



## PRESS RELEASE

### **COMINAR REIT AND ALEXIS NIHON REIT UNANIMOUSLY AGREE TO COMBINE TO CREATE COMINAR NIHON REIT, ONE OF THE LARGEST COMMERCIAL PROPERTY OWNERS IN QUÉBEC**

- COMINAR REIT has agreed to acquire ALEXIS NIHON REIT for cash or units of COMINAR REIT
- Choice of consideration per ALEXIS NIHON REIT unit: cash of \$17.00 or 0.77 of a COMINAR REIT unit
- \$17.00 represents 19.4% premium over the ALEXIS NIHON REIT 20-day volume weighted average price
- The Board of Trustees of ALEXIS NIHON REIT has unanimously recommended the transaction and unitholders representing approximately 16.3% of ALEXIS NIHON REIT's units have agreed to lock up their units to the offer
- Option for ALEXIS NIHON REIT unitholders to receive tax deferral on unit exchange
- Conference call to be held at 10:30 a.m. EST on Monday, December 4<sup>th</sup>

Québec City and Montréal, Québec, December 4, 2006 – Cominar Real Estate Investment Trust (“COMINAR”) (TSX: CUF.UN) and Alexis Nihon Real Estate Investment Trust (“ALEXIS NIHON”) (TSX: AN.UN) announced today that they have entered into a combination agreement to combine the two REITs to create COMINAR NIHON REAL ESTATE INVESTMENT TRUST (“COMINAR NIHON”), one of the largest commercial property owners and managers in the Province of Québec.

Under the terms of the agreement, COMINAR will acquire all of the issued and outstanding units of ALEXIS NIHON. For each ALEXIS NIHON unit held, ALEXIS NIHON unitholders may elect to receive either: (i) \$17.00 in cash, subject to proration as described below; or (ii) 0.77 of a COMINAR unit, subject to proration as described below. There will be a cash amount of \$127.5 million (the “Cash Amount”) and 17,294,833 units issued (the “Unit Amount”). If more than the Cash Amount is elected, then the cash will be prorated. If more than the Unit Amount is elected, then the units will be prorated. The \$17.00 of cash consideration represents a 19.4% premium over the 20-day volume weighted average price of the ALEXIS NIHON units to December 1, 2006. ALEXIS NIHON unitholders may elect to tender their units on a taxable or tax deferred basis.

The combination, which has been approved by the Board of Trustees of both REITs, is expected to be accretive to COMINAR's distributable income and funds from operations on a pro forma basis for the twelve months ended September 30, 2006 and for future periods.

The Boards of Trustees of COMINAR and ALEXIS NIHON believe the combination will provide substantial benefits to both COMINAR and ALEXIS NIHON unitholders, including:

- **Leading Market Position:** The combination will create one of the largest owners and managers of commercial real estate in the Province of Québec, with 204 properties and approximately 19.3 million square feet of leasable space.
- **Complementary Portfolio:** The transaction combines the highly complementary real estate portfolio of both REITs to provide an even more diversified base of office, industrial and retail properties.
- **Immediately Accretive to Distributable Income:** The transaction is expected to be immediately accretive to distributable income and funds from operations. Future benefits are also expected to be derived from property management and operating synergies.
- **Synergy Potential:** The combined entity is expected to benefit from reductions in overhead and public market expenses and enhanced clustering of the respective portfolios.
- **Well Positioned for Future Growth:** With an initial pro forma debt to gross book value of approximately 53% (including convertible debentures and approximately 51% excluding convertible debentures), a strong combined pipeline of acquisitions and strong development capabilities, COMINAR NIHON will be well positioned for future growth.
- **Greater Liquidity:** It is expected that COMINAR NIHON unitholders will enjoy substantially greater liquidity. Based on COMINAR's closing price on December 1, 2006, the combined entity will have a market capitalization in excess of \$1.2 billion and will be the 8<sup>th</sup> largest real estate investment trust in Canada in terms of market capitalization.

COMINAR has received a commitment from National Bank Financial Inc. for the financing required to effect the transaction and to fund related transaction costs.

“We are very excited about this business combination which is a logical regional consolidation. It will bring considerable benefits to unitholders of both COMINAR and ALEXIS NIHON by creating an unparalleled REIT in terms of size, scope and portfolio diversification with a focus on the Montréal and Québec markets. Following the completion of the proposed transaction, the combined entity will have a market capitalization exceeding \$1.2 billion, making it the 8<sup>th</sup> largest real estate investment trust in Canada in terms of market capitalization. COMINAR NIHON will also have total assets of approximately \$1.8 billion and will be levered initially at approximately 53% of debt to gross book value of assets (including convertible debentures), thereby providing significant flexibility to pursue our combined development projects and continue to grow” commented Michel Dallaire, COMINAR's President and Chief Executive Officer.

“This transaction offers ALEXIS NIHON's unitholders a significant premium on their investment, and the potential to participate in the ongoing upside through ownership of units of COMINAR NIHON” added Robert A. Nihon, ALEXIS NIHON's Chairman of the Board of Trustees.

“With a large and high quality portfolio of well-situated properties, we have the size and critical mass to significantly enhance our leading position within the Quebec Market” Michel Dallaire continued.

The Board of Trustees of ALEXIS NIHON has unanimously approved the transaction and recommends that ALEXIS NIHON unitholders vote in favour of the combination at a special meeting of unitholders to be held in early February 2007. Robert A. Nihon declared to the Board of Trustees that himself and entities controlled by him, directly and indirectly, owning approximately 16.3% of ALEXIS NIHON’s issued and outstanding units, have entered into a lock-up agreement supporting the transaction and, therefore, abstained from voting. While there exists no other transaction involving ALEXIS NIHON and none is expected, Senator Paul J. Massicotte has not entered into a lock-up agreement and has reserved his rights as a unitholder. Senator Massicotte was not a member of the Transaction Committee of the Trustees formed in connection with the transaction and comprised entirely of independent trustees and stated that, as a result of the limited information available to him at this time, he was not in a position to vote in favour or against the transaction and thus decided to abstain from voting.

“We are very pleased that unitholders representing approximately 16.3% of ALEXIS NIHON’s units have already expressed their support for the transaction” Michel Dallaire commented.

ALEXIS NIHON’s Board of Trustees has received an opinion from its financial advisor CIBC World Markets that the consideration offered under the transaction is fair, from a financial point of view, to the unitholders of ALEXIS NIHON. National Bank Financial Inc. is acting as financial advisor to COMINAR. Davies Ward Phillips and Vineberg LLP is acting as legal counsel to COMINAR and Fasken Martineau Dumoulin LLP is acting as legal counsel to ALEXIS NIHON.

The transaction will be subject to the approval of two-thirds of ALEXIS NIHON unitholders voting at a special meeting of ALEXIS NIHON unitholders expected for early February 2007. ALEXIS NIHON intends to mail its trustees’ and special meeting circular concurrently with COMINAR’s take-over bid circular describing the terms of the offer to ALEXIS NIHON unitholders before Christmas. In addition to the approval of ALEXIS NIHON’s unitholders, the transaction is subject to regulatory approvals, required consents and other customary closing conditions.

For those ALEXIS NIHON unitholders electing to receive cash consideration for their units pursuant to COMINAR’s cash offer, the proposed transaction may represent a disposition for tax purposes. ALEXIS NIHON unitholders electing to receive COMINAR units may receive their COMINAR units on a tax-free exchange as part of the proposed transaction.

The offer will trigger the right of the holders of ALEXIS NIHON convertible debentures to request that their ALEXIS NIHON convertible debentures be purchased on the 30<sup>th</sup> day following the closing of the transaction for a price equal to 101% of the principal amount of each ALEXIS NIHON convertible debenture plus any accrued and unpaid interest thereon.

The Combination Agreement between ALEXIS NIHON and COMINAR contains customary provisions prohibiting each of ALEXIS NIHON and COMINAR from soliciting any other acquisition proposal but allowing termination in certain circumstances, including receipt of an unsolicited *bona fide* acquisition proposal from a third party that its Board of Trustees, in the exercise of its fiduciary duties, and in accordance with the terms and conditions of the Combination Agreement, finds to be superior to the proposed transaction, subject to the payment

by ALEXIS NIHON of a termination fee to COMINAR of \$12.5 million. The unitholders undertakings referred to above would also terminate in such circumstances.

The Combination Agreement also allows ALEXIS NIHON and COMINAR to continue to declare and pay their monthly cash distributions to their Unitholders in the ordinary course of business, although ALEXIS NIHON's Distribution Reinvestment Plan shall be suspended immediately, subject to the approval of the Toronto Stock Exchange.

Once the proposed transaction is completed, the combined entity will be known as the COMINAR NIHON REAL ESTATE INVESTMENT TRUST. Robert A. Nihon shall become the Chairman of the Board of Trustees of COMINAR NIHON and Michel Dallaire will remain as trustee, President and Chief Executive Officer of COMINAR NIHON.

"We look forward to working with COMINAR's Board of Trustees, Michel Dallaire and his management team" Robert A. Nihon added.

### **Conference Call**

Michel Dallaire, President and Chief Executive Officer of COMINAR, and Robert A. Nihon, Chairman of the Board of Trustees of ALEXIS NIHON, will host a conference call on Monday, December 4 at 10:30 a.m. EST to discuss the details of the proposed transaction. To access the call, please dial (514) 940-2795 or toll-free at (866) 249-1964. An electronic copy of a presentation summarizing the highlights of the combination will be available on both COMINAR's and ALEXIS NIHON's website in advance of the conference call.

For those unable to listen to the live conference call, a taped re-broadcast of the call will be available until midnight, December 18, 2006. To listen to the Instant Replay, please dial (877) 289-8525 and enter the passcode 21212302 when prompted followed by the # symbol. The conference call will also be webcast on [www.q1234.com](http://www.q1234.com) under "COMINAR".

### **Portfolios as at December 4, 2006**

COMINAR REIT (TSX: CUF.UN) is one of the largest commercial real estate property owners and managers in the Province of Québec. It owns a high quality portfolio of 139 properties in the Greater Montréal and Québec City areas, consisting of 15 office, 31 retail, and 93 industrial and mixed-use buildings, totaling over 10.2 million square feet. COMINAR REIT's objectives are to deliver to its unitholders growing cash distributions and to maximize unitholder value through proactive management and the growth of its portfolio.

ALEXIS NIHON REIT (TSX: AN.UN) owns interests in 65 office, retail, and industrial properties, including a 426 unit multi-family residential property, located in the greater Montreal area and the National Capital Region. ALEXIS NIHON REIT's portfolio has an aggregate of 9.1 million square feet of leasable area, of which 0.4 million square feet is co-owned.

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

This press release may contain forward-looking statements with respect to Cominar Real Estate Investment Trust, Alexis Nihon Real Estate Investment Trust and their respective operations, strategy, financial performance and condition. These statements generally can be identified by use of forward looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations. The actual results and

performance of Cominar Real Estate Investment Trust, Alexis Nihon Real Estate Investment Trust and the combined entity 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, including that the transaction contemplated herein is completed. Some important factors that could cause actual results to differ materially from expectations, or could in certain circumstances result in a termination of the combination agreement discussed herein, 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 forms of each of Cominar Real Estate Investment Trust and Alexis Nihon Real Estate Investment Trust. The cautionary statements qualify all forward-looking statements attributable to Cominar Real Estate Investment Trust, Alexis Nihon Real Estate Investment Trust and persons acting on their behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release and the parties have no obligation to update such statements.

Distributable income ("DI") and funds from operations ("FFO") are not measures recognized under Canadian generally accepted accounting principles ("GAAP") and do not have standardized meanings prescribed by GAAP. DI and FFO computed by Cominar Real Estate Investment Trust, Alexis Nihon Real Estate Investment Trust and the combined entity 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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**For Further Information:**

Mr. Michel Dallaire, P.Eng.  
President and Chief Executive Officer, Cominar Real Estate Investment Trust  
(418) 681-8151

Mr. Robert Nihon  
Chairman, Alexis Nihon Real Estate Investment Trust  
(514) 931-2591

Media: Laird Greenshields, Morin Public Relations, (514) 289-8688, ext. 221 or (877) 289-7007