

# Press Release

For Immediate Release

## Cominar pursues its growth in the first quarter of 2006

- **Rental revenues: + 7.7%**
  - **Net operating income: + 10.0%**
  - **Recurring distributable income: + 9.1%**
  - **\$7 million acquisition**
  - **Twelve development projects: \$48.3 million**
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### TSX - CUF.UN

Quebec City, May 10, 2006 — At the Annual General Meeting of Unitholders held today in Montreal, Cominar announced its results for its first quarter ended March 31, 2006.

#### **Solid Results**

Rental revenues and net operating income rose to \$32.7 million and \$18.5 million, respectively, representing increases of 7.7% and 10% over the first quarter of 2005. Distributions to unitholders rose 3.1% to \$10.0 million, up from \$9.7 million for the first three months of 2005.

Net income stood at \$6.2 million. For comparison purposes, net income, distributable income and funds from operations were adjusted to exclude non-recurring expenses of \$554,000 incurred in the first quarter of 2006 in connection with a transaction which was not concluded. This transaction was part of Cominar's growth strategy. **Recurring net income** therefore stood at \$6.7 million, an 11.7% increase.

**Recurring distributable income** stood at \$10.3 million, compared with \$9.4 million for the corresponding period of 2005, a 9.1% increase. On a per unit basis, it went from \$0.291 to \$0.311, up 6.9%.

**Recurring funds from operations** amounted to \$12.2 million compared with \$11.0 million in the first quarter of 2005, a 10.3% increase. On a per unit basis, they stood at \$0.369, up 8.2%.

#### **Stable Occupancy Rate**

As at March 31, 2006, Cominar showed an **occupancy rate** of 95.1%, which is comparable to the average occupancy rate as at December 31, 2005 and March 31, 2005.

#### **Continued Solid Financial Health**

As at the end of the first quarter, Cominar continued to show sound financial health with a **debt-to-gross book value ratio** of 50.0%, whereas a rate of 60% is authorized by its Contract of Trust, leaving it an acquisition capacity of \$197.0 million as at March 31, 2006.

## **Cominar Real Estate Investment Trust — Press Release (continued)**

### **One Acquisition and one Development Project Completed**

In the first quarter of 2006, Cominar acquired a 217,000 square foot industrial and mixed-use property in Anjou, Quebec, for \$7 million at an estimated capitalization rate of 9.4%. The property is 100% leased.

During the same period, Cominar also completed the second phase of the Henri IV project, a 45,000 square foot industrial and mixed-use property representing a \$2.8 million investment. The capitalization rate of this project is estimated at 10.5% and the property is nearly fully leased. It was integrated into Cominar's property portfolio during the quarter.

### **Twelve Properties under Development – a \$48.3 million investment**

Cominar currently has twelve properties under development representing 736,485 square feet of leasable space. These projects, representing a \$48.3 million investment, are advancing according to plan both in terms of construction and leasing.

These acquisitions and development projects fit fully into Cominar's current growth strategy which, given the sustained increases in property prices over the past few years, stepped up the development of those of its properties offering a potential increase in return while being active in the acquisition market. Year after year, Cominar remains focused on profitable growth in order to further increase its real estate portfolio's value and to provide unitholders with a stable and attractive return.

### **Outlook**

Cominar continues to apply its strategy of growth through profitable high-quality acquisitions and the development of those of its properties offering a potential increase in return, while maintaining prudent financial management. Considering its quality properties, market intelligence, solid balance sheet and available cash, Cominar is confident it will remain on the growth track in the next quarters.

### **Additional Financial Information**

Cominar's consolidated financial statements and the management's discussion and analysis for the quarter ended March 31, 2006 will be on file 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 and Webcast**

On Wednesday, May 10, 2006, at 2:30 p.m. EST, Cominar's management will hold a conference call to discuss the 2006 first quarter results. Investors who are interested may take part in this call by dialing 1-866-250-4665. A presentation of the first quarter results will be available at [www.cominar.com](http://www.cominar.com) under the title "Conference Call." The event will also be webcast on [www.q1234.com](http://www.q1234.com).

### **PROFILE as at May 10, 2006**

Cominar is one of the largest commercial real estate property owners and managers in the province of Quebec. It owns a high quality portfolio of **129 properties in the Greater Montreal and Quebec City areas, consisting of 14 office, 28 retail, and 87 industrial and mixed-use buildings, totaling over 9.7 million square feet.** The 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.

## Cominar Real Estate Investment Trust — Press Release (continued)

Cominar has a distribution reinvestment plan for its unitholders that allows participants to reinvest their monthly cash 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 enrollment forms are available at [www.cominar.com](http://www.cominar.com).

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

*Net operating income, distributable income, and funds from operations are not financial measures defined by generally accepted accounting principles and may not be comparable to the financial measures used by other trusts. Readers are directed to the management's discussion and analysis for a description of the measures and a reconciliation of the measures to net income. The consolidated financial statements for the quarter ended March 31, 2006, as well as the management's discussion and analysis, can be found on Cominar's website at [www.cominar.com](http://www.cominar.com).*

*This press release may contain forward-looking statements that are based on Cominar's expectations regarding its business or economic and real estate environments. These statements are not guarantees of future performance, and involve risks and uncertainties that are described in Cominar's most recent Annual Report, Annual Information Form, and other publicly available documents, which are available at [www.sedar.com](http://www.sedar.com). Actual outcomes and results may differ materially from those expressed in these forward-looking statements.*

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Cominar Real Estate Investment Trust — Press Release (continued)

The complete consolidated financial statements, including the notes thereto, are available on Cominar website at [www.cominar.com](http://www.cominar.com) under “Investor Relations – Quarterly Reports”.

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

(in thousands of dollars)	As at March 31, 2006 [unaudited] \$	As at December 31, 2005 [audited] \$
<b>ASSETS</b>		
Income properties	668,595	658,855
Properties under development	16,050	20,777
Land held for future development	5,214	1,243
Deferred expenses and other assets	29,964	30,009
Prepaid expenses	7,367	2,355
Accounts receivable	13,206	12,343
	<b>740,396</b>	<b>725,582</b>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
Liabilities		
Mortgages payable	249,074	253,581
Convertible debentures	95,743	97,535
Bank indebtedness	48,734	25,811
Accounts payable and accrued liabilities	18,405	21,890
Distributions payable to unitholders	3,399	3,623
	<b>415,355</b>	<b>402,440</b>
<b>UNITHOLDERS' EQUITY</b>		
Unitholders' contributions	343,975	338,230
Cumulative net income	190,627	184,463
Cumulative distributions	(209,922)	(199,902)
Contributed surplus	361	351
	<b>325,041</b>	<b>323,142</b>
	<b>740,396</b>	<b>725,582</b>

**Cominar Real Estate Investment Trust — Press Release (continued)**

**COMINAR REAL ESTATE INVESTMENT TRUST**

Consolidated Statements of Unitholders' Equity

<b>Period of three months ended March 31, (unaudited, in thousands of dollars)</b>	<b>2006 \$</b>	<b>2005 \$</b>
<b>Unitholders' contributions</b>		
Balance, beginning of period	338,230	328,433
Issue of units	5,745	3,748
Balance, end of period	343,975	332,181
<b>Cumulative net income</b>		
Balance, beginning of period	184,463	153,136
Net income	6,164	6,045
Balance, end of period	190,627	159,181
<b>Cumulative distributions</b>		
Balance, beginning of period	(199,902)	(160,353)
Distributions to unitholders	(10,020)	(9,727)
Balance, end of period	(209,922)	(170,080)
<b>Contributed surplus</b>		
Balance, beginning of period	351	252
Unit option plan	10	(13)
Balance, end of period	361	239
Unitholders' equity	325,041	321,521

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

Period of three months ended March 31, (unaudited, in thousands of dollars except per unit amounts)	2006 \$	2005 \$
<b>Operating revenues</b>		
Rental revenue from income properties	32,739	30,407
<b>Operating expenses</b>		
Operating costs	7,253	7,105
Realty taxes and services	6,743	6,228
Property management expenses	293	299
	<b>14,289</b>	<b>13,632</b>
<b>Operating income before the under noted</b>	<b>18,450</b>	<b>16,775</b>
Interest on borrowings	5,580	5,199
Depreciation of income properties	3,905	3,648
Amortization of deferred leasing costs	1,547	1,327
Amortization of deferred financing costs and other assets	175	176
	<b>11,207</b>	<b>10,350</b>
<b>Operating income from real estate assets</b>	<b>7,243</b>	<b>6,425</b>
<b>Trust administrative expenses</b>	<b>573</b>	<b>413</b>
<b>Other revenues</b>	<b>48</b>	<b>29</b>
<b>Unusual item</b>	<b>554</b>	<b>—</b>
<b>Net income from continuing operations</b>	<b>6,164</b>	<b>6,041</b>
<b>Net income from discontinued operations</b>	<b>—</b>	<b>4</b>
<b>Net income</b>	<b>6,164</b>	<b>6,045</b>
<b>Basic net income per unit</b>	<b>0.187</b>	<b>0.187</b>
<b>Diluted net income per unit</b>	<b>0.184</b>	<b>0.184</b>

Cominar Real Estate Investment Trust — Press Release (continued)

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

Period of three months ended March 31, (unaudited, in thousands of dollars)	2006 \$	2005 \$
<b>OPERATING ACTIVITIES</b>		
Net income	6,164	6,045
Items not affecting cash		
Depreciation of income properties	3,905	3,661
Amortization of above-market leases	30	30
Amortization of deferred leasing costs	1,547	1,327
Amortization of deferred financing costs and other assets	175	176
Compensation costs related to unit option plan	31	36
Leasing costs	(561)	(1,749)
Change in non-cash operating working capital items	(6,709)	(3,308)
	<b>4,582</b>	<b>6,218</b>
<b>FINANCING ACTIVITIES</b>		
Repayments of mortgages payable	(4,507)	(2,346)
Bank indebtedness	22,923	3,020
Distributions to unitholders	(9,897)	(9,693)
Net proceeds from issue of units	3,585	3,138
	<b>12,104</b>	<b>(5,881)</b>
<b>INVESTING ACTIVITIES</b>		
Acquisitions of income properties	(13,720)	(2,855)
Acquisitions of properties under development and land held for future development	(2,793)	(5,590)
Other assets	(173)	(66)
	<b>(16,686)</b>	<b>(8,511)</b>
<b>Net change in cash and cash equivalents</b>	<b>—</b>	<b>(8,174)</b>
Cash and cash equivalents, beginning of period	—	8,174
<b>Cash and cash equivalents, end of period</b>	<b>—</b>	<b>—</b>