

Press Release

For Immediate Release

Cominar Announces Solid Q2 2008 Results

- **Increases of 42.5% in operating revenues and 39.0% in net operating income**
- **6% increase in same property net operating income**
- **Recurring distributable income of \$18.6 million, up 23.8%, and recurring funds from operations of \$21.6 million, up 24.7%**
- **Year-to-date investments of \$55.4 million in property acquisitions and completed developments**
- **Development program representing a total investment of \$133.4 million over the next few years for an additional leasable area of approximately 1 million sq.ft.**

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Quebec City, August 7, 2008 — Cominar Real Estate Investment Trust (“Cominar” or the “REIT”) announces solid results for its second quarter ended June 30, 2008.

Financial Highlights

For the periods ended June 30, (in thousands of dollars except per unit amounts)	Quarter			Cumulative (six months)		
	2008	2007	% Change	2008	2007	% Change
Operating revenues ⁽¹⁾	59,086	41,476	42.5	116,492	75,747	53.8
Net operating income ⁽¹⁾⁽²⁾	34,398	24,750	39.0	65,784	43,902	49.8
Net income	6,690	8,690	(23.0)	10,704	16,014	(33.2)
Distributable income ⁽²⁾	18,592	15,436	20.4	34,275	27,044	26.7
Recurring distributable income ⁽²⁾⁽³⁾	18,592	15,014	23.8	34,275	26,622	28.7
Recurring funds from operations ⁽²⁾⁽³⁾	21,553	17,290	24.7	40,260	30,962	30.0
Recurring adjusted funds from operations ⁽²⁾⁽³⁾	18,615	15,014	24.0	34,320	26,622	28.9
Distributions	16,095	13,206	21.9	31,464	24,584	28.0
Per unit (fully diluted)						
Recurring distributable income ⁽²⁾⁽³⁾	0.40	0.37	8.1	0.74	0.68	8.8
Recurring funds from operations ⁽²⁾⁽³⁾	0.45	0.42	7.1	0.85	0.79	7.6
Recurring adjusted funds from operations ⁽²⁾⁽³⁾	0.40	0.37	8.1	0.75	0.68	10.3
Distributions (basic)	0.353	0.312	13.1	0.692	0.618	12.0

(1) Certain figures for the first semester of 2007 have been reclassified as discontinued operations in conformity with GAAP.

(2) See the note “Non-GAAP Financial Measures”.

(3) Excluding non-recurring interest income of \$0.4 million realized during the second quarter of 2007 in connection with a public offering of subscription receipts.

“We are very pleased with our second-quarter results, strong same property performance and financial position as at June 30, 2008. Our occupancy rate is stable, our rental rates are increasing and our fundamentals remain solid despite the tightening of credit markets and volatility in stock prices,” indicated Michel Dallaire, President and Chief Executive Officer of Cominar. “Since the beginning of the year, we have repaid all the mortgages maturing in 2008 and contracted \$113.1 million in new mortgages at a lower average interest rate than the repaid debt. Finally, our development program, which represents a total investment of \$133.4 million over the next few years, should offer unitholders an attractive value-added potential,” he added.

Operating revenues totaled \$59.1 million for the second quarter ended June 30, 2008, up 42.5%. This significant increase is due mainly to the contribution of the properties acquired in 2007, as well as the other acquisitions and developments completed in 2007 and the beginning of 2008.

Net operating income (“NOI”) amounted to \$34.4 million, up 39.0% over the second quarter of 2007. Same property NOI, which provides an indication of the operating profitability of the existing portfolio, was up by 6% over the previous corresponding quarter, and 4% year-to-date.

Net income amounted to \$6.7 million, down 23.0% from the corresponding period of 2007. It should be noted that the comparison of 2008 net income with that of 2007 is not meaningful, primarily because of the significant increase in amortization attributable to the income properties acquired in 2007 and 2008.

Recurring distributable income (“RDI”) grew to \$18.6 million for the quarter, up 23.8% over the same period of 2007. RDI per fully diluted unit amounted to \$0.40, compared with \$0.37 for the second quarter of 2007, an increase of 8.1%.

Recurring funds from operations (“FFO”) increased by 24.7% to \$21.6 million due to the contribution of the acquisitions and developments completed in 2007 and the beginning of 2008 as well as strong organic growth. Recurring FFO per fully diluted unit amounted to \$0.45, compared with \$0.42 for the second quarter of 2007, up 7.1%.

Recurring adjusted funds from operations (“AFFO”) totaled \$18.6 million, compared with \$15.0 million for the second quarter of 2007. Recurring AFFO per fully diluted unit grew 8.1%.

Distributions to unitholders totaled \$16.1 million for the second quarter of 2008, compared with \$13.2 million in the second quarter of 2007, an increase of 21.9%. Distributions per unit amounted to \$0.353, up from \$0.312 in the second quarter of 2007.

As at June 30, 2008, Cominar maintained a **debt ratio** of 58.1%, which is less than the maximum debt ratio of 65.0% allowed by its Contract of Trust when convertible debentures are outstanding. This ratio enables the REIT to incur up to \$322 million in additional debt, if need be, to finance its future acquisitions and development program.

Operational Highlights

Cominar consistently strives to maximize its property occupancy rates and has successfully maintained a 95.0% average since its inception. Leasing activities continued to progress at a steady pace across its portfolio throughout the second quarter. As at June 30, 2008, its portfolio occupancy rate was stable at 95.2%. Satisfactory occupancy rates were achieved in all three sectors of activity and renewal rates are up by an average of 8.2% year-to-date.

Acquisitions and Developments Completed in 2008

Since the beginning of the year, Cominar has acquired 10 income properties representing a total investment of \$44.6 million. In addition, the REIT has completed the development of two industrial and mixed-use properties in the Montreal area for \$10.8 million.

Ongoing and Upcoming Developments

As at June 30, 2008, ongoing and upcoming developments in the Quebec City and Montreal regions represented an additional leasable area of approximately one million square feet and a total estimated investment of approximately \$133.4 million over the next few years. Their average capitalization rate is estimated at 9.4%, which is much higher than current market rates for similar properties.

Increase in Monthly Distributions (previously announced)

Considering the excellent results arising from the expected benefits of the acquisitions and developments completed in 2007 and beginning of 2008, as well as the solid same property performance, and as real estate market conditions remain favourable for growth, the Board of Trustees has raised the monthly distributions to unitholders from 11.3 cents per unit to 12.0 cents per unit (\$1.44 annualized), representing an increase of 6.2%. This increase was effective for the May 2008 distribution payable in June 2008.

Outlook

“Our primary objective is to continue creating value through optimal organic growth and the completion of acquisitions and development projects matching our criteria of profitability and growth over the long term. Considering the high rental demand in our markets and the quality of our properties, we remain confident we can renew a large proportion of 2008 expiring leases at a higher rate per square foot. Despite more uncertain economic conditions, we are confident we will achieve a solid performance in upcoming months,” concluded Michel Dallaire.

Additional Financial Information

Cominar’s interim consolidated financial statements and the management’s discussion and analysis for the second quarter ended June 30, 2008 will be filed with SEDAR at www.sedar.com and are available on Cominar’s website at www.cominar.com.

August 7, 2008 Conference Call

On Thursday, August 7, 2008, at 11:30 a.m. (EDT), Cominar’s management will hold a conference call to discuss the results for the second quarter of 2008. Anyone who is interested may take part in this call by dialing 1-800-732-9303. A presentation of the second quarter 2008 results will be available before the conference call on the REIT’s website at www.cominar.com under the title “Conference Call”. The event will also be simultaneously webcast on its website and archived for 90 days.

PROFILE as at August 7, 2008

Cominar is the largest commercial property owner and manager in the Province of Quebec. The REIT owns a real estate portfolio of 212 high-quality properties, consisting of 36 office, 39 retail and 137 industrial and mixed-use buildings that cover a total area of over 17.6 million square feet in the Greater Quebec City, Montreal 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.

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 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 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-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.

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Complete interim consolidated financial statements, including accompanying notes, are available on Cominar's website at www.cominar.com under "Investor Relations – Quarterly Reports".

Consolidated Balance Sheets

[in thousands of dollars]

	As at June 30, 2008 (unaudited) \$	As at December 31, 2007 (audited) \$
ASSETS		
Income properties		
Buildings	1,107,557	1,073,830
Land	182,949	174,657
Intangible assets	<u>69,474</u>	<u>74,608</u>
	1,359,980	1,323,095
Properties under development	49,674	31,401
Land held for future development	19,226	29,879
Deferred expenses and other assets	39,152	36,001
Prepaid expenses	16,705	2,758
Accounts receivable	<u>23,376</u>	<u>19,660</u>
	1,508,113	1,442,794
LIABILITIES		
Mortgages payable	592,427	619,755
Convertible debentures	204,060	203,852
Bank indebtedness	147,247	35,321
Accounts payable and accrued liabilities	32,451	35,924
Distributions payable to unitholders	<u>5,470</u>	<u>6,246</u>
	981,655	901,098
UNITHOLDERS' EQUITY		
Unitholders' equity	<u>526,458</u>	<u>541,696</u>
	1,508,113	1,442,794

Consolidated Statements of Unitholders' Equity

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

	Quarter		Cumulative (six months)	
	2008	2007	2008	2007
	\$	\$	\$	\$
Unitholders' contributions				
Balance, beginning of period	592,304	412,707	591,172	400,698
Issue of units	4,151	173,828	5,283	185,837
Underwriters' fees and offering expenses	—	(5,852)	—	(5,852)
Balance, end of period	596,455	580,683	596,455	580,683
Cumulative net income				
Balance, beginning of period	251,793	225,862	247,779	218,538
Net income	6,690	8,690	10,704	16,014
Balance, end of period	258,483	234,552	258,483	234,552
Cumulative distributions				
Balance, beginning of period	(313,449)	(254,004)	(298,080)	(242,626)
Distributions to unitholders	(16,095)	(13,206)	(31,464)	(24,584)
Balance, end of period	(329,544)	(267,210)	(329,544)	(267,210)
Contributed surplus				
Balance, beginning of period	637	403	513	398
Unit option plan	115	4	239	9
Balance, end of period	752	407	752	407
Other equity component				
Convertible debentures equity component	312	—	312	—
Unitholders' equity	526,458	548,432	526,458	548,432

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)	
	2008	2007	2008	2007
	\$	\$	\$	\$
Operating revenues				
Rental revenue from income properties	59,086	41,476	116,492	75,747
Operating expenses				
Operating costs	10,388	7,344	22,472	14,924
Realty taxes and services	13,588	8,987	26,931	16,310
Property management expenses	712	395	1,305	611
	24,688	16,726	50,708	31,845
Operating income before the undernoted	34,398	24,750	65,784	43,902
Interest on borrowings	12,030	7,021	23,911	12,239
Depreciation of income properties	12,634	6,975	25,104	11,363
Amortization of deferred leasing costs	2,112	1,747	4,243	3,419
Amortization of other assets	72	52	134	102
	26,848	15,795	53,392	27,123
Operating income from real estate assets	7,550	8,955	12,392	16,779
Trust administrative expenses	984	831	1,863	1,452
Other revenues	124	83	175	175
Unusual item	—	422	—	422
Net income from continuing operations	6,690	8,629	10,704	15,924
Net income from discontinued operations	—	61	—	90
Net income and comprehensive income	6,690	8,690	10,704	16,014
Basic net income per unit	0.147	0.221	0.236	0.420
Diluted net income per unit	0.146	0.217	0.234	0.413

Consolidated Statements of Cash Flows

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

	Quarter		Cumulative (six months)	
	2008	2007	2008	2007
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net income	6,690	8,690	10,704	16,014
Items not affecting cash				
Depreciation of income properties	12,634	7,207	25,104	11,827
Amortization of above- (below-) market leases	(126)	(38)	(253)	(8)
Amortization of deferred leasing costs	2,112	1,747	4,243	3,419
Amortization of deferred financing costs and other assets	660	237	1,226	482
Amortization of fair value adjustments on assumed indebtedness	(32)	—	(63)	—
Accretion of liability component of convertible debentures	9	—	18	—
Compensation costs related to unit option plan	171	50	301	99
	22,118	17,893	41,280	31,833
Change in non-cash operating working capital items	(4,298)	(1,783)	(18,888)	(3,817)
	17,820	16,110	22,392	28,016
INVESTING ACTIVITIES				
Acquisitions of income properties	(33,250)	(363,555)	(56,370)	(403,965)
Additions to properties under development and land held for future development	(5,090)	(14,383)	(10,997)	(22,832)
Leasing costs	(4,352)	(3,062)	(8,926)	(4,818)
Other assets	(1,239)	(134)	(1,920)	(490)
	(43,931)	(381,134)	(78,213)	(432,105)
FINANCING ACTIVITIES				
Mortgages payable	81,368	132,947	111,232	167,987
Repayments of mortgages payable	(84,635)	(44,324)	(139,863)	(56,750)
Bank indebtedness	41,421	45,405	111,926	70,175
Net proceeds from issue of units	2,850	165,503	3,422	168,580
Net proceeds from issue of convertible debentures	—	77,386	—	77,386
Distributions to unitholders	(14,893)	(11,893)	(30,896)	(23,289)
	26,111	365,024	55,821	404,089
Net change in cash and cash equivalents	—	—	—	—
Cash and cash equivalents, beginning of period	—	—	—	—
Cash and cash equivalents, end of period	—	—	—	—