Annual report 2001

COMINAR REAL ESTATE INVESTMENT TRUST

COMINAR

www.cominar.com

CORPORATE
PROFILE

COMINAR REAL ESTATE INVESTMENT TRUST ("REIT" or "COMINAR") is a closed-end investment trust established by a Contract of Trust under the laws of the province of Quebec. Founded on March 31, 1998, the REIT made its initial public offering in May 1998. Cominar owns a portfolio of 85 office, commercial, industrial and mixed use properties in the Montreal and Quebec City areas.

ITS PRINCIPAL OBJECTIVES ARE TO:

- provide unitholders with growing tax-deferred cash distributions payable monthly;
- increase and maximize unit value through proactive management, including the acquisition of income properties and the redevelopment and extension of various properties in its portfolio.

With the participation of a reliable, experienced team, the REIT will continue to grow by striving for a balanced extension of its portfolio, according to trends in the marketplace.

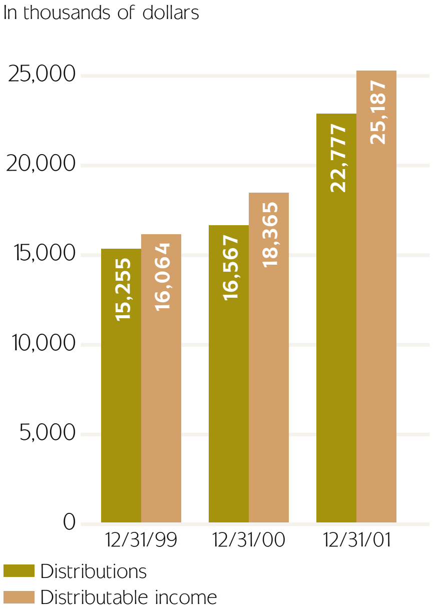
CONTENTS

2001 HIGHLIGHTS

- **A solid financial performance**
  - Increase of Net Operating Income by 26.6%
  - Increase of Distributable Income by 37.2%
- **Distributions increased from $1.061 to $1.086 per unit**
- **Portfolio growth**
  - 1,400,825 sq. ft. or 27.4%
  - 121.0% since listing on the Stock Exchange in May 1998
- **Two public offerings**
  - Issue of 8.05 millions units
  - Net proceeds of $80.4 millions
- **Total return in 2001: 28.5%, including the distributions and the increase of the unit market value (Source: BMO NB)**

FINANCIAL HIGHLIGHTS

(in thousands of dollars except per unit amounts)	2001	2000	1999
Operating Revenues	**66,978**	54,465	48,381
Net Operating Income	**40,438**	31,943	27,886
Distributable Income	**25,187**	18,365	16,064
Weighted Average Distributable Income per Unit	**1.212**	1.178	1.108
Total Assets	**455,444**	351,053	294,279
Unitholders' Equity	**240,849**	**157,700**	**136,060**



MESSAGE TO UNITHOLDERS

Fiscal 2001 was a year of exceptional growth for Cominar, which reaped the benefits of its expansion strategy and differentiation strengths to achieve major increases in operating revenues and distributable income. This financial performance was driven by dynamic expansion of the real estate portfolio, whose square footage grew by 27.4% in 2001 after eight acquisitions and the completion of development work on some properties in the Montreal and Quebec City areas. Two new public offerings yielded net proceeds of $80.4 million, in support of the growth strategy aimed at increasing the portfolio's value and optimizing return on investment for unitholders.

Mr. Jules Dallaire,
Chairman, President
and Chief Executive Officer

STRONG GROWTH IN REVENUES, INCOME AND DISTRIBUTIONS SINCE THE REIT'S INCEPTION

We are proud of our sustained growth in operating revenues every year since creating the REIT in March 1998. This achievement reflects both the quality of our team, and our expansion strategy and value-added real estate portfolio. We recorded rentals from income properties of $67.0 million and distributable income of $25.2 million in 2001, up 23.0% and 37.2% respectively over 2000, and up 56.0% and 84.6% over annualized figures for our first fiscal year ended December 31, 1998.

After revising our distribution policy in fiscal 2000 to ensure greater financial leverage so as to expand the portfolio and increase its value, the distribution rate stood at 89.6% in 2001. In order to keep our debt to gross book value ratio below 55.0%, while taking advantage of acquisition opportunities matching our growth criteria, we also completed two new public offerings during the year. Strong growth in distributable income resulted in distributions of $1.086 per unit for fiscal 2001, representing a total of $22.8 million, up by 37.5% or $6.2 million over distributions for the previous fiscal year. The capital contribution from the two public offerings totalled $80.4 million after deduction of underwriting fees, enabling us to repay some loans and lower our debt to gross book value ratio to 44.9% by the close of 2001.

121.0% INCREASE IN LEASABLE AREA SINCE THE REIT'S INCEPTION

Eight acquisitions and the extension of a shopping centre increased the portfolio's leasable area by about 1.4 million square feet or 27.4% over fiscal 2000, bringing it to over 6.5 million square feet for a net asset value of $455.4 million as at December 31, 2001.

A total of $69.8 million was invested for the expansion in 2001, adding to the $19.3 million allocated for planned development work on three properties.

These acquisitions and developments are entirely consistent with our short, medium and long-term growth strategy. With capitalization rates varying between 9.9% and 13.1%, we are confident that they will lead to a higher return on outstanding units.

We consolidated our dominant presence in the Greater Quebec City area, notably by acquiring the Place Lévis shopping centre. This 224,642-square-foot centre is ideally located on President-Kennedy, the main artery in Lévis, the largest community on Quebec City's South Shore. Purchased at a cost of $12 million, this shopping centre has a capitalization rate of 11.1%. We also acquired a 111,338-square-foot industrial and mixed-use property adjacent to others we own in a major industrial park near Highway 40, the principal east-west thoroughfare in Quebec City. Purchased at a cost of $1 million, this building will be renovated and extended for $1.6 million, after which it will have a capitalization rate of about 13.0%. As at December 31, 2001, our portfolio covered some 5.1 million square feet in the Greater Quebec City area.

With regard to development work, we started the planned 224,999-square-foot extension at Les Promenades Beauport, a shopping centre acquired in late 2000. This $17.0 million extension is on schedule and a reflection of Cominar's management know-how. We are confident that the work can be completed by next fall. This centre will then have a capitalization rate of 13.1%, which is much higher than the rates we can achieve with acquisitions currently. We take great interest in projects of this type, given the strong value-added potential they hold for our real estate portfolio.

In 2001, we further extended our portfolio in the Montreal region, where it now covers an area of over 1.4 million square feet in our three sectors. Major acquisitions included a 243,687-square-foot industrial and mixed-use property in the Laval industrial park, purchased at a total cost of $9.9 million and having a capitalization rate of 11.1%. We acquired another industrial and mixed-use building in the Ville d'Anjou industrial park, near Highway 40, at a cost of $3.5 million and having a capitalization rate of 11.0%. It should also be noted that these two properties are on large lots, giving them the advantage of considerable parking space.

Besides the important 232,414-square-foot office property acquired in January 2001, we also purchased an 175,060-square-foot building in Montreal. Ideally located along a major Montreal artery at 8500 Décarie Boulevard, this new construction completed in November 2001 is fully leased to Ericsson Canada Inc., a world leader in the telecommunications industry. The transaction amounted to $32.7 million and the building has a capitalization rate of 9.9%.

Balanced diversification of the real estate portfolio remains the cornerstone of our growth. Whereas industrial and mixed-use properties can ensure somewhat stable cash flows in a less favourable economy, it is mostly the retail sector that will yield a vigorous contribution to growth in a strong business environment.

A SECURE VALUE BASED ON A DYNAMIC YET PRAGMATIC STRATEGY TO ENSURE AN OPTIMAL RETURN FOR UNITHOLDERS

As reflected by the successive growth rates we have achieved since the REIT's inception, our vision is to build a solid, dynamic real estate investment trust with a highly attractive return. Our primary objective is to maximize our unitholders' return on investment by regularly paying them satisfactory, rising distributions, while increasing the portfolio's value through proactive management combined with top-quality acquisitions and development work, completed on an efficient, cost-effective basis.

In the future, we will continue to respect our core values, which position us as one of the leading real estate investment trusts in Canada, based on:

- a dynamic acquisition strategy rooted in market vigilance to seize opportunities with value-added potential, consistent with our short, medium and long-term growth criteria;
- prudent financial management to keep the portfolio's debt to gross book value ratio below 55.0%;
- well-balanced diversification of the property portfolio;
- a matching of objectives and interests between management, Cominar REIT and unitholders;
- an open corporate culture conducive to creativity, initiative and productivity;
- and maintaining our dominant presence in the Greater Quebec City area while further expanding in the Montreal region.

FOR 2002: SUSTAINED GROWTH ON EVERY LEVEL AND ASSETS OF OVER A HALF-BILLION DOLLARS

Our recent purchases, the development work under way, and the market vigilance we apply to seize acquisition opportunities matching our goals, make us confident and optimistic about fiscal 2002. Over the coming year, we expect to continue increasing our operating revenues and distributable income, while also extending our real estate portfolio in both the Montreal and Quebec City regions, and thereby to top the half-billion dollar mark in assets.

Our largest acquisitions in 2001 were made late in the year, with the result that we will reap the benefits over a full fiscal year in 2002. What's more, the development work undertaken at the end of 2000 and in 2001 will start to yield its contribution this year, although the full potential will be reached in fiscal 2003.

In the Greater Quebec City area where Cominar enjoys a dominant presence as a real estate property owner, conditions remain very favourable, and the economy is also showing particularly good stability after the September 2001 events. The past year was auspicious for the job market in this region, which accounted for over half the jobs created in Quebec. Forecasts for 2003 and 2004 are also excellent, especially with regard to employment.

The Montreal area benefits from fairly stable economic activity. We should also point out that most of our customers enjoy a solid financial position and hold long-term leases with Cominar.

On behalf of our trustees whom we acknowledge for the year-long benefit of their wise counsel, we express to every member of Cominar's personnel our sincere gratitude for their understanding of our objectives and the sustained quality of their work. We also wish to thank all our business and financial partners, customers and suppliers. We want to assure our unitholders of our steadfast commitment to pursue our growth for an optimal return on their investment in Cominar REIT, which will remain an attractive, secure value in the future.

Jules Dallaire
Chairman, President
and Chief Executive Officer

TRUSTEES
AND OFFICERS

1 **Jules Dallaire**
Trustee, Chairman, President
and Chief Executive Officer

2 **Michel Berthelot**
Trustee, Executive Vice-President
and Chief Financial Officer

3 **Michel Dallaire**
Trustee, Executive Vice-President
Operations

4 **Richard Marion**
Trustee

5 **Robert Després**
Trustee

6 **Michel Ouellette**
Executive Vice-President
Acquisitions and development

7 **Pierre Gingras**
Trustee

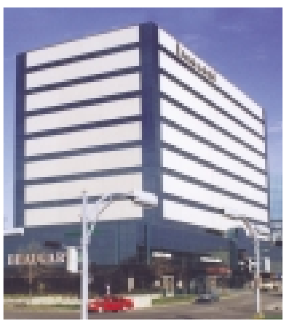
8 **Michel Paquet**
Trustee, Executive Vice-President
Legal Affairs and Secretary

9 **Ghislaine Laberge**
Trustee

10 **Yvan Caron**
Trustee

11 **Luc-André Picotte**
Vice-President
Retail Operations

SUMMARY OF THE PROPERTIES



Property	Ownership Interest (%)	Leasable Area (square feet)	Occupancy %
OFFICE PROPERTIES			
Place de la Cité, 2600, boul. Laurier, Sainte-Foy	100	428,354	96.50
150, boul. René-Lévesque, Quebec City	100	242,049	100.00
455, rue Marais, Vanier	100	61,207	84.37
979, avenue de Bourgogne, Sainte-Foy	100	67,154	93.20
2014, boul. Jean-Talon Nord, Sainte-Foy	100	61,556	86.82
2200, boul. Jean-Talon Nord, Sainte-Foy	100	29,816	97.34
3175, chemin des Quatre-Bourgeois, Sainte-Foy	100	99,755	100.00
4635, 1ère Avenue, Charlesbourg	100	40,336	94.37
5055, boul. Wilfrid-Hamel Ouest, Quebec City	100	26,497	70.07
5075, boul. Wilfrid-Hamel Ouest, Quebec City	100	28,055	93.69
8500, boul. Décarie, Mont-Royal	100	175,060	100.00
		1,259,839	96.03
Office property under development			
255, boul. Crémazie, Montréal	100	232,414	
Sub-Total (Office)		**1,492,253**	

Property	Ownership Interest (%)	Leasable Area (square feet)	Occupancy %
RETAIL PROPERTIES			
Place de la Cité, 2600, boul. Laurier, Sainte-Foy	100	388,263	97.92
Les Promenades Beauport, 3333, rue du Carrefour, Beauport	100	280,000	97.17
Carrefour Charlesbourg, 8500, boul. Henri-Bourassa, Charlesbourg	100	265,036	94.15
Halles Fleur de Lys, 245, rue Soumande, Vanier	100	89,808	94.85
5, Place Orléans, Beauport	100	5,792	100.00
50, Route du Président-Kennedy, Levis	100	224,642	77.44
329, rue Seigneuriale, Beauport	100	3,792	100.00
325, rue Marais, Vanier	100	77,517	85.89
355, rue Marais, Vanier	100	37,178	100.00
550, rue Marais, Vanier	100	16,627	91.70
1295, boul. Charest Ouest, Sainte-Foy	100	49,280	88.99
1371, chemin Sainte-Foy, Quebec City	100	5,491	100.00
1400, avenue Saint-Jean-Baptiste, Quebec City	100	102,700	89.16
1465, boul. Saint-Bruno, Saint-Bruno-de-Montarville	100	26,093	100.00
1475, boul. Saint-Bruno, Saint-Bruno-de-Montarville	100	129,638	100.00
1485, boul. Saint-Bruno, Saint-Bruno-de-Montarville	100	12,971	100.00
1495, boul. Saint-Bruno, Saint-Bruno-de-Montarville	100	34,808	100.00
1970, avenue Chauveau, Quebec City	100	2,400	100.00
2160, boul. de la Rive-Sud, Saint-Romuald	100	74,966	100.00
2195, boul. de la Rive-Sud, Saint-Romuald	100	6,225	100.00
		1,833,227	93.71
Retail property under development			
3333, rue du Carrefour, Beauport (extension)	100	224,999	
Sub-Total (Retail)		**2,058,226**	
INDUSTRIAL AND MIXED USE PROPERTIES			
100, rue Chabot, Vanier	100	107,000	100.00
280, rue Racine, Loretteville	100	18,801	100.00
320, chemin de la Canardière, Quebec City	100	12,777	80.03
445, avenue St-Jean Baptiste, Quebec City	100	56,226	88.41
450, avenue Saint-Jean-Baptiste, Quebec City	100	44,869	100.00
500, avenue St-Jean Baptiste, Quebec City	100	43,671	83.65
955, avenue Saint-Jean-Baptiste, Quebec City	100	32,904	94.44
1515, avenue Saint-Jean-Baptiste, Quebec City	100	61,771	100.00

Property	Ownership Interest (%)	Leasable Area (square feet)	Occupancy %
454-456, rue Marconi, Sainte-Foy	100	15,853	74.17
470, avenue Godin, Vanier	100	23,000	100.00
579, avenue Godin, Vanier	100	12,337	100.00
625, avenue Godin, Vanier	100	60,078	100.00
650, avenue Godin, Vanier	100	196,335	100.00
765, avenue Godin, Vanier	100	19,405	100.00
830, avenue Godin, Vanier	100	48,990	100.00
625, rue des Canetons, Quebec City	100	19,981	100.00
905, avenue Ducharme, Vanier	100	20,504	100.00
1165, rue Gouin, Quebec City	100	70,913	78.36
1415, 32 ième Avenue, Lachine	100	71,500	0.00
1455, 32 ième Avenue, Lachine	100	32,500	100.00
1475, 32 ième Avenue, Lachine	100	91,690	100.00
1750-90, avenue Newton, Québec	100	63,135	95.24
1540, boul. Jean-Talon Nord, Sainte-Foy	100	9,425	100.00
1990, boul. Jean-Talon Nord, Sainte-Foy	100	88,843	98.80
2020, boul. Jean-Talon Nord, Sainte-Foy	100	41,133	100.00
2100, boul. Jean-Talon Nord, Sainte-Foy	100	31,316	100.00
2150, boul. Jean-Talon Nord, Sainte-Foy	100	22,560	100.00
2160, boul. Jean-Talon Nord, Sainte-Foy	100	45,151	70.23
2180, boul. Jean-Talon Nord, Sainte-Foy	100	17,444	100.00
1670, rue Semple, Sainte-Foy	100	91,200	90.64
2010, rue Lavoisier, Sainte-Foy	100	68,235	100.00
2015, rue Lavoisier, Sainte-Foy	100	2,006	100.00
2022, rue Lavoisier, Sainte-Foy	100	59,249	100.00
2025, rue Lavoisier, Sainte-Foy	100	37,078	100.00
2181, rue Léon Harmel, Quebec City	100	45,000	89.60
2105, boul. Dagenais Ouest, Laval	100	243,687	100.00
2345, rue Dalton, Sainte-Foy	100	54,258	100.00
2755, rue Dalton, Sainte-Foy	100	23,880	86.47
2385, rue Watt, Sainte-Foy	100	65,828	98.11
2500, rue Jean-Perrin, Quebec City	100	79,032	85.28
2600, rue Jean-Perrin, Quebec City	100	50,000	81.70
2700, rue Jean-Perrin, Quebec City	100	131,066	96.34
2955, rue Kepler, Sainte-Foy	100	14,960	100.00
3300, JB Deschamps, Lachine	100	19,393	100.00
4175, boul. Sainte-Anne, Beauport	100	39,245	100.00
4975, rue Rideau, Quebec City	100	32,861	100.00
5000, rue Rideau, Quebec City	100	2,475	100.00
5125, rue Rideau, Quebec City	100	11,575	100.00
5130, rue Rideau, Quebec City	100	24,408	100.00
5275, boul. Wilfrid-Hamel, Quebec City	100	29,719	93.43
8288, boul. Pie-IX, Montreal	100	119,000	100.00
9100, boul. du Parcours, Anjou	100	122,600	100.00
10550, boul. Parkway, Anjou	100	110,000	100.00
		2,856,867	93.99
Industrial and Mixed Use property under development			
1041, boul. Pierre-Bertrand, Vanier	100	111,338	
Sub-Total (Industrial and Mixed Use)		**2,968,205**	
TOTAL PORTFOLIO		**6,518,684**	**94.34***

*Excluding properties under development.

PLACE
DE LA CITÉ

Place de la Cité enjoys a choiced location on boulevard Laurier, the most important thoroughfare in Sainte-Foy and in the Quebec City area. Located between two other major commercial centers, Place de la Cité enjoys a strategic geographical location. These three centers gathered together offer more than 600 stores and boutiques.

« With eighty five buildings located in the regions of Quebec City and Montreal, Cominar's specialists will find for you the perfect location, most ideally suitable for the growth of your enterprise. »

1485 BOUL. SAINT-BRUNO SAINT-BRUNO

LE SAINT-MATHIEU SAINTE-FOY

PLACE LÉVIS LEVIS

PLACE DE LA CITÉ PROJECTED TOWER

1475 32ième AVENUE LACHINE

255 CRÉMAZIE EST MONTREAL

PLACE
DE LA CAPITALE

Located in the business district, at the entrance of Old-Quebec, near the parliamentary hill, Place de la Capitale is one of the most important office building of the Quebe City area. This tower, twenty (20) storeys high, is located at 150 boulevard René-Lévesque.

MANAGEMENT'S DISCUSSION

AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

Cominar closed its third complete fiscal year as at December 31, 2001 with excellent results. Operating revenues, net operating income and distributable income grew by some 23.0%, 26.6% and 37.2% respectively compared with the previous fiscal year, rising to levels unequalled since the Trust's inception.

Moreover, the expansion continued with eight acquisitions and developments that added 1.4 million square feet to the portfolio, for an increase of 27.4% during the year. Finally, Cominar carried out two new public offerings for net proceeds of $80.4 million, which were use to repay loans arranged for various acquisitions.

Cominar REIT is the only Quebecer real estate investment trust. It is positioned as a leading real estate owner with a diversified portfolio of 85 properties: 11 office buildings covering 1,492,000 square feet, 20 retail buildings covering 2,058,000 square feet, and 54 industrial and mixed-use buildings covering 2,968,000 square feet. On December 31, 2001, the portfolio had a total leasable area of 6.5 million square feet, including 1.4 million square feet divided among 14 properties in the Montreal region, all the others being located in the Greater Quebec City area where Cominar enjoys a dominant presence.

This management's discussion and analysis of operating results and financial position should be read in conjunction with the audited financial statements for the fiscal year ended December 31, 2001.

OPERATING RESULTS

OPERATING REVENUES, NET OPERATING INCOME AND DISTRIBUTABLE INCOME

Cominar's various competitive strengths, including the quality work of its team of rental representatives, enabled it to accelerate its growth in 2001. **Operating revenues** totalled $67.0 million, up by 23.0% or $12.5 million over fiscal 2000.

Following several acquisitions at prices below replacement value, the rental representatives focused on increasing these properties' occupancy rates. All of them are now contributing significantly to the growth in revenues, profits and cash flows.

Net operating income grew by 26.6% or $8.5 million to reach $40.4 million. This growth came not only from the increase in operating revenues, but also from the major savings achieved due mainly to the clustering of properties and efficient, cost-effective energy management. In fact, the ratio of net operating income to operating revenues in fiscal 2001 was 1.8% higher than the previous fiscal year.

SEGMENTED INFORMATION

(in thousands of dollars)	Rental Income		Net Operating Income	
Sectors	2001	2000	2001	2000
Office	20,840	18,086	12,738	10,747
Retail	26,169	19,536	15,484	11,085
Industrial and mixed use	19,969	16,843	12,216	10,111
Total	**66,978**	**54,465**	**40,438**	**31,943**

Office buildings and industrial and mixed-use properties each accounted for approximately 31.0% of net operating income in 2001, while retail properties contributed 38.0%. It should be pointed out that in fiscal 2000, office buildings had made a contribution of 33.6%, while the retail sector had provided an input of 34.7%, and industrial and mixed-use properties had generated 31.7%.

The major acquisitions of the Saint-Bruno and Les Promenades Beauport shopping centres toward the end of 2000 increased the retail sector's net operating income in 2001, which grew by 39.7%. The other two sectors also posted solid growth in net operating income, with rates of 18.5% for office buildings and 20.8% for industrial and mixed-use properties.

Distributable income totalled $25.2 million, up 37.2% over the previous fiscal year, reflecting mainly the sharp rise in net operating income as well as the interest savings achieved following the two public offerings and the decline in interest rates in 2001, plus interest income from the mortgage receivable. **Weighted average distributable income per unit** rose from $1.178 to $1.212, even though the weighted average number of units increased by 5.2 million after the two public offerings in 2001.

QUARTERLY INFORMATION

(in thousands of dollars except amounts per unit)

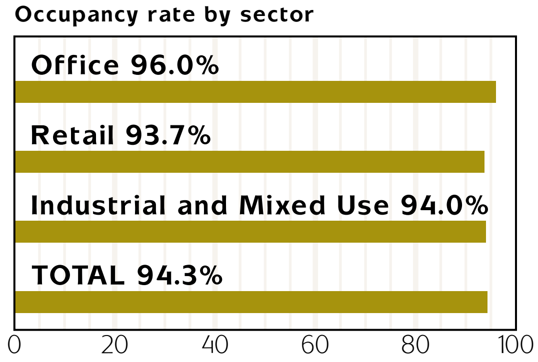
	2001					2000				
	March 31	June 30	Sept. 30	Dec. 31	**Total**	March 31	June 30	Sept. 30	Dec. 31	**Total**
Rentals from income properties	15,883	16,353	16,905	17,837	**66,978**	13,089	13,445	13,677	14,254	**54,465**
Net operating income	8,742	9,788	10,549	11,359	**40,438**	7,186	7,972	8,065	8,720	**31,943**
Net income	4,060	5,552	6,058	6,689	**22,359**	3,258	3,889	4,257	4,723	**16,127**
Basic and fully diluted net income per unit	0.217	0.270	0.291	0.290	**1.076**	0.225	0.268	0.259	0.282	**1.034**
Distributable income	4,731	6,224	6,761	7,471	**25,187**	3,805	4,443	4,820	5,297	**18,365**
Weighted average distributable income per unit	0.253	0.303	0.325	0.324	**1.212**	0.262	0.306	0.294	0.316	**1.178**
Weighted average number of units (in thousands)	18,717	20,545	20,794	23,035	**20,786**	14,500	14,500	16,386	16,763	**15,593**

The quarterly analysis indicates that the first quarter ended March 31 is generally the fiscal year's least strong period in profit terms, due to higher energy and snow removal costs. However, we can point to the steady growth quarter after quarter in rentals from income properties and net operating income, which grew by 36.3% and 58.1% respectively compared with the first quarter closed March 31, 2000. The increase in net income per unit and weighted average distributable income per unit was more moderate due to the important quarterly increase in the weighted average number of units, which rose 58.9% from 14.5 million to 23.0 million during the last eight quarters.

OCCUPANCY RATE

The occupancy rate fell 0.76% to 94.34% as at December 31, 2001, down slightly from 95.10% at the end of the previous fiscal year. This decline was due mostly to the last acquisitions made in 2001.

Cominar can readily deal with a customer's unexpected departure as it has a total of more than 1,100 customers. Last year, the team of rental representatives renewed over 81.4% of the leases maturing in 2001, and concluded new agreements for 392,158 square feet.



INTEREST ON MORTGAGES PAYABLE AND BANK INDEBTEDNESS

Interest on mortgages payable rose 12.3%. This increase compared with the previous fiscal year came mainly from the mortgages assumed for the acquisition of various properties.

The weighted average interest rate stood at 6.84% on December 31, 2001, down 0.45% from 7.29% at the close of fiscal 2000.

TRUST EXPENSES

As an entirely self-administered and self-directed trust, Cominar stands out from other Canadian real estate investment trusts. From the outset, the REIT implemented an administrative structure that allows it to keep management fees to a minimum. In fact, Trust expenses represented 1.75% of operating revenues for fiscal 2001.

DISTRIBUTIONS

Distributions to unitholders amounted to $1.086 per unit, for total distributions of $22.8 million in fiscal 2001. Cominar thus paid $6.2 million or $0.025 per unit more to unitholders than the previous year. It should be pointed out that 60.0% of these distributions are subject to a tax deferral, compared with 62.8% in fiscal 2000.

FINANCIAL POSITION

ASSETS

As at December 31, 2001, total assets showed an increase of $104.4 million or 29.7% over the previous fiscal year. This upswing resulted from the acquisition of eight properties, the extension of Les Promenades Beauport shopping centre, and a mortgage receivable of $9.0 million.

The year's acquisitions represented a total investment of approximately $69.8 million, and another $19.3 million was earmarked mainly for the extension of the Promenades Beauport centre and development work on the Crémazie Boulevard office building in Montreal.

Capitalization rates on the acquisitions made in 2001 vary between 9.9% and 13.1%, excluding the impact of financial leveraging.

PROPERTIES ACQUIRED AND DEVELOPED IN 2001

Date of acquisition	Location	Interest (%)	Area (sq. ft.)
Quebec City			
March	765, rue Godin, Quebec City	100	19,405
November	1295, boul. Charest Ouest, Quebec City	100	49,280
December	50, route du Président-Kennedy, Lévis	100	224,642
Under development			
December	1041, boul. Pierre-Bertrand, Quebec City	100	111,338
	2600, Jean-Perrin (extension)	100	10,000
	Les Promenades Beauport (extension)	100	224,999
Total/Quebec City Area			**639,664**
Montreal			
June	10550, boul. Parkway, Anjou	100	110,000
June	2105, boul. Dagenais, Laval	100	243,687
December	8500, boul. Décarie, Montreal	100	175,060
Under development			
January	255, boul. Crémazie, Montreal	100	232,414
Total/Montreal Area			**761,161**
TOTAL 2001			**1,400,825**

Major investments in the Greater Quebec City area included the acquisition of the Place Lévis shopping centre, a 224,642-square-foot property with a capitalization rate of 11.1% purchased at a cost of $12.0 million; and the extension of the Promenades Beauport shopping centre undertaken in April 2001. This project is on schedule and should be completed in the fall of 2002. Some 70.0% of this extension has already been leased.

The properties acquired in the Montreal region, except for the one on Crémazie Boulevard, are all fully rented to single tenants and are subject to long-term leases. These three properties represent an investment of $46.1 million. The renovations to the office building on Crémazie Boulevard are now in their final phase, and the planned development work on this same building should also be completed by the fall of 2002.

Since Cominar's inception, its real estate portfolio's square footage has increased by 121.0%. Management estimates that assets will climb to over a half-billion dollars in fiscal 2002.

MORTGAGE RECEIVABLE

In June 2001, Cominar extended a $9.0 million loan to a related company. Secured by an income property under development, this loan bears interest at 10.0%, collectable monthly. Cominar holds an option to purchase this property exercisable at the end of the development work.

LIABILITIES

Liabilities consist mainly of mortgages payable which reflected an increase in value of $45.2 million as at December 31, 2001. This growth can be attributed to the financing of the acquisitions made at the end of fiscal 2000 and over the past year.

On purchasing the Crémazie Boulevard building in Montreal, Cominar contracted a mortgage payable of $5.0 million at prime rate plus 0.5% with a chartered bank.

In June 2001, Cominar also assumed two mortgages for the acquisition of the two industrial and mixed-use properties in the Montreal region. Located in Anjou and Laval, they respectively represented an amount of $2.6 million at a rate of 9.13% maturing in January 2012, and $5.0 million at 6.79% maturing in May 2014.

In November 2001, Cominar arranged for a $12.0 million mortgage at a rate of 5.79%, maturing in 2006, for an office building located on René-Lévesque Boulevard in Quebec City.

Finally, in December 2001, Cominar assumed a temporary mortgage of $17.8 million at prime rate plus 1.5% for the acquisition of the office building on Décarie Boulevard in Montreal. This loan will be replaced by a new $22.5 million mortgage in the coming months.

During the fiscal year, Cominar repaid mortgages payable for a total of $27.6 million, thereby paying up the loans on 18 buildings. Furthermore, a new mortgage payable of $22.6 million was arranged at a rate of 6.46%, mortgaging only ten of the previously paid-up properties.

Expiry of mortgages

YEAR	AMOUNT	WEIGHTED AVERAGE INTEREST RATE
2002	$48,819,298	6.52%
2003	$69,121,262	6.92%
2004	$14,799,923	7.13%
2005	$11,417,032	7.97%
2006	$34,526,380	6.23%
AFTER	$24,059,171	7.44%

On December 31, 2001, the balance of mortgages payable maturing in 2002 amounted to $48.8 million, at a weighted average interest rate of 6.52%. Cominar expects to renew these loans without any difficulty upon their respective maturities.

Management intends to ensure conservative and prudent control over the REIT's borrowings by keeping its debt to gross book value ratio below 55.0%, even though a rate of 60.0% is authorized by the Contract of Trust.

LIQUIDITY AND CAPITAL RESOURCES

Cominar's principal sources of liquidity are determined by its capacity to generate cash flows from operating activities, arrange new loans, and increase its unitholders' equity through offerings of units on the stock market. In fiscal 2001, cash flows from operating activities totalled $26.2 million, reflecting an increase of $7.1 million or 36.9% over a year earlier. Cash flows from operations per unit amounted to $1.262, compared with $1.229 in fiscal 2000.

In February and November 2001 respectively, Cominar issued 3,450,000 units at $10.10 per unit and 4,600,000 units at $10.70 per unit under two public offerings. The proceeds from these issues, after deducting the underwriting fee of $3.7 million, totalled $80.4 million. This amount served to repay the bank loans used to finance the acquisitions made since the end of 2000.

As at December 31, 2001, Cominar's bank indebtedness was quite low at $5.5 million, bringing its total indebtedness rate to 44.9%. Cominar thus had a borrowing and acquisition capacity of $170.0 million based on a debt to gross book value ratio of 60.0%, and a capacity of $100.0 million considering a rate of 55.0%.

RISK AND UNCERTAINTIES

Like any real estate entity, Cominar is subject to certain risk factors in the normal course of business.

OPERATIONAL RISK

All property investments carry risk factors, such as economic conditions, market demand and competition from vacant premises.

The rental value of real estate holdings can also depend on tenants' solvency and financial stability as well as the economic conditions prevailing in the communities where they do business and provide services.

The primary risk facing Cominar lies in a potential decline in its rental income. However, this risk is minimized by the diversification of its portfolio, which ensures foreseeable cash flows. This risk is also reduced by the fact that tenants occupy an average area of about 5,900 square feet.

As a fully integrated real estate investment trust, Cominar can also exercise tighter preventive control over its business, while developing a relationship of trust with customers and improving its operational and financial performance.

DEBT AND FINANCING

To ensure healthy risk management in regard to debt, Cominar may neither arrange nor assume any new debt if its total indebtedness exceeds 60.0% of the gross book value of its assets. As at December 31, 2001, Cominar showed a debt to gross book value ratio of 44.9%.

By spreading the maturities of its mortgages payable over several years, Cominar reduces the risks related to their renewal. In 2002, mortgages payable of $48.8 million are renewable at a weighted average interest rate of 6.52%. Cominar does not foresee any difficulty in refinancing its debt as it falls due.

ENVIRONMENTAL RISK

By their very nature, Cominar's assets and business are not subject to a high environmental risk. In accordance with the operating principles stipulated in the Contract of Trust, Cominar must conduct an environmental audit before acquiring a new property, or on its existing properties when it is deemed opportune.

In its leases, Cominar requires that tenants conduct their business in compliance with environmental legislation, and that they be held accountable for any damage resulting from their use of the leased premises.

UNITHOLDER LIABILITY

Under the heading "Operating Principles", the Contract of Trust states that any written document identifying an immovable mortgage or, in the opinion of the trustees, an important obligation, must contain terms limiting liability to Cominar's assets exclusively, and specifying that no recourse may be taken against unitholders.

« Every year, Cominar's family is expanding. Every day, thousands of persons meet their clients in one of Cominar's realization. »

MANAGEMENT'S RESPONSABILITY

The accompanying consolidated financial statements have been prepared in accordance with the recommendations of the *Canadian Institute of Chartered Accountants* and the *Canadian Institute of Public and Private Real Estate Companies*. The management of the REIT is responsible for their integrity and objectivity. The REIT maintains appropriate systems of internal control, policies and procedures to ensure that its reporting practices and accounting and administrative procedures are of high quality. The financial information presented elsewhere in this Annual Report is consistent with that in the consolidated financial statements.

"PricewaterhouseCoopers LLP" were retained as auditors of the REIT. They have audited the consolidated financial statements in accordance with generally accepted accounting principles to enable them to express their opinion on the consolidated financial statements. Their report as auditors is set forth herein.

The consolidated financial statements have been further reviewed and approved by the Board of Trustees and its Audit Committee. The auditors have direct and full access to the Audit Committee.

Jules Dallaire
Chairman, President
and Chief Executive Officer

Michel Berthelot, c.a.
Executive Vice-President
and Chief Financial Officer

AUDITORS' REPORT

To the Unitholders of
Cominar Real Estate Investment Trust

We have audited the consolidated balance sheets of Cominar Real Estate Investment Trust as at December 31, 2001 and 2000 and the consolidated statements of unitholders' equity, earnings and cash flows for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Quebec, Quebec, Canada
January 11, 2002

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants

CONSOLIDATED BALANCE SHEETS

As at December 2001 and 2000 (in thousands of dollars)

	2001 $	2000 $
ASSETS		
Income properties (note 3)	**405,987**	336,360
Income properties under development (note 4)	**21,675**	1,408
Mortgage receivable (note 5)	**9,000**	-
Deferred expenses and other assets	**14,023**	10,151
Prepaid expenses	**1,273**	677
Accounts receivable	**3,486**	2,457
	455,444	351,053
LIABILITIES AND UNITHOLDERS' EQUITY		
LIABILITIES		
Mortgages payable (note 6)	**202,743**	157,535
Bank indebtedness (note 7)	**5,483**	30,640
Accounts payable and accrued liabilities	**6,369**	5,178
	214,595	193,353
UNITHOLDERS' EQUITY		
25,424,335 issued and outstanding units (note 8)	**240,849**	157,700
	455,444	351,053

CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

For the years ended December 31, 2001 and 2000 (in thousands of dollars)

	2001 $	2000 $
UNITHOLDERS' EQUITY – BEGINNING OF YEAR	**157,700**	136,060
Proceeds of offerings (note 8)	**87,712**	23,522
Underwriter's fees and offerings costs	**(4,145)**	(1,442)
Net income for the year	**22,359**	16,127
Distributions to Unitholders	**(22,777)**	(16,567)
UNITHOLDERS' EQUITY – END OF YEAR	**240,849**	157,700

Approved by the Board,

(signed) JULES DALLAIRE, Trustee (signed) MICHEL BERTHELOT, CA, Trustee

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended December 31, 2001 and 2000 (in thousands of dollars except per unit amounts)

	2001 $	2000 $
OPERATING REVENUES		
Rentals from income properties	**66,978**	54,465
OPERATING EXPENSES		
Property operating costs	**14,925**	12,527
Realty taxes and services	**10,817**	9,294
Property management expenses	**798**	701
	26,540	22,522
NET OPERATING INCOME	**40,438**	31,943
Interest on mortgages and bank indebtedness	**12,262**	10,916
Depreciation of income properties	**2,828**	2,238
Depreciation of deferred expenses and other assets	**2,339**	1,506
	17,429	14,660
OPERATING INCOME FROM REAL ESTATE ASSETS	**23,009**	17,283
TRUST EXPENSES	**1,171**	983
OTHER (REVENUES) EXPENSES		
Loan interest	**132**	198
Other income	**(653)**	(25)
	(521)	173
NET INCOME FOR THE YEAR	**22,359**	16,127
BASIC AND DILUTED NET INCOME PER UNIT (note 10)	**1.076**	1.034

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2001 and 2000 (in thousands of dollars except per unit amounts)

	2001 $	2000 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	**22,359**	16,127
Items not affecting cash		
Depreciation of income properties	**2,828**	2,238
Depreciation of deferred expenses and other assets	**2,339**	1,506
Deferred expenses	**(1,299)**	(709)
Funds from operations	**26,227**	19,162
Deferred expenses	**(4,673)**	(3,807)
Change in non-cash operating working capital items		
Prepaid expenses	**(596)**	(123)
Accounts receivable	**(1,029)**	(420)
Accounts payable and accrued liabilities	**(1,322)**	(344)
	(7,620)	(4,694)
	18,607	14,468
CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgages payable	**49,300**	14,830
Mortgages principal repayments	**(36,431)**	(5,919)
Bank indebtedness	**(25,157)**	2,649
Net proceeds of offerings (note 8)	**83,871**	22,362
Offerings costs	**(455)**	(315)
Distributions to Unitholders	**(22,626)**	(16,534)
	48,502	17,073
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of income properties	**(41,557)**	(30,682)
Acquisitions of income properties under development	**(16,313)**	(508)
Mortgage receivable	**(9,000)**	-
Deferred expenses and other assets	**(239)**	(351)
	(67,109)	(31,541)
Net change in cash	-	-
Cash – Beginning of year	-	-
Cash – End of year	-	-
Funds from operations per unit (note 10)	**1.262**	1.229
Additional information		
Total interests paid	**11,759**	11,020
Acquisitions of income properties and income properties under development by assumption of mortgages payable	**32,339**	22,480
Acquisitions of income properties and income properties under development unpaid	**2,513**	1,438

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of dollars except per unit amounts)

1. DESCRIPTION OF THE FUND

Cominar Real Estate Investment Trust ("REIT" or "Cominar") is an unincorporated closed-end real estate investment trust created by the Contract of Trust on March 31, 1998, under the laws of the Province of Quebec.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

Cominar's consolidated financial statements are prepared in conformity with Canadian generally accepted accounting principles and are substantially in accordance with the recommendations of the Canadian Institute of Public and Private Real Estate Companies.

CONSOLIDATION

These consolidated financial statements include the accounts of Cominar and its wholly-owned subsidiary, Les Services Administratifs Cominar Inc.

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the amounts of assets and liabilities reported in the financial statements. Those estimates also affect the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

INCOME PROPERTIES AND DEPRECIATION

Income properties are stated at the lower of cost less accumulated depreciation and net recoverable amount. Cost includes acquisition costs and improvements to income properties.

Depreciation of buildings is recorded on the 5% sinking fund basis to fully amortize the cost of buildings over 40 years.

Income properties under development are stated at the lower of cost and their economic value. Cost includes all acquisition and development costs of the income properties, including the interest related to their financing.

DEFERRED EXPENSES AND OTHER ASSETS

Deferred expenses and other assets mainly include tenant improvements and leasing expenses, including tenant inducements and commissions. These expenses are deferred and amortized on the straight-line basis over the terms of the related leases. Mortgages financing expenses are deferred and amortized on the straight-line basis over the terms of the related mortgages.

UNIT OPTION PLAN

Cominar has a unit option plan described in note 8. No compensation expense is recognized for this plan when unit options are issued. Any consideration paid by optionholders on exercise of unit options is credited to Unitholders' equity.

INCOME TAXES

Cominar is taxed as a "Mutual Fund Trust" for income tax purposes. Pursuant to the Contract of Trust, the trustees intend to distribute or designate all taxable income directly earned by Cominar to Unitholders of Cominar and to deduct such distributions and designations for income tax purposes. Therefore, no provision for income taxes has been recorded.

PER UNIT RESULTS

On January 1, 2001, Cominar retroactively adopted the new recommendations of the Canadian Institute of Chartered Accountants regarding per unit results. The adoption of these new recommendations had no effect on prior year's basic and diluted net income per unit.

3. INCOME PROPERTIES

			2001			2000
	Cost $	Accumulated Amortization $	Net $	Cost $	Accumulated Amortization $	Net $
Land	61,294	-	61,294	53,910	-	53,910
Income properties	352,941	8,248	344,693	287,870	5,420	282,450
	414,235	**8,248**	**405,987**	341,780	5,420	336,360

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of dollars except per unit amounts)

4. INCOME PROPERTIES UNDER DEVELOPMENT

The cost of the income properties under development include $723 of interest related to their financing as at December 31, 2001 ($0 as at December 31, 2000).

5. MORTGAGE RECEIVABLE

The mortgage receivable from a related party is secured by an income property under development, bears interest at 10% per year and is cashable on December 31, 2002. Interests are cashable monthly. Cominar has an option to acquire the income property subject to such mortgage.

6. MORTGAGES PAYABLE

Mortgages payable are secured by income properties, bear interest at a weighted average annual rate of 6.84% (7.29% in 2000) and are renewable between January 2002 and January 2019.

The mortgages payable having fixed rate amount to $179,978 and those having variable rate amount to $22,765.

Mortgages principal repayments are as follows:
Years ending December 31

	$
2002	55,093
2003	68,245
2004	16,395
2005	12,771
2006	31,807
2007 and thereafter	18,432
	202,743

7. BANK INDEBTEDNESS

The bank indebtedness includes a bank overdraft of $4,083 (cash of $85 in 2000), a line of credit amounting to $1,400 ($7,225 in 2000) bearing interest at prime rate plus 0.25% and no banker's acceptance ($23,500 bearing interest at rates varying from 7.05% to 7.50% in 2000); the line of credit is secured by income properties and chattel mortgages on specific properties.

8. ISSUED AND OUTSTANDING UNITS

The ownership interests in Cominar are represented by a single class of units. The aggregate number of units which Cominar may issue is unlimited. Units represent a Unitholder's proportionate undivided ownership interest in Cominar. Each unit confers the right to one vote at any meeting of Unitholders and to participate equally and ratably in any distributions by Cominar.

During 2001, Cominar issued 8,447,947 units for a net proceeds cashed of $83,871 which mainly includes the issuance of 3,450,000 units at $10.10 per unit and 4,600,000 units at $10.70 per unit pursuant to a third and fourth public offerings. The proceeds of these offerings, net of underwriter's fees of $3,690, amounted to $80,375.

	2001	**2000**
Units issued and outstanding – Beginning of year	**16,976,388**	14,500,398
Issued on February 15, 2001 (at $10.10 per unit)	**3,450,000**	-
Issued on November 15, 2001 (at $10.70 per unit)	**4,600,000**	-
Issued on July 15, 2000 (at $9.50 per unit)	**-**	2,472,500
Issued from options exercised	**384,000**	-
Issued under distribution reinvestment plan	**13,947**	3,490
Units issued and outstanding – End of year	**25,424,335**	16,976,388

UNIT OPTION PLAN

Cominar adopted a unit option plan for which the participation is restricted to the trustees and key employees of Cominar. The maximum number of units reserved for issuance pursuant to the unit option plan is 2,045,699 units. The options will be exercisable on a cumulative basis of 33 1/3% of the options after each of the three first anniversary of the date of the grant. The exercise price of options equals the market price of Cominar's units on the date of the grant.

	2001		**2000**	
	Options	**Weighted-average exercise price $**	**Options**	**Weighted-average exercise price $**
Outstanding – Beginning of year	**1,401,000**	**9.10**	903,000	9.41
Exercised	**(384,000)**	**9.10**	-	-
Granted	**439,000**	**10.91**	498,000	8.55
Outstanding – End of year	**1,456,000**	**9.65**	1,401,000	9.10

			December 31, 2001	
Date of grant	**Maturity date**	**Exercise price $**	**Outstanding options**	**Options exercisable**
May 29, 1998	May 29, 2003	10.10	126,000	126,000
May 21, 1999	May 21, 2004	9.25	525,000	280,000
January 14, 2000	January 14, 2005	8.55	366,000	34,000
March 27, 2001	March 27, 2006	10.20	49,000	-
August 9, 2001	August 9, 2006	11.00	390,000	-
			1,456,000	440,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of dollars except per unit amounts)

DISTRIBUTION REINVESTMENT PLAN

Cominar adopted a distribution reinvestment plan pursuant to which unitholders may elect to have all cash distributions of Cominar automatically reinvested in additional units. The plan has been modified on March 27, 2001, in order to give to the reinvestment plan's participants a number of units amounting to 105% of the cash distribution. During the year, 13,947 units (3,490 in 2000) have been issued at a weighted average price of $10.85 ($9.48 in 2000) pursuant to the distribution reinvestment plan.

9. INCOME TAXES

As at December 31, taxable (deductible) difference between tax bases and reported amounts of assets of the Trust were as follows:

	2001 $	2000 $
Income properties	**28,344**	18,517
Financing and offering costs	**(5,923)**	(3,930)
	22,421	14,587

10. PER UNIT RESULTS

The basic and diluted net income per unit are calculated based on the weighted average number of units outstanding during the year of 20,785,940 (15,593,469 in 2000).

The possible issuance of units under the unit option plan has an anti-dilutive effect on the basic net income per unit amounts.

11. DISTRIBUTABLE INCOME PER UNIT

Distributable income has been calculated pursuant to Cominar's Contract of Trust as follows:

	2001 $	2000 $
Net income for the year	**22,359**	16,127
Add:		
Depreciation of income properties	**2,828**	2,238
Distributable income for the year	**25,187**	18,365
Distributable income per weighted average unit	**1.212**	1.178
Distributions per unit	**1.086**	1.061

12. RELATED PARTY TRANSACTIONS

During the year, Cominar had transactions with related parties. These transactions, done in the normal course of business, have been measured at the exchange amounts and have been reflected in the financial statements as follows:

	2001 $	2000 $
Rentals from income properties	**1,338**	838
Other income	**454**	-
Income properties and income properties under development	**19,777**	4,164
Mortgage receivable	**9,000**	-
Deferred expenses and other assets	**4,162**	4,237
Accounts receivable	**643**	143
Accounts payable and accrued liabilities	**1,688**	935

13. FINANCIAL INSTRUMENTS

Cominar is exposed to financial risks that arise from the fluctuation in interest rates and in the credit quality of its tenants. Cominar manages these risks as follows:

INTEREST RATE RISK

Accounts receivable and accounts payable and accrued liabilities bear no interest.

The interest rates on the mortgage receivable, mortgages payable and bank indebtedness are respectively described in notes 5, 6 and 7.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of dollars except per unit amounts)

CREDIT RISK

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. Cominar mitigates this risk of credit loss by ensuring that its tenant mix is diversified and by limiting its exposure to only one tenant. Credit evaluations are made about each new tenant.

FAIR VALUE

The fair value of the majority of Cominar's financial assets and liabilities, representing net working capital, approximates the carrying value as at December 31, 2001 due to their short-term nature. In these circumstances, the fair value is determined to be the market or exchange value of the assets and liabilities.

As at December 31, 2001, the fair value of mortgages payable exceeded the carrying value by approximately $3,800 ($0 as at December 31, 2000) due to changes in interest rates since the dates on which the individual mortgages payable were assumed. The fair value of mortgages payable has been estimated based on current market rates for mortgages of similar terms.

14. SEGMENT DISCLOSURES

Cominar's activities include three property types. The accounting policies followed by each property type are the same than those disclosed in the summary of accounting policies. The following table shows the financial information related to these property types:

				2001
	Office properties $	**Retail properties $**	**Industrial and mixed use properties $**	**Total $**
Rentals from income properties	20,840	26,169	19,969	**66,978**
Interest on mortgages and bank indebtedness	4,031	4,780	3,451	**12,262**
Depreciation of income properties	894	1,226	708	**2,828**
Operating income from real estate assets	7,067	8,751	7,191	**23,009**
Income properties	137,654	166,193	102,140	**405,987**
Acquisition of income properties	41,617	13,891	16,947	**72,455**

				2000
	Office properties $	**Retail properties $**	**Industrial and mixed use properties $**	**Total $**
Rentals from income properties	18,086	19,536	16,843	**54,465**
Interest on mortgages and bank indebtedness	4,176	3,978	2,762	**10,916**
Depreciation of income properties	780	904	554	**2,238**
Operating income from real estate assets	5,301	5,741	6,241	**17,283**
Income properties	96,931	153,528	85,901	**336,360**
Acquisition of income properties	15,118	1,111	37,471	**53,700**

INFORMATION

QUEBEC (HEAD OFFICE)
455 rue Marais
Vanier (Quebec) G1M 3A2
Tel. : (418) 681-8151
Tel. : (418) COM-INAR
Fax : (418) 681-2946

Toll free: 1 866 COMINAR

MONTREAL
255 boul. Crémazie Est
Suite 120
Montreal (Quebec) H2M 1M2
Tel. : (514) 337-8151
Fax : (514) 904-5000

Web Site: www.cominar.com
E-Mail: info@cominar.com

TRANSFERT AGENT
National Bank Trust
Montreal, Toronto
INSCRIPTION: Bourse de Toronto
STOCK TRADING SYMBOL: CUF.UN

AUDITORS
PricewaterhouseCoopers LLP
900 boul. René-Lévesque Est
Suite 500
Quebec (Quebec) Canada G1R 2B5