COMINAR

PRESS RELEASE

For Immediate Release

# Growth continues with an agreement to acquire a major real estate portfolio

Release of financial results for Q2 2012

- **62% increase in net income**
- **Issuance of $125 million in non-secured debentures**
- **Issuance of $172.5 million in units**
- **Acquisition of three income properties (over 106,000 sq. ft.)**

Subsequent events:

- **Projected acquisition worth $697 million**
- **Simultaneous offering of trust units, worth $250 million**

Québec City, August 8, 2012 — Cominar Real Estate Investment Trust ("Cominar" or the "REIT") (TSX: CUF.UN) announced today that, once again, the trust achieved solid financial results for the quarter ended June 30, 2012, during which it continued the integration process related to the acquisition of Canmarc, completed on March 1, 2012, and conducted negotiations that aimed to acquire a 68-property portfolio that is part of GE Canada Real Estate Equity's Canadian asset base. "We are quite satisfied with our results for the second quarter of 2012, as they are a reflection of the effort we put forth over the past few months; we are also very excited to see that our latest strategic transaction materialized," said Mr. Michel Dallaire, President and Chief Executive Officer of Cominar. "As announced on July 30, 2012, this acquisition should increase our assets by nearly 15% and have a significant impact on the geographical diversification of our portfolio, as Ontario will account for 11% (compared to 5%) of our net operating income. Our unitholders should appreciate the positive effects of this projected acquisition on our overall activities," added Mr. Dallaire.

## ANALYSIS OF FINANCIAL RESULTS

For the second quarter of 2012, **Cominar's operating income** totalled $140.4 million, up 71%. This increase is due mainly to the contribution of the nine acquisitions completed in 2011, along with the contribution of Canmarc's income properties integrated in 2012.

**Net operating income** reached $79.0 million, up 68.0% over the second quarter of 2011.

**Net income** grew to $45.8 million, an increase of 62.2% over the second quarter of 2011, whereas **net income per fully diluted unit** remained stable at $0.42, compared to the same period last year. Had we not incurred unusual transaction costs and restructuring charges, our adjusted net income per unit (basic) would have been $0.47 ($0.89 for the six-month period).

**Recurring distributable income** totalled **$**41.8 million, up 64.4% over the second quarter of 2011. **Recurring distributable income per fully diluted unit** amounted to $0.39, the same as in the corresponding period last year.

**Recurring funds from operations** totalled $49.4 million, up 77.0% or $0.45 per fully diluted unit. **Recurring adjusted funds from operations per fully diluted unit** amounted to $0.38, compared with $0.39 for the second quarter of 2011.

In the second quarter of 2012, Cominar paid **distributions** totalling $39.5 million to unitholders, up 71.2% compared to the same period last year. **Distributions per unit** remained stable at $0.36 compared to the second quarter of 2011.

As at June 30, 2012, Cominar's **overall debt ratio** stood at 50.9% and its **annualized interest coverage ratio** at 2.64:1, demonstrating its capacity to meet its financial obligations. The average contractual interest rate for mortgages payable, as at June 30, 2012, is 5.35%; i.e., three basis points lower than as at December 31, 2011.

## FINANCIAL AND OPERATIONAL HIGHLIGHTS

### Leasing activities

As at June 30, 2012, the **average occupancy rate** of our properties stood at 94.5%. During the six-month period ended June 30, 2012, Cominar renewed 49.8% of leases maturing in 2012, and it also signed new leases representing an area of 0.8 million square feet. Lease renewal rates rose 4.5% overall. Our three activity segments posted increases in lease renewal rates: 3.5% (office), 5.6% (retail) and 5.1% (industrial and mixed-use).

### Integration of Canmarc

During this period, Cominar continued the integration of Canmarc in order to realize the synergies resulting from this acquisition. The corporate structure was flattened, the accounting systems were unified and personnel was streamlined in certain areas. Cominar incurred charges related to this integration process; these charges mainly include direct salaries of personnel that was maintained for the transition period, severance pay indemnities paid during this period, as well as consulting and legal fees. This process will continue throughout the fiscal year.

### Issue of units

On May 28, 2012, Cominar closed a public offering of 7,279,500 units for total gross proceeds of over $172.5 million, used to pay down debt outstanding under current credit facilities.

### Debentures issue

On June 12, 2012, Cominar proceeded to price an offering of $125 million Series 1 senior unsecured debentures. Proceeds from the sale of debentures were used to pay down debt outstanding under current credit facilities.

### Acquisition of income properties

On June 28, 2012, Cominar acquired three income properties totalling 106,000 square feet for an amount of $11.6 million. These properties are fully leased (100%). The capitalization rate of this transaction is 8.6%.

## SUBSEQUENT EVENTS

### Projected acquisition valued at $697 million

On July 30, 2012, Cominar announced the acquisition of a portfolio of 68 properties from GE Canada Real Estate Equity at a stabilized capitalization rate of 6.7%. This portfolio consists of office and industrial properties located primarily in the Montréal and Ottawa areas and represents approximately 4.3 million square feet. When completed, the acquisition will increase Cominar's assets by 15%, bringing its leasable area to 35 million square feet. This acquisition will produce an immediate increase in adjusted funds from operations per unit.

### Offering of trust units

Cominar entered into an agreement with a syndicate of underwriters to sell, on a bought deal basis, 10,122,000 Cominar trust units. The agreement provides for the issuance of the trust units at a price of $24.70 per trust unit to raise gross proceeds of approximately $250 million.

## ADDITIONAL FINANCIAL INFORMATION

Cominar's condensed consolidated interim financial statements, prepared in accordance with IFRS, and the interim management's discussion and analysis for the second quarter ended June 30, 2012, will be filed with SEDAR at www.sedar.com and are available on Cominar's website at www.cominar.com.

## AUGUST 8, 2012, CONFERENCE CALL

On Wednesday, August 8, 2012, at 11:00 a.m. (EDT), Cominar's management will hold a conference call to present the results for the second quarter of 2012. Anyone who is interested may take part in this call by dialing 1.888.231.8191. To ensure your participation, please dial in five minutes before the start of the call. For those unable to participate, a taped re-broadcast will be available from Wednesday, August 8, 2012, at 2:00 p.m. to Wednesday, August 15, 2012, at 11:59 p.m., by dialing 1.855.859.2056 followed by the code 69628680.

## PROFILE AS AT AUGUST 8, 2012

Cominar Real Estate Investment Trust is the third largest diversified real estate investment trust in Canada and currently remains the largest commercial property owner in the Province of Québec. The REIT owns a real estate portfolio of 415 high-quality properties, consisting of 82 office, 158 retail and 175 industrial and mixed-use buildings that cover a total area of 30.7 million square feet in Québec, Ontario, the Atlantic Provinces and Western Canada. Cominar's objectives are to pay growing cash distributions to unitholders and to maximise unitholder value by way of proactive management and the expansion of its portfolio.

## DIVIDEND REINVESTMENT PLAN

Cominar has a dividend 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.

## 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-IFRS MEASURES

*Net operating income, distributable income (DI), funds from operations (FFO) and adjusted funds from operations (AFFO) are not measures recognized by International Financial Reporting Standards ("IFRS") and do not have standardized meanings prescribed by IFRS. Such measures may differ from similar computations as reported by similar entities and, accordingly, may not be comparable to similar measures reported by such other entities. The following table shows the reconciliation of DI, FFO and AFFO with the most similar IFRS measures:*

| **For the quarters ended June 30,** | **2012** | | | **2011** | | |
|---|---|---|---|---|---|---|
| | **DI** | **FFO** | **AFFO** | **DI** | **FFO** | **AFFO** |
| **Net income (IFRS)** | **45,762** | **45,762** | **45,762** | 28,221 | 28,221 | 28,221 |
| - Amortization of fair value adjustments on assumed indebtedness | **(3,920)** | **-** | **(3,920)** | (399) | - | (399) |
| + Amortization of fair value adjustments on bond investments | **78** | **-** | **78** | - | - | - |
| + Amortization of capitalized financing costs | **1,218** | **-** | **1,218** | 875 | - | 875 |
| + Compensation expense related to unit options | **245** | **-** | **245** | 271 | - | 271 |
| - Capital expenditures – maintenance of rental income generating capacity | **-** | **-** | **(826)** | - | - | (262) |
| + Accretion of liability component of convertible debentures | **58** | **-** | **58** | 60 | - | 60 |
| + Deferred taxes | **115** | **115** | **115** | 565 | 565 | 565 |
| + Restructuring charges | **2,212** | **2,212** | **2,212** | - | - | - |
| + Transaction costs – business combination | **1,274** | **1,274** | **1,274** | - | - | - |
| - Provision for leasing costs | **(3,609)** | **-** | **(3,609)** | (2,802) | - | (2,802) |
| - Change in accounts receivable – recognition of leases on a straight-line basis | **(1,617)** | **-** | **(1,617)** | (459) | - | (459) |
| - Unusual item – lease termination penalty | **-** | **-** | **-** | (900) | (900) | (900) |
| Recurring DI/FFO/AFFO | **41,816** | **49,363** | **40,990** | 25,432 | 27,886 | 25,170 |

**FOR INFORMATION:**

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