remaining interests in seven industrial and mixed-use properties located in Montreal, thereby becoming the sole owner of these income properties. The transaction amounted to \$18.3 million.

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

Also in February 2008, Cominar acquired 212,000 square feet of land located in Boucherville, in the Montreal area. A 28,600-square-foot industrial and mixed-use property was then constructed on this land, at a cost of \$5.5 million and a 9.8% estimated capitalization rate. This building has been fully occupied by a single tenant since the beginning of May 2008.

### **Ongoing and Upcoming Developments**

As at March 31, 2008, ongoing and upcoming developments in the Quebec City and Montreal regions represented an additional leasable area of more than one million square feet and a total investment of approximately \$144.2 million over the next few years. Their average capitalization rate is estimated at 9.4%, which is much higher than current market rates for similar properties.

### **Subsequent Event: Acquisition of Two Industrial Properties**

On May, 12, 2008, Cominar acquired two industrial properties representing a leasable area of 344,846 square feet, for a consideration of \$23.0 million and at a 9.7% average capitalization rate. These two properties are located in Quebec: one in Lévis and the other in Saguenay. They are fully occupied under long-term leases. Both properties are excellent constructions, very well located and leased to solidly established businesses.

### **Increase in Monthly Distributions**

Considering the excellent results arising from the expected benefits of the acquisitions and developments completed in 2007 and beginning of 2008, as well as the solid same property performance, as conditions in the real estate market remain favourable to growth, the Board of Trustees has decided to raise the monthly distributions to unitholders from 11.3 cents per unit to 12.0 cents per unit, representing an increase of 6.2%. This increase will be effective for the May 2008 distribution, payable in June 2008.

### **Outlook**

“Our primary objective is to continue creating value through optimal organic growth and the completion of acquisitions and development projects matching our criteria of profitability and growth over the long term. Considering the high rental demand in our markets and the quality of our properties, we are confident we can renew a large proportion of 2008 expiring leases at a higher rate per square foot. We are confident we will achieve a solid performance in upcoming periods,” concluded Michel Dallaire.

### **Additional Financial Information**

Cominar’s interim consolidated financial statements and the management’s discussion and analysis for the first quarter ended March 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).

### **May 14, 2008 Conference Call**

On Wednesday, May 14, 2008, at 3:00 p.m. (EDT), Cominar’s management will hold a conference call to discuss the results for the first quarter of 2008. Anyone who is interested may take part in this call by dialing 1-800-731-5319. A presentation of the first quarter 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 May 14, 2008**

Cominar is one of the largest commercial property owners and managers in the Province of Quebec. The REIT owns a real estate portfolio of 211 high-quality properties, consisting of 36 office, 38 retail and 137 industrial and mixed-use buildings that cover a total area of over 17.6 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.

**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).

**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](http://www.cominar.com) under "Investor Information – Interim Reports".

**COMINAR REAL ESTATE INVESTMENT TRUST**  
**Consolidated Balance Sheets**

	As at March 31, 2008 (unaudited) \$	As at December 31, 2007 (audited) \$
[in thousands of dollars]		
<b>ASSETS</b>		
Income properties		
Buildings	1,081,887	1,073,830
Land	178,505	174,657
Intangible assets	72,319	74,608
	<u>1,332,711</u>	<u>1,323,095</u>
Properties under development	50,045	31,401
Land held for future development	18,568	29,879
Deferred expenses and other assets	36,448	36,001
Prepaid expenses	10,088	2,758
Accounts receivable	25,287	19,660
	<u>1,473,147</u>	<u>1,442,794</u>
<b>LIABILITIES</b>		
Mortgages payable	594,416	619,755
Convertible debentures	204,114	203,852
Bank indebtedness	105,826	35,321
Accounts payable and accrued liabilities	32,072	35,924
Distributions payable to unitholders	5,122	6,246
	<u>941,550</u>	<u>901,098</u>
<b>UNITHOLDERS' EQUITY</b>		
Unitholders' equity	531,597	541,696
	<u>1,473,147</u>	<u>1,442,794</u>

**COMINAR REAL ESTATE INVESTMENT TRUST**  
**Consolidated Statements of Unitholders' Equity**

<b>For the quarters ended March 31</b>	<b>2008</b>	<b>2007</b>
[unaudited, in thousands of dollars]	\$	\$
<b>Unitholders' contributions</b>		
Balance, beginning of period	591,172	400,698
Issue of units	1,132	12,009
Balance, end of period	592,304	412,707
<b>Cumulative net income</b>		
Balance, beginning of period	247,779	218,538
Net income	4,014	7,324
Balance, end of period	251,793	225,862
<b>Cumulative distributions</b>		
Balance, beginning of period	(298,080)	(242,626)
Distributions to unitholders	(15,369)	(11,378)
Balance, end of period	(313,449)	(254,004)
<b>Contributed surplus</b>		
Balance, beginning of period	513	398
Unit option plan	124	5
Balance, end of period	637	403
<b>Other equity component</b>		
Convertible debentures equity component	312	—
Unitholders' equity	531,597	384,968

**COMINAR REAL ESTATE INVESTMENT TRUST**  
**Consolidated Statements of Income and Comprehensive Income**

<b>For the quarters ended March 31</b>	<b>2008</b>	<b>2007</b>
[unaudited, in thousands of dollars, except per-unit amounts]	\$	\$
<b>Operating revenues</b>		
Rental revenue from income properties	<b>57,406</b>	34,271
<b>Operating expenses</b>		
Operating costs	<b>12,084</b>	7,580
Realty taxes and services	<b>13,343</b>	7,323
Property management expenses	<b>593</b>	216
	<b>26,020</b>	15,119
<b>Operating income before the undernoted</b>	<b>31,386</b>	19,152
Interest on borrowings	<b>11,881</b>	5,218
Depreciation of income properties	<b>12,470</b>	4,388
Amortization of deferred leasing costs	<b>2,131</b>	1,672
Amortization of other assets	<b>62</b>	50
	<b>26,544</b>	11,328
<b>Operating income from real estate assets</b>	<b>4,842</b>	7,824
<b>Trust administrative expenses</b>	<b>879</b>	621
<b>Other revenues</b>	<b>51</b>	92
<b>Net income from continuing operations</b>	<b>4,014</b>	7,295
<b>Net income from discontinued operations</b>	<b>—</b>	29
<b>Net income and comprehensive income</b>	<b>4,014</b>	7,324
<b>Basic net income per unit</b>	<b>0.089</b>	0.198
<b>Diluted net income per unit</b>	<b>0.088</b>	0.195

**COMINAR REAL ESTATE INVESTMENT TRUST**  
**Consolidated Statements of Cash Flows**

<b>For the quarters ended March 31</b>	<b>2008</b>	<b>2007</b>
[unaudited, in thousands of dollars]	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net income	4,014	7,324
Items not affecting cash		
Depreciation of income properties	12,470	4,620
Amortization of above- (below-) market leases	(127)	30
Amortization of deferred leasing costs	2,131	1,672
Amortization of deferred financing costs and other assets	566	245
Amortization of fair value adjustments on assumed indebtedness	(31)	—
Accretion of liability component of convertible debentures	9	—
Compensation costs related to unit option plan	130	49
	<b>19,162</b>	<b>13,940</b>
Change in non-cash operating working capital items	<b>(14,590)</b>	<b>(2,034)</b>
	<b>4,572</b>	<b>11,906</b>
<b>INVESTING ACTIVITIES</b>		
Acquisitions of income properties	(23,120)	(40,410)
Additions to properties under development and land held for future development	(5,907)	(8,449)
Leasing costs	(4,574)	(1,756)
Other assets	(681)	(356)
	<b>(34,282)</b>	<b>(50,971)</b>
<b>FINANCING ACTIVITIES</b>		
Mortgages payable	29,864	35,040
Repayments of mortgages payable	(55,228)	(12,426)
Bank indebtedness	70,505	24,770
Net proceeds from issue of units	572	3,077
Distributions to unitholders	(16,003)	(11,396)
	<b>29,710</b>	<b>39,065</b>
<b>Net change in cash and cash equivalents</b>	<b>—</b>	<b>—</b>
Cash and cash equivalents, beginning of period	—	—
<b>Cash and cash equivalents, end of period</b>	<b>—</b>	<b>—</b>