

## Press Release

### 44<sup>th</sup> Consecutive Quarter of Growth for Cominar

#### Second Quarter of Fiscal 2009:

- Increases of 14.2% in operating revenues and 14.7% in net operating income
- Distributable income of \$20.6 million, up 10.1%
- Funds from operations of \$23.8 million, up 10.5%
- Increase of 13.5% in distributions
- Unit offering for proceeds of \$57.5 million

#### *Event subsequent to June 30, 2009:*

- Closing of a new unit offering for proceeds of \$57.5 million

#### TSX - CUF.UN

Québec City, August 6, 2009 — Cominar Real Estate Investment Trust (“Cominar” or the “REIT”) once again achieved solid growth in the second quarter ended June 30, 2009.

#### Financial Highlights

Periods ended June 30 (in thousands of dollars except per unit amounts)	Quarter			Cumulative (Six Months)		
	2009	2008	% Change	2009	2008	% Change
Operating revenues <sup>(1) (2)</sup>	<b>67,373</b>	58,994	14.2	<b>135,240</b>	116,327	16.3
Net operating income <sup>(1) (2) (3)</sup>	<b>39,547</b>	34,470	14.7	<b>76,231</b>	65,920	15.6
Net income <sup>(1)</sup>	<b>7,715</b>	6,826	13.0	<b>11,757</b>	10,951	7.4
Recurring distributable income <sup>(1)(3)</sup>	<b>20,626</b>	18,728	10.1	<b>38,071</b>	34,522	10.3
Recurring funds from operations <sup>(1)(3)</sup>	<b>23,835</b>	21,572	10.5	<b>44,694</b>	40,298	10.9
Recurring adjusted funds from operations <sup>(1)(3)</sup>	<b>20,161</b>	18,192	10.8	<b>37,207</b>	33,874	9.8
Distributions	<b>18,261</b>	16,095	13.5	<b>34,784</b>	31,464	10.6
<b>Per unit</b>						
Net income	<b>0.16</b>	0.15	6.7	<b>0.25</b>	0.24	4.2
Recurring distributable income (FD) <sup>(3)(4)</sup>	<b>0.41</b>	0.40	2.5	<b>0.79</b>	0.75	5.3
Recurring funds from operations (FD) <sup>(3)(4)</sup>	<b>0.46</b>	0.45	2.2	<b>0.90</b>	0.86	4.7
Recurring adjusted funds from operations (FD) <sup>(3)(4)</sup>	<b>0.40</b>	0.39	2.6	<b>0.77</b>	0.74	4.1
Distributions (basic)	<b>0.360</b>	0.353	2.0	<b>0.720</b>	0.692	4.0

(1) Certain figures for 2008 have been modified following the adoption of a new accounting policy implemented retroactively.

(2) Certain figures for 2008 have been reclassified as discontinued operations in conformity with GAAP.

(3) Non-GAAP financial measure. See the reconciliation with the most similar GAAP measure included herein.

(4) Fully diluted.

“Our 2009 second quarter and first six month results reflect solid growth over the corresponding periods of 2008 and indicate that our real estate operations continued to post a satisfactory performance despite the economic situation. The demand for rental space remains fairly good in our portfolio, which is well diversified on a segmented and geographic basis. We pursued our property development projects and prudent business strategy while analyzing any expansion opportunities corresponding to our criteria. Despite tightened financing conditions, we successfully completed two unit offerings in April and July 2009, which positions us well to realize potential interesting expansion projects,” indicated Michel Dallaire, President and Chief Executive Officer of Cominar.

**Operating revenues** totalled \$67.4 million for the second quarter ended June 30, 2009, up 14.2%. This increase is due mainly to the contribution of the office and industrial and mixed-use property acquisitions and developments completed in 2008 and the beginning of 2009.

**Net operating income** amounted to \$39.5 million, up 14.7% over the second quarter of 2008. The operating profit margin stood at 58.7%, up slightly over the second quarter of 2008, and the same property profit margin held virtually steady with 2008, at 58.3%.

**Net income** amounted to \$7.7 million, up 13.0% over the second quarter of 2008. **Net income per unit** grew by 6.7% to \$0.16.

**Distributable income** totalled \$20.6 million, up 10.1% over the second quarter of 2008. **Recurring distributable income per fully diluted unit** amounted to \$0.41, compared with \$0.40 for the corresponding quarter of 2008, an increase of 2.5%.

**Recurring funds from operations** totalled \$23.8 million, up 10.5% over the second quarter of 2008, reflecting the contribution of the acquisitions and developments completed in 2008 and at the beginning of 2009 and 2.7% growth in same property net operating income. **Recurring adjusted funds from operations** per fully diluted unit grew by 2.6% to \$0.40, compared with \$0.39 for the second quarter of 2008.

In the second quarter of 2009, Cominar paid **distributions** totalling \$18.3 million to unitholders, compared with \$16.1 million in the corresponding quarter of 2008, an increase of 13.5%. **Distributions per unit** amounted to \$0.360, compared with \$0.353 in the second quarter of 2008.

### **Financial Position**

During the second quarter of 2009, Cominar completed an offering of 4,792,050 units for proceeds of \$57.5 million. The net proceeds from the offering were used to reduce the debt used to finance its ongoing acquisition and development pipeline. On June 25, 2009, Cominar contracted a mortgage payable of \$20.0 million bearing interest at 5.87%. As at June 30, 2009, **the overall debt ratio** stood at 60.9%, which is less than the maximum debt ratio of 65.0% allowed by the REIT's Contract of Trust when convertible debentures are outstanding. **The annualized interest coverage ratio** remained conservative at 2.60:1. The weighted average contractual interest rate of the long-term debt was 5.56% as at June 30, 2009, down seven basis points from December 31, 2008.

### **Event Subsequent to June 30, 2009**

**\$57.5 Million Unit Offering** — On July 8, 2009, Cominar closed an offering of 3,783,500 units for proceeds of \$57.5 million. The net proceeds from the offering were used to reduce the outstanding under current credit facilities, which debt is used to finance Cominar's ongoing acquisition and development pipeline. **The overall debt ratio stood at 58.0%** after this reduction in bank indebtedness.

### **Occupancy Rate of Portfolio Properties**

In the second quarter, the occupancy rate of Cominar's office and retail properties stood at 94.4% and 97.0% respectively, compared with 94.5% and 97.1% as at December 31, 2008, whereas the occupancy rate of its industrial and mixed-use properties was 93.0%, compared with 94.0% as at December 31, 2008, down 1.0% because the properties in the Montréal region were affected by the economic slowdown. Thus, as at June 30, 2009, the portfolio occupancy rate stood at 94.0%. At the end of the second quarter, the leasing team had renewed 46.1% of leases expiring in 2009. In addition, Cominar signed new leases representing 0.4 million square feet of leasable space.

### **Expansion of Property Portfolio**

On January 16, 2009, Cominar acquired a 227,260-square-foot office property located at 8400 Décarie Boulevard in Montréal, for a \$36.8 million purchase price, and the capitalization rate is 8.8%. This property is attached to another Cominar property and these two buildings are fully leased to the same tenant. For this acquisition, Cominar assumed a \$13.5 million mortgage payable bearing interest at 5.55%, and the balance of the purchase price was paid cash.

Ongoing developments in the Québec City and Montréal regions represent an additional leasable area of approximately 0.7 million square feet and a total estimated investment of \$97.4 million. Their average capitalization rate is estimated at 9.4%, which is much higher than current market rates for similar properties. Considering the current advancement of these developments, Cominar does not foresee any significant budget overruns.

### **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 receive an effective discount of 5% of distributions in the form of additional units. Information and enrolment forms are available at [www.cominar.com](http://www.cominar.com).

### **Additional Financial Information**

Cominar's interim consolidated financial statements and the management's discussion and analysis for the second quarter and six-month period ended June 30, 2009 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).

### **August 6, 2009 Conference Call**

On Thursday, August 6, 2009, at 11:30 a.m. (EDT), Cominar's management will hold a conference call to discuss the results for the second quarter of 2009. Anyone who is interested may take part in this call by dialing 1 (800) 251-6546. A presentation of the 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 Cominar's website and archived for 90 days.

### **PROFILE as at August 6, 2009**

Cominar is the largest commercial property owner in the Province of Quebec. The REIT owns a real estate portfolio of 215 high-quality properties, consisting of 38 office, 38 retail and 139 industrial and mixed-use buildings that cover a total area of over 18.5 million square feet in the Greater Québec City, Montréal 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. The following table shows the reconciliation of DI, FFO and AFFO with the most similar GAAP measures:*

Quarters ended June 30	2009			2008		
	DI	FFO	AFFO	DI	FFO	AFFO
Net income (GAAP)	7,715	7,715	7,715	6,826	6,826	6,826
+ Amortization of income properties	13,731	13,731	13,731	12,634	12,634	12,634
+ Amortization of capitalized leasing costs	—	2,389	2,389	—	2,112	2,112
- Amortization of below-market leases	(175)	—	(175)	(126)	—	(126)
+ Compensation expense related to unit option plan	150	—	150	171	—	171
+ Accretion of liability component of convertible debentures	10	—	—	9	—	—
- Rental income – straight-line accounting for leases	(774)	—	(774)	(754)	—	(754)
- Amortization of fair value adjustments on assumed indebtedness	(31)	—	—	(32)	—	—
- Amortization of capitalized leasing costs	—	—	(2,389)	—	—	(2,112)
- Capital expenditures – maintenance of ability to generate rental income	—	—	(486)	—	—	(559)
	20,626	23,835	20,161	18,728	21,572	18,192

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Complete consolidated financial statements, including accompanying notes, are available on Cominar’s website at [www.cominar.com](http://www.cominar.com) under “Investor Relations – Interim Reports”.

## COMINAR REAL ESTATE INVESTMENT TRUST

# CONSOLIDATED BALANCE SHEETS

[unaudited, in thousands of dollars]

	As at June 30, 2009	As at December 31, 2008
	\$	\$
<b>ASSETS</b>		
Income properties		
Buildings	1,237,713	1,228,770
Land	202,116	199,211
Intangible assets	<u>72,375</u>	<u>79,106</u>
	1,512,204	1,507,087
Properties under development	113,280	72,945
Land held for future development	42,372	20,857
Capitalized leasing costs and other assets	47,301	44,141
Prepaid expenses	20,844	1,954
Accounts receivable	<u>26,114</u>	<u>21,352</u>
	1,762,115	1,668,336
<b>LIABILITIES</b>		
Mortgages payable	782,278	730,711
Convertible debentures	204,445	203,723
Bank indebtedness	189,327	186,987
Accounts payable and accrued liabilities	35,233	34,987
Distributions payable to unitholders	<u>6,084</u>	<u>—</u>
	1,217,367	1,156,408
<b>UNITHOLDERS' EQUITY</b>		
Unitholders' equity	<u>544,748</u>	<u>511,928</u>
	1,762,115	1,668,336

# CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

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

	Quarter		Cumulative (six months)	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Unitholders' contributions</b>				
Balance, beginning of period	601,221	592,304	600,965	591,172
Issue of units	57,970	4,151	58,226	5,283
Underwriters' fees and offering expenses	(2,702)	—	(2,702)	—
Balance, end of period	656,489	596,455	656,489	596,455
<b>Cumulative net income</b>				
Balance, beginning of period	276,441	251,904	272,399	247,779
Change due to new accounting policy	—	(365)	—	(365)
Net income	7,715	6,826	11,757	10,951
Balance, end of period	284,156	258,365	284,156	258,365
<b>Cumulative distributions</b>				
Balance, beginning of period	(379,340)	(313,449)	(362,817)	(298,080)
Distributions to unitholders	(18,261)	(16,095)	(34,784)	(31,464)
Balance, end of period	(397,601)	(329,544)	(397,601)	(329,544)
<b>Contributed surplus</b>				
Balance, beginning of period	1,242	637	1,069	513
Unit option plan	150	115	323	239
Balance, end of period	1,392	752	1,392	752
<b>Other equity component</b>				
Equity component of convertible debentures	312	312	312	312
<b>Total unitholders' equity</b>	<b>544,748</b>	<b>526,340</b>	<b>544,748</b>	<b>526,340</b>

# CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

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

	Quarter		Cumulative (six months)	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Operating revenues</b>				
Rental revenue from income properties	67,373	58,994	135,240	116,327
<b>Operating expenses</b>				
Operating costs	11,757	10,248	26,644	22,207
Realty taxes and services	15,211	13,578	30,642	26,910
Property management expenses	858	698	1,723	1,290
	27,826	24,524	59,009	50,407
<b>Operating income before the undernoted</b>	<b>39,547</b>	<b>34,470</b>	<b>76,231</b>	<b>65,920</b>
Interest on borrowings	14,533	12,002	29,229	23,852
Depreciation of income properties	13,731	12,622	27,950	25,081
Amortization of capitalized leasing costs	2,389	2,106	4,987	4,230
Amortization of other assets	91	72	182	134
	30,744	26,802	62,348	53,297
<b>Operating income from real estate assets</b>	<b>8,803</b>	<b>7,668</b>	<b>13,883</b>	<b>12,623</b>
<b>Trust administrative expenses</b>	<b>(1,161)</b>	<b>(984)</b>	<b>(2,254)</b>	<b>(1,863)</b>
<b>Other revenues</b>	<b>73</b>	<b>124</b>	<b>128</b>	<b>175</b>
<b>Net income from continuing operations</b>	<b>7,715</b>	<b>6,808</b>	<b>11,757</b>	<b>10,935</b>
<b>Net income from discontinued operations</b>	<b>—</b>	<b>18</b>	<b>—</b>	<b>16</b>
<b>Net income and comprehensive income</b>	<b>7,715</b>	<b>6,826</b>	<b>11,757</b>	<b>10,951</b>
<b>Basic net income per unit</b>	<b>0.155</b>	<b>0.150</b>	<b>0.246</b>	<b>0.242</b>
<b>Diluted net income per unit</b>	<b>0.155</b>	<b>0.149</b>	<b>0.246</b>	<b>0.239</b>

# CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Quarter		Cumulative (six months)	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net income	7,715	6,826	11,757	10,951
Items not affecting cash:				
Depreciation of income properties	13,731	12,634	27,950	25,104
Amortization of below-market leases	(175)	(126)	(379)	(253)
Amortization of capitalized leasing costs	2,389	2,112	4,987	4,243
Amortization of capitalized financing costs and other assets	797	493	1,508	928
Amortization of fair value adjustments on assumed indebtedness	(31)	(32)	(62)	(63)
Accretion of liability component of convertible debentures	10	9	20	18
Compensation expense related to unit option plan	150	171	323	301
	<b>24,586</b>	<b>22,087</b>	<b>46,104</b>	<b>41,229</b>
Change in non-cash working capital items	(18,301)	(4,298)	(23,103)	(18,888)
	<b>6,285</b>	<b>17,789</b>	<b>23,001</b>	<b>22,341</b>
<b>INVESTING ACTIVITIES</b>				
Additions to income properties	(4,248)	(33,377)	(31,021)	(56,618)
Additions to properties under development and land held for future development	(22,599)	(5,090)	(51,529)	(10,997)
Net proceeds on disposal of share in a property held in co-ownership	2,015	—	2,015	—
Capitalized leasing costs	(4,652)	(4,352)	(8,888)	(8,926)
Other assets	(132)	(1,081)	(226)	(1,621)
	<b>(29,616)</b>	<b>(43,900)</b>	<b>(89,649)</b>	<b>(78,162)</b>
<b>FINANCING ACTIVITIES</b>				
Mortgages payable	19,844	81,368	94,162	111,232
Repayment of mortgages payable	(4,863)	(84,635)	(56,409)	(139,863)
Bank indebtedness	(29,236)	41,421	2,071	111,926
Net proceeds from issue of units	54,941	2,850	54,929	3,422
Distributions to unitholders	(17,355)	(14,893)	(28,105)	(30,896)
	<b>23,331</b>	<b>26,111</b>	<b>66,648</b>	<b>55,821</b>
Net change in cash and cash equivalents	—	—	—	—
Cash and cash equivalents, beginning of period	—	—	—	—
Cash and cash equivalents, end of period	—	—	—	—