

For Immediate Distribution

Letko Brosseau Reasserts Its Intention to Vote AGAINST \$11.75 Offer for Cominar Real Estate Investment Trust Units

Montreal, Quebec, December 3, 2021 – Letko, Brosseau & Associates Inc., ("Letko Brosseau"), a Montreal based investment firm which exercises control over approximately 3.3% of the outstanding units of Cominar Real Estate Investment Trust ("Cominar" or the "Company") reaffirms its intention to vote AGAINST the proposed offer to purchase by Iris Acquisition II LP of \$11.75 per unit.

Cominar is a leading Canadian real estate investment trust. It is the owner of prime real estate assets such as Gare Centrale, Alexis Nihon and Rockland in Montreal and Place de la Cité in Quebec City. The Company's portfolio currently comprises approximately 36 million square feet of leasable area and has significant future development potential. Cominar is also the largest industrial property owner in the Province of Quebec. Industrial assets have benefitted from exceptional market fundamentals with peak levels of occupancy, unprecedented rental growth and record asset values.

On October 24, 2021, Cominar announced an agreement to be acquired for \$11.75 per unit in cash by Iris Acquisition II LP (the "Purchaser" or the "Consortium"), an entity created by a consortium led by Canderel Real Estate Property Inc. and including FrontFour Capital Group LLC, Artis Real Estate Investment Trust, with partnerships managed by the Sandpiper Group. In connection with the transaction, Group Mach will acquire approximately \$1.5 billion of retail and office properties and Blackstone will acquire Cominar's industrial portfolio from the Purchaser.

After reviewing Cominar's Management Information Circular published on November 24, 2021, we note that the offer of \$11.75 per unit represents a significant discount to the Company's own assessment of net asset value of \$14.72 as of September 30, 2021 and the \$15 level at which the shares traded just prior to the covid-19 outbreak. Our own valuation work leads us to conclude the net asset value could be higher than the Company's own assessment. In fact, Cominar's management even wrote in its 2019 Investor Day Presentation that "[Cominar's] IFRS value [is] materially below market value," which is consistent with our own assessment.

Cominar has asserted, in its circular, that the transaction is in the shareholders' interest for a variety of reasons. We believe that all the reasons given are flawed:

- The circular asserts that the public Real Estate Investment Trust (REIT) structure is suboptimal for Cominar.*
 - We disagree and believe REITs allow investors to gain exposure to the real estate sector via a liquid and tax efficient structure. Forty countries have enacted REIT legislation, 528 listed real estate companies are included in the FTSE EPRA/Nareit Global Real Estate Index, comprising \$2 trillion of total market capitalization.¹ The Canadian S&P / TSX Composite Index counts 22 public REITs among its constituents with a total market capitalization of \$67 billion.²
- The circular asserts that diversified REITS trade at a discount in public markets.*
 - Since the current proposal seeks to take Cominar private and dispose of the assets, no such discount should be reflected in the offer price.
- The circular asserts that Cominar has a capital structure that employs high leverage and limited liquidity.*
 - Cominar's leverage of 55% and Debt/EBITDA Ratio of 10.5x are well within the range of comparable peers.
 - Liquidity is adequate with interest coverage ratio of 2.5x, \$341 million available in cash and unused credit facilities and \$1.7 billion in unencumbered assets.





4. *The circular asserts considerable capex requirements to maintain growth of office and retail segments.*

- Cominar has identified intensification opportunities including a potential of close to 10,000 residential units on its existing properties. Value can be derived from a combination of selling air rights, partnerships or standalone development.
- Approximately one third of Cominar's properties are located near new mass transit projects such as the REM and Tramway. The Company stands to benefit directly from these major infrastructure projects.

5. *Independent valuation and fairness opinions*

- The independent valuation and fairness opinion prepared by Desjardins Securities Inc. presents **unreasonable assumptions** including punitive capitalization rates, 'comparable' transactions dating back to 2006 and applies a **discount** to Cominar's reported net asset value in the range of 20% to 30% while showing 'comparable' transactions being executed at an average **premium** of 18%.

6. *Fair treatment of other stakeholders*

- Throughout the strategic review process that lasted 13 months, there was little to no communication with shareholders regarding the progress of this review. The ensuing proposal lacks critical information for shareholders to fully evaluate the offer.
- Despite requests from shareholders and analysts, the Company has not disclosed the price that Blackstone is paying for Cominar's industrial assets nor the price that the buying Consortium is paying for their share of the assets.
- The CEO of Cominar is set to receive \$11.6 million, including a \$5.2 million termination fee should the proposal go through.
- Suspending distributions for the remainder of 2021 is not in the best interest of shareholders and has a negative impact on value.

The timing of this proposal appears to be ill-conceived as Cominar is still in the early stages of emerging from the global covid-19 pandemic that has kept malls and offices closed over extended periods of time in 2020 and 2021. Cominar's share price saw a steep decline from pre-pandemic levels and has yet to fully recover.

Current operating conditions are very encouraging. Investment activity within the commercial real estate sector continues to build momentum with increased levels of investment and growing interest from developers looking for well-located sites. Canadian lenders continue to provide substantial liquidity for the real estate market. Industrial assets, such as those owned by Cominar are experiencing unprecedented levels of demand.

Given the continuing economic recovery, substantial development opportunities and the remarkable performance of the industrial assets, the Company is well-positioned to continue to grow revenues, optimize its portfolio, and strengthen its balance sheet. A skilled and diligent management team should be able to deliver significantly more value to shareholders than the current offer. Our preference is to see Cominar remain a strong Quebec based publicly traded entity.

¹ Nareit, Q3 2021

² Factset financial data and analytics. December 1, 2021

**FORWARD-LOOKING STATEMENTS**

Certain information contained in this press release may constitute forward-looking statements. Forward-looking statements may include estimates, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Although Letko Brosseau believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. Letko Brosseau's forward-looking statements are expressly qualified in their entirety by this cautionary statement. The forward-looking statements contained in this press release are made as of the date hereof and Letko Brosseau does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless expressly required by applicable securities laws.

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