

# Press Release

For Immediate Release

## Cominar pursues its growth in the second quarter

- **Rental revenues: + 8.3%**
  - **Net operating income: + 9.0%**
  - **Distributable income: + 7.2%**
  - **Funds from operations: + 8.7%**
  - **\$23.5 million in acquisitions realized year-to-date**
  - **Thirteen development projects: a \$50 million investment**
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### TSX - CUF.UN

Quebec City, August 9, 2006 —Cominar Real Estate Investment Trust (“Cominar”) announces today its results for the second quarter ended June 30, 2006.

#### Solid Results

**Rental revenues** and **net operating income** rose to \$33.2 million and \$20.1 million, respectively, representing increases of 8.3% and 9.0% over the second quarter of 2005. **Net income** stood at \$8.4 million, a 4.0% increase. **Distributable income** stood at \$12.0 million, compared with \$11.2 million for the corresponding period of 2005, a 7.2% increase. On a per unit basis, it went from \$0.344 to \$0.359, up 4.4%. **Funds from operations** amounted to \$13.9 million compared with \$12.8 million in the second quarter of 2005, an 8.7% increase. On a per unit basis, they stood at \$0.416, up 5.9%.

“Our strategy in today’s market of high real estate prices is focused on developing some of our properties and on new construction projects, while making acquisitions matching our criteria of quality and profitability over the short and long term. This successful strategy is again reflected in our financial performance” indicated Michel Dallaire, President and Chief Executive Officer.

**During the six-month period ended June 30, 2006**, rental revenues grew by 7.9% to reach \$65.9 million, compared with \$61.1 million for the first half of 2005. **Net operating income** rose 9.5% to \$38.5 million. **Recurring distributable income** jumped 8.1% to \$22.3 million or \$0.670 per unit. **Recurring funds from operations** were up 9.4% to \$26.1 million (\$0.785 per unit) compared with \$23.8 million (\$0.734 per unit) for the first six months of 2005.

#### Stable Occupancy Rate

As at June 30, 2006, Cominar showed an **occupancy rate** of 95.6%, which is slightly above the average occupancy rate as at March 31, 2006 and June 30, 2005.

#### Continued Solid Financial Health

As at the end of the second quarter, Cominar continued to show sound financial health with a **debt-to-gross book value ratio** of 48%, whereas a rate of 60% is authorized by its Contract of Trust, leaving it an acquisition capacity of \$240 million as at June 30, 2006.

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

### **Two Acquisitions**

In the second quarter of 2006, Cominar acquired a 50,413 square foot industrial and mixed-use property in Pointe-Claire, Quebec, for \$2.9 million. Cominar plans a 25,000 square foot expansion of the property at an estimated cost of \$1.3 million. The capitalization rate associated with this transaction and development project is estimated at 9.4%.

Cominar also acquired a lot in St-Augustin at a cost of \$1.3 million where it is currently building a 33,000 square foot industrial and mixed-use building. The total investment in connection with this development project is \$4 million at a 9.5% capitalization rate. The building is already 100% leased.

### **Subsequent Events: Four Acquisitions – an \$8.6 million Investment**

Subsequent to the end of the quarter, Cominar acquired four income properties representing 155,810 square feet of leasable space and an \$8.6 million investment. These properties are all located in the Greater Montreal area and benefit from an average capitalization rate of 9.2%. Since the beginning of the year, Cominar has acquired land and income properties representing \$23.5 million.

### **Thirteen Properties under Development – a \$50 million Investment**

Cominar currently has thirteen properties under development representing more than 750,000 square feet of leasable space. These projects, representing a \$50 million investment, are advancing according to plan both in terms of construction and leasing.

### **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 June 30, 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, August 9, 2006, at 11:30 a.m. EST, Cominar's management will hold a conference call to discuss the 2006 second quarter results. Investors who are interested may take part in this call by dialing 1-800-814-4941. A presentation of the second 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 August 9, 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 **136 properties in the Greater Montreal and Quebec City areas, consisting of 14 office, 29 retail, and 93 industrial and mixed-use buildings, totaling over 10 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 June 30, 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.*

- 30 -

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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 June 30, 2006 [unaudited] \$	As at December 31, 2005 [audited] \$
<b>ASSETS</b>		
Income properties	670,130	658,855
Properties under development	17,036	20,777
Land held for future development	5,335	1,243
Deferred expenses and other assets	30,168	30,009
Prepaid expenses	11,157	2,355
Accounts receivable	12,452	12,343
	<b>746,278</b>	<b>725,582</b>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Mortgages payable	295,897	253,581
Convertible debentures	78,891	97,535
Bank indebtedness	7,933	25,811
Accounts payable and accrued liabilities	18,632	21,890
Distributions payable to unitholders	3,435	3,623
	<b>404,788</b>	<b>402,440</b>
<b>Unitholders' equity</b>		
Unitholders' contributions	362,384	338,230
Cumulative net income	198,991	184,463
Cumulative distributions	(220,227)	(199,902)
Contributed surplus	342	351
	<b>341,490</b>	<b>323,142</b>
	<b>746,278</b>	<b>725,582</b>

Cominar Real Estate Investment Trust — Press Release (continued)

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

Period ended June 30, [unaudited, in thousands of dollars]	Quarter		Cumulative (six months)	
	2006 \$	2005 \$	2006 \$	2005 \$
<b>Unitholders' contributions</b>				
Balance, beginning of period	343,975	332,181	338,230	328,433
Issue of units	18,409	662	24,154	4,410
Balance, end of period	362,384	332,843	362,384	332,843
<b>Cumulative net income</b>				
Balance, beginning of period	190,627	159,181	184,463	153,136
Net income	8,364	8,042	14,528	14,087
Balance, end of period	198,991	167,223	198,991	167,223
<b>Cumulative distributions</b>				
Balance, beginning of period	(209,922)	(170,080)	(199,902)	(160,353)
Distributions to unitholders	(10,305)	(9,811)	(20,325)	(19,538)
Balance, end of period	(220,227)	(179,891)	(220,227)	(179,891)
<b>Contributed surplus</b>				
Balance, beginning of period	361	239	351	252
Unit option plan	(19)	48	(9)	35
Balance, end of period	342	287	342	287
<b>Unitholders' equity</b>	<b>341,490</b>	<b>320,462</b>	<b>341,490</b>	<b>320,462</b>

Cominar Real Estate Investment Trust — Press Release (continued)

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

Period ended June 30, [unaudited, in thousands of dollars except per unit amounts]	2006	Quarter 2005	2006	2005
	\$	\$	\$	\$
<b>Operating revenues</b>				
Rental revenue from income properties	33,183	30,654	65,922	61,077
<b>Operating expenses</b>				
Operating costs	6,035	5,658	13,288	12,769
Realty taxes and services	6,766	6,192	13,509	12,432
Property management expenses	287	362	580	661
	<b>13,088</b>	<b>12,212</b>	<b>27,377</b>	<b>25,862</b>
<b>Operating income before the under noted</b>	<b>20,095</b>	<b>18,442</b>	<b>38,545</b>	<b>35,215</b>
Interest on borrowings	5,602	5,072	11,182	10,270
Depreciation of income properties	4,042	3,648	7,947	7,295
Amortization of deferred leasing costs	1,517	1,356	3,064	2,683
Amortization of deferred financing costs and other assets	177	169	352	345
	<b>11,338</b>	<b>10,245</b>	<b>22,545</b>	<b>20,593</b>
<b>Operating income from real estate assets</b>	<b>8,757</b>	<b>8,197</b>	<b>16,000</b>	<b>14,622</b>
<b>Trust administrative expenses</b>	<b>498</b>	<b>487</b>	<b>1,071</b>	<b>900</b>
<b>Other revenues</b>	<b>105</b>	<b>79</b>	<b>153</b>	<b>108</b>
<b>Unusual item</b>	<b>—</b>	<b>—</b>	<b>554</b>	<b>—</b>
<b>Net income from continuing operations</b>	<b>8,364</b>	<b>7,789</b>	<b>14,528</b>	<b>13,830</b>
<b>Net income from discontinued operations</b>	<b>—</b>	<b>253</b>	<b>—</b>	<b>257</b>
<b>Net income</b>	<b>8,364</b>	<b>8,042</b>	<b>14,528</b>	<b>14,087</b>
<b>Basic net income per unit</b>	<b>0.250</b>	<b>0,247</b>	<b>0.437</b>	<b>0,433</b>
<b>Diluted net income per unit</b>	<b>0.246</b>	<b>0,243</b>	<b>0.430</b>	<b>0,426</b>

Cominar Real Estate Investment Trust — Press Release (continued)

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

Period ended June 30, [unaudited, in thousands of dollars]	Quarter		Cumulative (six months)	
	2006 \$	2005 \$	2006 \$	2005 \$
<b>OPERATING ACTIVITIES</b>				
Net income	8,364	8,042	14,528	14,087
Adjustments for:				
depreciation of income properties	4,042	3,661	7,947	7,322
Amortization of above-market leases	30	30	60	60
Amortization of deferred leasing costs	1,517	1,356	3,064	2,683
Amortization of deferred financing costs and other assets	177	170	352	346
Compensation costs related to unit options	31	55	62	91
Gain on sale of an income property	—	(248)	—	(248)
Leasing costs	(2,165)	(1,028)	(2,726)	(2,777)
Change in non-cash operating working capital items	(3,951)	(4,150)	(10,660)	(7,458)
	<b>8,045</b>	<b>7,888</b>	<b>12,627</b>	<b>14,106</b>
<b>FINANCING ACTIVITIES</b>				
Mortgages payable	59,652	—	59,652	—
Repayments of mortgages payable	(12,829)	(2,406)	(17,336)	(4,752)
Bank indebtedness	(40,801)	13,859	(17,878)	16,879
Distributions to unitholders	(9,948)	(9,523)	(19,845)	(19,216)
Net proceeds from issue of units	1,186	392	4,771	3,530
	<b>(2,740)</b>	<b>2,322</b>	<b>9,364</b>	<b>(3,559)</b>
<b>INVESTING ACTIVITIES</b>				
Acquisitions of income properties	(4,888)	(3,909)	(18,608)	(6,764)
Net proceeds from disposition of an income property	—	675	—	675
Acquisitions of properties under development and land held for future development	(198)	(6,931)	(2,991)	(12,521)
Other assets	(219)	(45)	(392)	(111)
	<b>(5,305)</b>	<b>(10,210)</b>	<b>(21,991)</b>	<b>(18,721)</b>
<b>Net change in cash and cash equivalents</b>	<b>—</b>	<b>—</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>	<b>—</b>	<b>—</b>