



**COMINAR
REAL ESTATE INVESTMENT TRUST**

**NOTICE OF ANNUAL AND SPECIAL MEETING
OF UNITHOLDERS
AND
MANAGEMENT PROXY CIRCULAR**

March 24, 2003



COMINAR REAL ESTATE INVESTMENT TRUST

NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting (the "**Meeting**") of the holders of units ("**Unitholders**") of Cominar Real Estate Investment Trust (the "**REIT**") will be held in the Salon Amboise Valencay of the Palace Royal Hotel, 775, Honoré Mercier Avenue, Québec, Québec, on Tuesday, May 13, 2003 at 11:00 a.m. (Québec time), for the following purposes:

1. **TO RECEIVE** the financial statements of the REIT for the financial year ended December 31, 2002, together with the report of the auditors thereon;
2. **TO ELECT** two Independent Trustees of the REIT for the next two years;
3. **TO APPOINT** the auditors and authorize the Trustees of the REIT to fix their remuneration;
4. **TO CONSIDER** and, if thought fit, to pass each of the following special resolutions to amend the contract of trust pertaining to the REIT dated March 31, 1998, as amended, supplemented or restated (the "**Contract of Trust**"), to permit the REIT, with the prior approval of the Trustees:
 - (a) to invest in raw land to be held as capital property for development and ownership or for other development projects in any such case, for the purpose of (i) renovating or expanding existing facilities that are capital property of the REIT, or (ii) developing new facilities which will be income producing and constitute capital property of the REIT, but only if the aggregate value of the investments of the REIT in raw land will not exceed 2% of the Adjusted Unitholders' Equity (as defined in the Contract of Trust) of the REIT; and
 - (b) to invest in immovable hypothecs or mortgages which are not first ranking;

in each case, all as more particularly described in the accompanying management Proxy Circular.

5. **TO TRANSACT** such other business as may properly come before the Meeting or any adjournment thereof.

Each of the resolutions described above in paragraphs 2 and 3 requires the approval of a majority of the votes cast at the Meeting. Each of the resolutions described above in subparagraphs 4a) and 4b) requires the approval of at least 66 2/3% of the votes cast at the Meeting.

The accompanying management proxy circular dated March 24, 2003 provides additional information relating to the matters to be dealt with at the Meeting and forms part of this Notice.

The Trustees have fixed April 10, 2003 as the record date for determining those Unitholders entitled to receive notice of and vote at the Meeting.

Unitholders who are unable to be personally present at the Meeting should complete, sign, date and return the enclosed form of proxy to the REIT's transfer agent, National Bank Trust Inc., 1100 University Street, 9th Floor, Montreal, Québec, H3B 2G7, or to the head office of the REIT, 455 rue Marais, Vanier, Québec, G1M 3A2. In order to be effective, proxies must be received no later than 5:00 p.m. (Québec time), Monday, May 12, 2003 or, if the Meeting is adjourned, the last business day preceding the day of any adjournment thereof.



COMINAR REAL ESTATE INVESTMENT TRUST

NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

Enclosed herewith is a copy of the REIT's 2002 Annual Report, which contains copies of its audited consolidated financial statements for the financial year ended December 31, 2002.

DATED at Québec, Québec, the 24th day of March, 2003.

BY ORDER OF THE BOARD OF TRUSTEES,
The Secretary,

(signed) Michel Paquet



COMINAR REAL ESTATE INVESTMENT TRUST

MANAGEMENT PROXY CIRCULAR

SOLICITATION OF PROXIES

This management proxy circular (the "Circular") is furnished in connection with the solicitation of proxies by or on behalf of management of Cominar Real Estate Investment Trust (the "REIT") for use at the Annual and Special Meeting (the "Meeting") of holders of units ("Units") of the REIT (the "Unitholders") to be held on Tuesday, May 13, 2003 in the Salon Amboise Valencay of the Palace Royal Hotel, 775, Honoré Mercier Avenue, Québec, Québec, at 11:00 a.m. (Québec time), and any adjournment thereof for the purposes set forth in the accompanying notice of the Meeting (the "Notice"). It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone, fax or other electronic means, by the trustees of the REIT (the "Trustees"), officers or other employees of the REIT. The costs of solicitation if any, will be borne by the REIT. Except as otherwise stated, the information contained herein is given as of March 14, 2003.

Enclosed with this Circular and the attached Notice is a copy of the 2002 Annual Report of the REIT and a form of proxy for use in connection with the Meeting.

APPOINTMENT AND REVOCATION OF PROXIES

If it is not your intention to be present in person at the Meeting, you are asked to complete and return the form of proxy enclosed. The proxy must be executed by the Unitholder or the attorney of such Unitholder, duly authorized in writing. Proxies to be used at the Meeting must be deposited with the REIT's transfer agent, National Bank Trust Inc., 1100 University street, 9th floor, Montreal, Québec, H3B 2G7, or at the head office of the REIT, 455 Marais street, Vanier, Québec, G1M 3A2, no later than 5:00 p.m. (Montreal time), Monday, May 12, 2003 or, if the Meeting is adjourned, the last business day preceding the day of any adjournment thereof.

The persons named in the enclosed form of proxy are Trustees and officers of the REIT. A Unitholder may appoint a proxyholder other than any person designated in the form of proxy, to attend and act on such Unitholder's behalf at the Meeting, either by inserting such other desired proxyholder's name in the space provided on the form of proxy and deleting the names printed thereon or by substituting another form of proxy.

A proxy given by a Unitholder for use at the Meeting may be revoked at any time prior to its use. A proxy may be revoked by an instrument in writing executed by the Unitholder or by his or her attorney in writing; if the Unitholder is a corporation, the revocation must be executed by an officer duly authorized in writing or, if the Unitholder is an association, by an attorney duly authorized in writing, and deposited with the REIT's transfer agent at any time up to and including the last business day preceding the Meeting or any adjournment thereof at which the proxy is to be used or with the chairman of the Meeting on the date of the Meeting or any adjournment thereof, and upon either of such deposits, the proxy will be revoked.



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VOTING OF UNITS

Units represented by proxies will be voted or withheld from voting as specified on any ballot that may be called for and, if the Unitholder specifies a choice with respect to any matter to be acted upon at the Meeting, Units represented by properly executed proxies will be voted accordingly. **If no specification is made to withhold the said Units from voting, a proxyholder will vote the Units FOR (i) the election of two nominees of the management as Independent Trustees (as defined below), (ii) the appointment of auditors and the authorization of the Trustees to fix their remuneration, all as described in this Circular and (iii) IN FAVOUR OF the First Contract of Trust Amendment Resolution and the Second Contract of Trust Amendment Resolution (as defined below). If a choice to the contrary is not specified by a Unitholder, such Units will be voted in favour of such matters.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting. The Trustees know of no matters to come before the Meeting, other than the matters referred to in the Notice of Meeting. However, if any other matters which are not known to the Trustees should properly come before the Meeting, the Units represented by proxies will be voted on such matters in accordance with the best judgement of the proxyholder.

VOTING AT MEETING AND QUORUM

On March 14, 2003, 26,141,115 Units were issued and outstanding. Each Unit entitles its holder to one vote at meetings of Unitholders. Only Unitholders of record at the close of business on April 10, 2003, the record date established for the Meeting, will be entitled to vote at the Meeting, or any adjournment thereof, either in person or by proxy. However, to the extent that a person transfers the ownership of any Units after that date and the transferee of those Units produces properly endorsed Unit certificates or otherwise establishes that it owns the Units and demands, no later than 10 days before the Meeting, that its name be included in the list of Unitholders to vote at the Meeting, the transferee will be entitled to vote such Units at the Meeting or any adjournment thereof.

Unless otherwise required in the Contract of Trust, pertaining to the REIT dated March 31, 1998, as amended, supplemented or restated from time to time (the "**Contract of Trust**") every question coming before the Meeting or any adjournment thereof shall be decided by the majority of the votes duly cast. Certain matters, however, require approval by 66 $\frac{2}{3}$ % of the votes duly cast at the Meeting, as set forth in this Circular. The quorum at the Meeting or any adjournment thereof shall consist of at least two individuals present in person, each of whom is a Unitholder or a proxyholder representing a Unitholder, and who hold or represent by proxy not less than 25% of the total number of outstanding Units.



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PRINCIPAL HOLDERS OF UNITS

To the knowledge of the Trustees and officers of the REIT, there is no beneficial owner of, nor any person who exercises control or direction over Units carrying more than 10% of the votes attached to the outstanding Units, except:

Unitholder	Approximate number of Units beneficially owned or over which control or direction is exercised	Approximate percentage of outstanding Units
AM Total Investments, general partnership ⁽¹⁾	6,707,400	25.6%
CDS & Co.	19,433,715	74.4%

NOTE:

(1) The Units of AM Total Investments, general partnership, formerly known as Société en nom collectif Cominar, are indirectly held by Michel Dallaire, Alain Dallaire, Sylvie Dallaire and Linda Dallaire, being the children of Jules Dallaire.

ELECTION OF INDEPENDENT TRUSTEES

The Contract of Trust provides that the assets and operations of the REIT will be subject to the control and authority of a minimum of nine and a maximum of eleven Trustees (including the AM Total Investments Trustees and the Independent Trustees, as such terms are defined under the heading "Governance Practices").

Presently, there are nine Trustees of the REIT. Of this number, pursuant to the Contract of Trust, four were appointed by Corporation Financière Alpha (CFA) Inc., (a corporation resulting from the amalgamation of Corporation Financière Alpha (CFA) Inc. and Groupe Financier Alpha (GFA) Inc. (formerly known as Groupe Cominar Inc.) and the subsequent amalgamation of Corporation Financière Alpha (CFA) Inc. and Groupe Financier Alpha (GFA) 2001 Inc.), on behalf of AM Total Investments, general partnership. These Trustees are Jules Dallaire, Michel Berthelot, Michel Dallaire and Michel Paquet. Three of the Independent Trustees, namely Robert Després, Pierre Gingras and Richard Marion shall hold office for a term expiring at the close of the Annual Meeting of Unitholders for the financial year ending December 31, 2003. Consequently, two Independent Trustees, namely Yvan Caron and Ghislaine Laberge, whose respective terms expire at the close of the Annual Meeting of Unitholders for the financial year ended December 31, 2002, will be nominated by management for election as Independent Trustees at the Meeting.

It is the intention of the persons named in the enclosed form of proxy for use at the Meeting intend to vote in favour of the election of Yvan Caron and Ghislaine Laberge as Independent Trustees, to hold office until the close of the Annual Meeting of Unitholders for the financial year ending December 31, 2004, or until their successors are duly elected or appointed in accordance with the Contract of Trust. Management does not contemplate that any of such nominees will be unable to serve as Independent Trustees but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy will vote for another nominee as management may recommend, unless the Unitholder has specified in the form of proxy that his Units are to be withheld from voting on the election of Independent Trustees.



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The following table sets forth certain information with respect to the two nominees for election at the Meeting as Independent Trustees, the names of each current Trustee, all other positions and offices within the REIT currently held by them, their principal occupations and their employment during the last five years, the year they first became Trustees of the REIT and the approximate number of Units they have advised are beneficially owned, directly or indirectly, by them or over which they exercise control or direction as at March 14, 2003.

Name, Municipality of residence And office	Principal occupation	Year first became a Trustee	Number of Units Beneficially owned or over which control or direction is exercised
Jules Dallaire Charlesbourg, Québec AM Total Investments Trustee, President and Chief Executive Officer of the REIT	President and Chief Executive Officer of the REIT	1998	236,600 ⁽⁵⁾
Michel Berthelot, c.a. Cap-Rouge, Québec AM Total Investments Trustee, Executive Vice-President and Chief Financial Officer of the REIT	Executive Vice-President and Chief Financial Officer of the REIT	1999	14,900
Michel Dallaire, eng. ⁽²⁾ Beauport, Québec AM Total Investments Trustee, Executive Vice-President, Operations of the REIT	Executive Vice-President, Operations of the REIT	1998	6,768,045 ⁽⁶⁾
Me Michel Paquet Sainte-Foy, Québec AM Total Investments Trustee, Executive Vice-President, Legal Affairs and Secretary of the REIT	Executive Vice-President, Legal Affairs and Secretary of the REIT	1998	10,461
Yvan Caron ^{(2) (3)} Québec, Québec Independent Trustee	Director of Place Desjardins inc.	1998	---
Robert Després, o.c. ⁽²⁾ Québec, Québec Independent Trustee	Chairman of the Board of McWatters Mining Inc., a Canadian gold producer	1998 ⁽⁴⁾	16,500
Pierre Gingras ⁽³⁾ Ste-Pétronille Ile d'Orléans, Québec Independent Trustee	President of Placements Moras inc., a personal holding company, director of Desjardins Sécurité Financière, a life assurance company and Reliure Sélect Inc., a thermoplastic-binding company	1998 ⁽⁴⁾	63,032 ⁽⁷⁾
Ghislaine Laberge ⁽³⁾ Verdun, Québec Independent Trustee	Consultant in real estate investments, director of CDP Capital – Banque d'Affaires Immobilière, member of the group of the Caisse de dépôt et placement du Québec	1998	---
Richard Marion Dollard-des-Ormeaux, Québec Independent Trustee	President of Actigest inc., a personal holding company and General Manager of Société en commandite immobilière Solim, a specialized fund investing in real estate development	1998 ⁽⁴⁾	2,000

NOTES :

- (1) Individual Trustees have furnished information as to the Units beneficially owned by them or over which they exercise control or direction.
- (2) Member of the Audit Committee.
- (3) Member of Compensation and Governance Committee.
- (4) Will hold office as an Independent Trustee for a term expiring at the close of the Annual Meeting of Unitholders for the financial year ending December 31, 2003.
- (5) Comprises 41,600 Units held by Corporation Financière Alpha (CFA) Inc., a corporation resulting from the amalgamation of Corporation Financière Alpha (CFA) Inc. and Groupe Financier Alpha (GFA) Inc. (formerly known as Groupe Cominar



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- Inc.), and the subsequent amalgamation of Corporation Financière Alpha (CFA) Inc. and Groupe Financier Alpha (GFA) 2001 Inc.
- (6) Comprises 41,600 Units held by Corporation Financière Alpha (CFA) Inc., a corporation resulting from the amalgamation of Corporation Financière Alpha (CFA) Inc. and Groupe Financier Alpha (GFA) Inc. (formerly known as Groupe Cominar Inc.) and the subsequent amalgamation of Corporation Financière Alpha (CFA) Inc. and Groupe Financier Alpha (GFA) 2001 Inc. and 6,707,400 units held by AM Total Investments, general partnership. The Units held by AM Total Investments, general partnership, are indirectly held by Michel Dallaire, Alain Dallaire, Sylvie Dallaire and Linda Dallaire, being the children of Jules Dallaire.
- (7) Comprises 12,032 Units held by Placements Moras inc.

Each of the Trustees listed above has held his or her principal occupation for at least the five preceding years, except: Michel Berthelot, who from January 1997 to January 1999 was President of Michel Berthelot and Associates Inc., a consulting firm specialized in strategic planning and reorganization, and prior to 1997 was an officer with Forkem Inc., a manufacturer and wholesaler of industrial and commercial janitorial products.

Management of the REIT and the Trustees as a group (9 persons), owned beneficially, or exercised control or direction over 7,099,394 Units, or approximately 27.2% of the outstanding Units as at March 14, 2003.

REMUNERATION OF TRUSTEES

A person who is employed by and receives a salary from the REIT does not receive any remuneration from the REIT for serving as a Trustee. Trustees who were not so employed received remuneration in the amount of \$8,000 per annum and an additional \$500 for each meeting of Trustees attended by the Trustee. Each Independent Trustee, as members of the Audit Committee and/or the Compensation and Governance Committee receives \$500 for each meeting attended. In all cases, Trustees are entitled to reimbursement from the REIT of their out-of-pocket expenses incurred in acting as a Trustee. During financial year ended December 31, 2002, the aggregate remuneration paid by the REIT to the Trustees for their services in their capacity as Trustees was \$54,520.

In the same financial year, no options have been granted to the Trustees to purchase Units of the REIT. The Contract of Trust provides that, at all relevant times, it is intended that at least one Trustee will not be, directly or indirectly, a Unitholder or a person who owns an option to acquire Units. Consequently, Ghislaine Laberge has agreed not to and does not hold, directly or indirectly, any Units or options to acquire Units.

TRUSTEES' AND OFFICERS' LIABILITY INSURANCE

The REIT purchased insurance, which covers Trustees' and officers' liability for \$5,000,000 for a period of one year expiring on December 31, 2003, for an annual premium of \$39,290.00. The premium was paid entirely by the REIT and has not been allocated among the insured. The deductible of \$10,000 per loss is assumed by the REIT. As at March 14, 2003, no claim has ever been presented or paid under such policy.



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SUMMARY COMPENSATION TABLE

The following table sets forth all compensation earned by the President and Chief Executive Officer of the REIT (the "**Named Executive Officer**") who is the only officer of the REIT whose total salary and bonus exceeded \$100,000 during the financial year ended December 31, 2002.

NAME AND POSITION	ANNUAL COMPENSATION				LONG TERM COMPENSATION	ALL OTHER COMPENSATION
	Year	Salary	Bonus	Other Annual Compensation	Units under options granted	
		(\$)	(\$)	(\$)		(\$)
Jules Dallaire	2002	140,006 (1)	---	---	---	---
President and	2001	135,928 (1)	---	---	---	---
Chief Executive Officer	2000	131,821 (1)	---	---	36,000	---

NOTES :

- (1) Amounts disclosed under the heading Annual Compensation for 2002, 2001 and 2000 correspond to the compensation paid by Les Services Administratifs Cominar Inc., a wholly-owned subsidiary of the REIT.

UNIT OPTION PLAN

On May 21, 1998, the REIT adopted a Unit option plan which was amended and restated on May 15, 2001 (as amended and restated, the "**Unit Option Plan**"). Participation in the Unit Option Plan is restricted to an "**Eligible Person**", which means: (i) a Trustee, officer or employee of the REIT or any subsidiary (an "**Eligible Individual**"), (ii) a corporation controlled by an Eligible Individual the issued and outstanding voting Units of which are, and will continue to be, beneficially owned, directly or indirectly, by such Eligible Individual and/or the spouse, minor children and/or minor grandchildren of such Eligible Individual or (iii) a family trust of which the sole Trustee is an Eligible Individual and the beneficiary(ies) are any one or combination of such Eligible Individual and/or the spouse, minor children, and/or minor grandchildren of such Eligible Individual.

The granting of options is made by the Trustees. The options granted prior to May 15, 2001 have a maximum term of five years and any other options granted after May 15, 2001 have a maximum term of seven years and are exercisable at a price not less than the fair market value of the Units at the time of grant. The options are exercisable in respect of 33 $\frac{1}{3}$ % of the Units subject to such options after each anniversary of the granting of such options. During the year ended December 31, 2002, no options to purchase Units of the REIT were granted to any Eligible Person during 2002 under the Unit Option Plan. The maximum number of Units reserved for issuance pursuant to the Unit Option Plan is currently 2,045,699 Units.

The following table provides information with regard to unexercised options held by the Named Executive Officer, at December 31, 2002.



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UNIT OPTION PLAN - OPTION EXERCISES DURING THE FINANCIAL YEAR ENDED DECEMBER 31, 2002 AND THE FINANCIAL YEAR END OPTION VALUES

NAME	SECURITIES ACQUIRED ON EXERCISE (#)	AGGREGATE VALUE REALIZED (\$)	UNEXERCISED OPTIONS AS AT DECEMBER 31, 2002 (#) EXERCISABLE / UNEXERCISABLE	VALUE OF UNEXERCISED IN THE MONEY OPTIONS AS AT DECEMBER 31, 2002 (\$) EXERCISABLE / UNEXERCISABLE
Jules Dallaire	195,000	437,700	150,000 / 12,000	423,000 / 42,240

EMPLOYMENT CONTRACTS

The REIT entered into an employment agreement effective as of May 21, 1998 with Jules Dallaire, the President and Chief Executive Officer of the REIT. Under this agreement, Mr. Dallaire is entitled to receive an annual base salary of \$125,000 (reviewable annually) and is entitled to be granted options pursuant to the Unit Option Plan. In addition to the foregoing compensation, Mr. Dallaire is entitled to participate in any benefit plan of the REIT made available from time to time. Mr. Dallaire's current base salary is \$144,206.

In addition, on May 21, 1998, the REIT entered into an employment agreement with Michel Dallaire, the Executive Vice-President, Operations of the REIT. The terms of this agreement are the same as that of Mr. Jules Dallaire, with the exception of Mr. Michel Dallaire's base salary of \$87,000 (reviewable annually). Michel Dallaire's current base salary is \$92,292.

GOVERNANCE PRACTICES

The Trustees believe that sound governance practices are essential to the proper functioning of the REIT and to its Unitholders, and that these practices should be reviewed regularly to ensure that they are appropriate. The following describes the REIT's governance practices and its approach to corporate governance in relation to the guidelines on corporate governance of the TSX (the "**TSX Guidelines**").

In this Circular, the term "**Independent Trustee**" has the meaning given in the Contract of Trust, namely a Trustee (i) who is not a member of the Dallaire Family (as defined below), or an associate, director, officer or employee of a corporation or partnership comprising the Dallaire Group (as defined below) or an affiliate thereof, (ii) who is not related (as defined in the TSX Guidelines on corporate governance) to the Dallaire Group, (iii) who is not a person who is a "related person" (within the meaning of the *Income Tax Act* (Canada)) in relation to the Dallaire Group or to any member of the Dallaire Family, (iv) who has no material business relationships with the REIT (other than his election or appointment as Trustee or, subject to the provisions thereof, his being a Unitholder), the Dallaire Group or any member of the Dallaire Family and (v) who represents to the REIT, upon his election or appointment as a Trustee, that he meets the foregoing criteria.



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In this Circular, the expression "**Unrelated Trustee**" has the corresponding meaning given to the term "unrelated director" in the TSX Guidelines.

In this Circular, the expression "**Dallaire Family**" means Jules Dallaire, his wife, their children and the spouses of such children.

In this Circular, the expression "**Dallaire Group**" includes AM Total Investments, general partnership, Corporation Financière Alpha (CFA) Inc. and Société en Commandite Alpha-Québec.

In this Circular, the expression "**AM Total Investments Trustee**" has the meaning given to the expression "Cominar Trustee" in the Contract of Trust, namely, a nominee appointed as Trustee by Corporation Financière Alpha (CFA) Inc. (a corporation resulting from the amalgamation of Corporation Financière Alpha (CFA) Inc. and Groupe Financier Alpha (GFA) Inc. (formerly known as Groupe Cominar Inc.) and the subsequent amalgamation of Corporation Financière Alpha (CFA) Inc. and Groupe Financier Alpha (GFA) 2001 Inc. on behalf of AM Total Investments, general partnership.

Entirely Integrated Real Estate Investment Trust

The REIT operates as a fully integrated real estate investment trust, which is not subject to any third party management contracts.

In the opinion of the REIT, this structure reduces the potential for conflict between the interests of management and the REIT. The REIT also believes that adopting a fully internalized management structure favours the harmonization of the interests of management and employees with those of Unitholders.

Mandate of the Trustees and Comparison of the REIT's governance practices with the TSX Guidelines

Pursuant to the Contract of Trust, the Trustees are required to exercise their powers and carry out their functions honestly, in good faith, with a view to the best interests of the REIT and the Unitholders, and exercise that degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The operations and affairs of the REIT are subject to the control of the Trustees and the day-to-day operations of the REIT are under the direction of management.

TSX Guideline 1(a) - the adoption of a strategic planning process of the REIT

The Trustees participate in the strategic planning process and review annually the strategic plans developed by management;

TSX Guideline 1(b) - identification of principal risks to the operations of the REIT and the establishment of appropriate systems to manage such risks

The Audit Committee has identified the REIT's principal risks and manages these risks on an ongoing basis by periodically reviewing reports of management, the REIT's internal accountants and external auditors of the REIT in respect of such risks;



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TSX Guideline 1(c) - succession planning, appointing, training and monitoring of senior management

The Compensation and Governance Committee is responsible for the elaboration of succession planning, appointing and training matters and discuss such matters as required. In addition, the Compensation and Governance Committee monitors the performance of senior management based on the strategic plans approved by the Trustees;

TSX Guideline 1(d) - the REIT's communications policy

The Trustees consider the importance of maintaining good relations with the current and potential Unitholders and financial analysts. Every request for information receives a prompt and appropriate response from a designated officer of the REIT. The Audit Committee reviews press releases containing the quarterly results of the REIT prior to release. In addition, all press releases of the REIT are reviewed by the President and Chief Executive Officer; and

TSX Guideline 1(e) - integrity of internal control and management information systems

The Audit Committee has the responsibility to review the REIT's internal systems and the systems of internal control and for the compliance of financial reporting with accounting principles, and legal compliance and ethical behaviour. The Audit Committee meets with the REIT's internal accountants and if necessary with the REIT's external auditors on a quarterly basis.

Composition of Board of Trustees

The Contract of Trust provides that there shall be a minimum of nine and a maximum of eleven Trustees. The REIT has nine Trustees, five of whom are Independent Trustees and Unrelated Trustees and four of whom are AM Total Investments Trustees and are "related Trustees" pursuant to the TSX Guidelines. Corporation Financière Alpha (CFA) Inc. (formerly known as Groupe Cominar inc.) is entitled to appoint four Trustees on behalf AM Total Investments, general partnership, as long as the percentage of Units that AM Total Investments, general partnership, holds is at least 10% of the Units then outstanding. The Independent Trustees are to be elected by resolution adopted by a majority of the votes cast at a meeting of Unitholders. Such Trustees will serve two year staggered terms. A majority of the Trustees must be Independent Trustees, Canadians residents and must have at least five years substantial experience in the real estate sector.

In accordance with TSX Guideline n°3, in deciding whether a particular trustee is an "Unrelated Trustee", the Trustees examine the factual circumstances of each Trustee and consider them in the context of many factors. A majority of the Trustees qualify as Unrelated Trustees for the purposes of TSX Guideline n°2.

The Trustees consider that Yvan Caron, Robert Després, Pierre Gingras, Ghislaine Laberge and Richard Marion are Independent Trustees and are Unrelated Trustees and that Messrs. Jules Dallaire, Michel Dallaire, Michel Berthelot and Michel Paquet, "AM Total Investments Trustees", are "related Trustees".



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Independent Trustee Matters

Pursuant to the Contract of Trust, all "Independent Trustee Matters" require the approval of a majority of the Independent Trustees only. Independent Trustee Matters means any decision:

- (i) to enter into arrangements in which the Dallaire Group has a material interest;
- (ii) to appoint, where permitted under the Contract of Trust, an Independent Trustee to fill a vacancy among the Independent Trustees, and to recommend to Unitholders that the number of Trustees be increased or decreased and, if applicable, to nominate for election by Unitholders individuals as Independent Trustees to fill any office of Trustee so created;
- (iii) to increase the compensation of management;
- (iv) to grant options under any Unit option plan approved by the Trustees, including, without limitation, the Unit Option Plan;
- (v) to enforce any agreement entered into by the REIT with a Trustee who is not an Independent Trustee, or with an associate of a non-Independent Trustee; and
- (vi) in relation to a claim by or against the Dallaire Group, any member of the Dallaire Family or any affiliate or associate of any of the foregoing or in which the interest of one of the foregoing differs from the interests of the REIT.

Recruitment of new Trustees and assessment of performance

TSX Guideline n°4 provides that the Trustees should appoint a committee of Trustees whose responsibility for proposing new nominees to the Board of Trustees (the "**Board**") and assessing Trustees on an ongoing basis and that such committee should be composed exclusively of outside (i.e. non-management) Trustees, a majority of which are "unrelated". The REIT currently has no formal procedures for recruiting new Trustees. However, the Trustees discuss possible candidates from time to time among themselves and with management. Future nominations for election as Trustees will be the result of recruitment efforts on behalf of the REIT and discussions among the Trustees prior to formal consideration of the new nominees as Trustees.

Procedure for assessing the effectiveness of the Board of Trustees, its Committees and individual Trustees

The Compensation and Governance Committee, which consists solely of Independent Trustees, is responsible for the monitoring of the governance practices, the functioning of the Board and the mandates and assessing performance of the Board, its Committees and individual Trustees, in accordance with TSX Guideline n°5.

Provide orientation and education program for new Trustees

TSX Guideline n°6 provides that the Board should provide orientation and education programs for new Trustees. Individuals newly appointed or elected to the Board are provided with



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appropriate orientation with respect to the operation and functions of the REIT, which includes receipt of documents and reports relating to the REIT's operations and affairs.

Size of the Board of Trustees

TSX Guideline n°7 provides that the Board should examine its size with a view to determining the impact upon effectiveness and should undertake, where appropriate, a program to reduce the number of Trustees to a number which facilitates more effective decision making. The Board currently consists of nine Trustees. The Board believes that this size is appropriate for the REIT at this time and that it offers the flexibility to respond efficiently to opportunities. The Trustees are of the view that the Board as currently constituted brings together a mix experience and background that the Trustees consider appropriate for the stewardship of the REIT.

Review compensation of Trustees in light of risks and responsibilities

In accordance with TSX Guideline n°8, the Compensation and Governance Committee is mandated to review the Trustee's compensation in light of market conditions, risks and levels of responsibility. Only Independent Trustees or Unrelated Trustees are compensated for acting as a Trustees of the REIT.

Committees of Trustees

TSX Guideline n°9 provides that committees of trustees should generally be composed of outside trustees, a majority of whom are unrelated, although some committees may include one or more inside Trustees. The Trustees have formed two committees: an Audit Committee and a Compensation and Governance Committee. The Trustees have unanimously decided not to form an Investment Committee, preferring to leave the latitude required to the Board to approve or reject proposed transactions including proposed acquisitions and dispositions of investments and borrowings (including the assumption or granting of any immovable hypothec) by the REIT. In accordance with TSX Guideline n°9, each of the Committees is composed of at least a majority of Independent Trustees or Unrelated Trustees.

Audit Committee

The Contract of Trust requires the creation of an Audit Committee consisting of at least three Trustees. The majority of the members of the Audit Committee must be Independent Trustees and one member must be an AM Total Investments Trustee. The Audit Committee currently consists of Robert Després, Yvan Caron and Michel Dallaire. Mr. Després, an Independent Trustee, serves as chairman of the Audit Committee. Although TSX Guideline n°13 recommends that all members of the Audit Committee be independent of the management of the REIT, the REIT believes that the current composition of this Committee is sufficiently independent and is enhanced by the background and experience of Mr. Dallaire.



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The Audit Committee is responsible for the review of financial statements, accounting policies and reporting procedures of the REIT. The Audit Committee is also responsible for reviewing the REIT's external audit plan, internal controls, accounting systems and financial reporting, and reviews the REIT's insurance coverage to ensure its adequacy. The Audit Committee has unrestricted access to the senior management of the REIT and to the REIT'S external auditors.

Compensation and Governance Committee

The Contract of Trust requires the creation of a Compensation and Governance Committee, consisting of at least three Trustees. All of the members of the Compensation and Governance Committee must be Independent Trustees. The Committee currently consists of Yvan Caron, Pierre Gingras and Ghislaine Laberge. Mr. Yvan Caron serves as chairman of the Compensation and Governance Committee. This Committee is responsible for advising on the REIT's compensation programs (including compensation of officers and Trustees of the REIT, grants of options under the Unit Option Plan and eligibility for participants in the Employee Unit Purchase Plan of the REIT) and, in accordance with TSX Guideline n°10, for developing and monitoring the REIT's governance policies and practices. The Compensation and Governance Committee annually reviews the mandate of the Trustees and the committees of the Board.

Define limits to Management's responsibilities

TSX Guideline n°11 provides that the Trustees, together with the Chief Executive Officer, should develop position descriptions for the Board and the Chief Executive Officer involving the definition of limits to managements responsibilities.

(i) the Board

The Board is responsible for managing the business and affairs of the REIT. Any responsibility which is not delegated to senior management or to a committee of the Board remains the responsibility of the Board.

(ii) the CEO

The REIT's objectives which the President and Chief Executive Officer is responsible for implementing, with the rest of Management placed under his supervision are determined by the strategic objectives of the REIT. In accordance with TSX Guideline n°11, the Board establishes the annual objectives which are expected to be implemented by the Chief Executive Officer.

Establish structures and procedures to enable the Board to function independently of management

TSX Guideline n°12 provides that the Board should have in place appropriate structures and procedures to ensure that it can function independently of management. The current Chairman of the Board, Jules Dallaire, is an AM Total Investment Trustee. However, since the majority of the Trustees are Independent Trustees or Unrelated Trustees, the Board believes that there are sufficient measures in place to ensure independence from the management of the REIT. In addition, in performing its responsibility, the Board and any committee of Trustees may engage an outside adviser at the expense of the REIT, in accordance with TSX Guideline n°14.



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Communication with Unitholders

The President and Chief Executive Officer, and the Executive Vice-President and Chief Financial Officer of the REIT, are the highest ranking officers of the REIT responsible for communication with Unitholders on matters concerning the REIT; however, the Trustees recognize the importance of maintaining effective communication with Unitholders and, to this end, review annual reports, management's analysis of the financial situation and operating results, management proxy circulars, annual information forms, quarterly financial statements and important press releases of the REIT before they are distributed or filed.

REPORT ON EXECUTIVE COMPENSATION

Composition of the Compensation and Governance Committee

For the financial year ended December 31, 2002, the Compensation and Governance Committee (the "**Committee**") consisted of Yvan Caron (president), Pierre Gingras and Ghislaine Laberge.

Mandate of the Committee

The Committee is entrusted with examining matters related to compensation of executive officers, including that of the Chairman, and the President and Chief Executive Officer of the REIT. The Committee also makes recommendations to the Board of Trustees with regard to the granting of options. The Committee examines annually succession plans for the positions of the Chairman, the President and Chief Executive Officer and the other executive officers of the REIT. The Committee is responsible for examining the terms and conditions of compensation, which includes three components: base salary, annual bonus and long-term incentive.

Base salary

Base salaries are established at levels that are meant to be competitive with other entities of comparable size to the REIT in the Greater Québec City Area. Base salaries are determined following an assessment of each executive officer's past performance, experience and level of responsibility within the REIT. Base salaries are reviewed annually by the Committee.

Annual bonus

The annual bonus is based on the financial results and the achievement of the strategic objectives of the REIT. These objectives are set each year.



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Long-term Incentives

Long-term incentives are provided through the grant of options pursuant to the Unit Option Plan. The options granted to Eligible Persons are generally based on the recommendations of the Committee. The Committee is of the view that the grant of options is a financial incentive for such persons to consider the long-term interest of the REIT and its Unitholders. In the financial year ended December 31, 2002, no options were granted pursuant to the Unit Option Plan.

This report is submitted by the Compensation and Governance Committee of the Trustees and the inclusion of the report in this Circular has been approved by such Committee.

(signed) Yvan Caron

(signed) Pierre Gingras

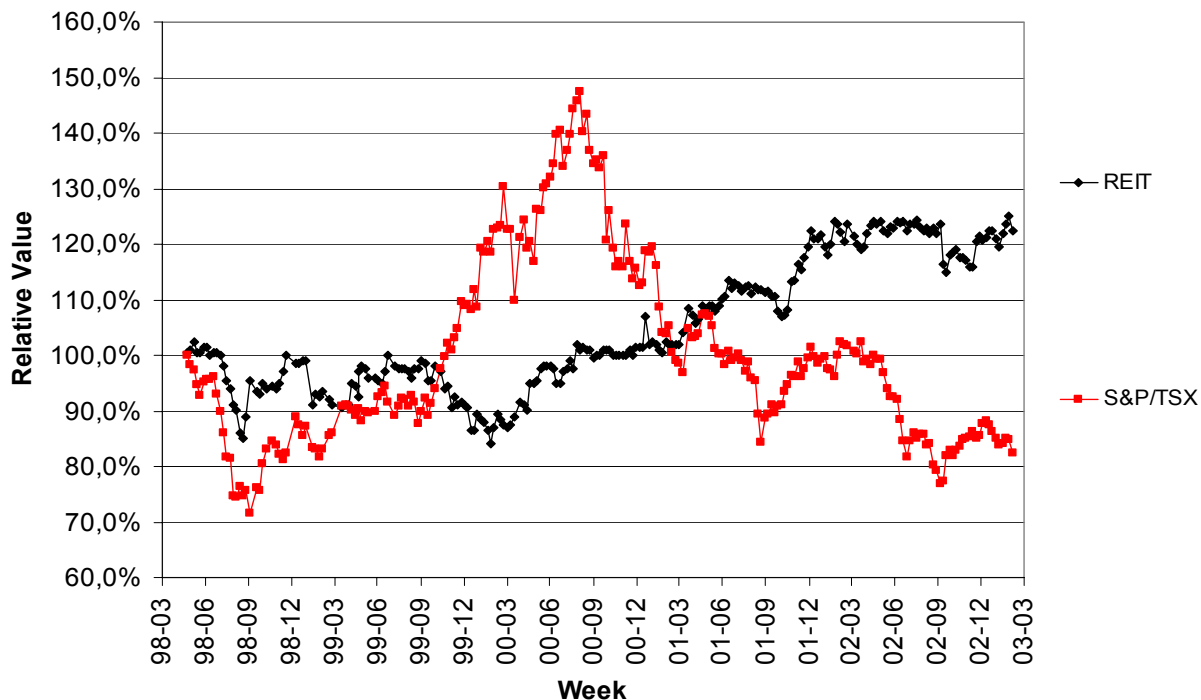
(signed) Ghislaine Laberge

PERFORMANCE GRAPH

The Units have been listed and posted for trading under the symbol "CUF.UN" on the TSX since May 21, 1998.

The following graph illustrates the REIT's total return to Unitholders for the period from December 31, 1998 to December 31, 2002. The REIT's performance is compared to the total return of the S&P/TSX Composite Index.

Comparison of Cumulative Total Return





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	December 31, 1998 (%)	December 31, 1999 (%)	December 31, 2000 (%)	December 31, 2001 (%)	December 31, 2002 (%)
REIT	100	89	101.5	119.5	120.7
S&P/TSX Composite Index	85	109	115.7	99.4	85.7

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

Apart from the information provided in this Circular or in the consolidated financial statements of the REIT for the financial year ended December 31, 2002, the REIT has no knowledge of any material interest of a Trustee or of a member of management, current or proposed, in any transaction, or in a proposed transaction, that could or would materially affect the REIT.

Jules Dallaire and Michel Dallaire, both Trustees and officers of the REIT, indirectly control Dalcon Inc. and Corporation Financière Alpha (CFA) Inc., Michel Paquet, a Trustee and officer of the REIT, is also associated with these corporations as an officer thereof.

During the financial year ended December 31, 2002, the REIT recorded leasing revenues of \$1,480,000 from Dalcon Inc., Électricité Hamo Inc. and Corporation Financière Alpha (CFA) Inc. The REIT incurred an expense of \$6,759,000 for the realization by Dalcon Inc. on its behalf of tenant improvements for tenants of the REIT and \$14,442,000 for the construction of a property and the development of others completed on its behalf by Dalcon.

APPOINTMENT OF AUDITORS

The Trustees have determined that it would be in the best interests of the REIT to appoint Ernst & Young LLP as auditors of the REIT. Ernst & Young LLP have been the auditors of the REIT since May 14, 2002.

The persons named in the enclosed form of proxy intend to vote IN FAVOUR of the resolution appointing Ernst & Young LLP, as auditors of the REIT to hold office until the next annual Meeting of Unitholders or until their successors are appointed, and authorizing the Trustees to fix the remuneration of the auditors, unless the Unitholder who has given the proxy had directed that the Units represented thereby be withheld from voting in respect to the appointment of auditors.



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CONTRACT OF TRUST AMENDMENTS

The First Contract of Trust Amendment Resolution

Under Section 5.1.8 of the Contract of Trust, the REIT may not invest in raw land for development except for properties adjacent to existing properties of the REIT for the purpose of (i) the renovation or expansion of existing facilities that are capital property of the REIT or (ii) the development of new facilities which will be capital property of the REIT.

The proposed Amendment

Unitholders are being asked to consider and, if thought fit, to pass a special resolution (the "First Contract of Trust Amendment Resolution") to amend the Contract of Trust to permit the REIT, with the prior approval of the Trustees, to invest in raw land to be held as capital property for development and ownership or for other development projects in any such case, for the purpose of (i) renovating or expanding existing facilities that are capital property of the REIT, or (ii) developing new facilities which will be income producing and constitute capital property of the REIT, provided that the aggregate value of the investments of the REIT in raw land will not exceed 2% of the Adjusted Unitholders' Equity (as defined in the Contract of Trust).

The Trustees of the REIT believe that this amendment will give the REIT greater flexibility to offer new or expanded premises to its existing tenants and to attract new tenants in buildings other than those owned by the REIT or on sites which are not adjacent to its existing premises.

The text of the First Contract of Trust Amendment Resolution is set out in Schedule "A" to this Circular.

The amendment will become effective only at the time of the approval of the First Contract of Trust Amendment Resolution at the Meeting.

The persons named in the enclosed form of proxy intend to vote at the Meeting FOR the approval of the First Contract of Trust Amendment Resolution unless otherwise directed by the Unitholders appointing them.

Unitholder Approval Required

The First Contract of Trust Amendment Resolution must be passed by 66 $\frac{2}{3}$ % of the Units voted in person or represented by proxy at the Meeting.

The Trustees of the REIT believe that the First Contract of Trust Amendment Resolution is in the best interests of Unitholders of the REIT and recommend its approval.



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The Second Contract of Trust Amendment Resolution

Under Section 5.1.9.3 of the Contract of Trust, the REIT can only invest in immovable hypothecs or mortgages provided that the immovable hypothec or mortgage is a first-ranking immovable hypothec or mortgage registered on title to the immovable property which is security therefore.

The proposed Amendment

Unitholders are being asked to consider and, if thought fit, to pass a special resolution (the "Second Contract of Trust Amendment Resolution") to amend the Contract of Trust to permit the REIT, with the prior approval of the Trustees, to also invest in immovable hypothecs or mortgages which are not first-ranking.

The Trustees of the REIT believe that this amendment will give the REIT greater flexibility in respect of its ability to invest in immovable hypothecs or mortgages, including for the purpose of providing, directly or indirectly, construction financing or vendor financing in connection with the development, acquisition and/or ownership of real property (including raw land).

The text of the second Contract of Trust Amendment Resolution is set out in Schedule "B" to this Circular.

The amendment will become effective only at the time of the approval of the Second Contract of Trust Amendment Resolution at the Meeting.

The persons named in the enclosed form of proxy intend to vote at the Meeting FOR the approval of the Second Contract of Trust Amendment Resolution unless otherwise directed by the Unitholders appointing them.

Unitholder Approval Required

The Second Contract of Trust Amendment Resolution must be passed by 66 $\frac{2}{3}$ % of the Units voted in person or represented by proxy at the Meeting.

The Trustees of the REIT believe that the Second Contract of Trust Amendment Resolution is in the best interests of Unitholders of the REIT and recommend its approval.

Neither the First Contract of Trust Amendment Resolution nor the Second Contract of Trust Amendment Resolution, if approved by Unitholders as contemplated herein, will affect the REIT's status as a "unit trust" and a "mutual fund trust" under the provisions of the *Income Tax Act* (Canada). In addition, the REIT will continue to be subject to the other investment guidelines and operating policies contained in the Contract of Trust.



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GENERAL

The consolidated financial statements of the REIT for the financial year ended December 31, 2002, together with the report of the auditors thereon, will be presented to the Unitholders at the Meeting for their consideration.

Copies of the REIT's 2002 annual report containing the REIT's audited consolidated financial statements for the financial year ended December 31, 2002, this Circular and the REIT's most recent annual information form may be obtained by writing to the Secretary of the REIT.

APPROVAL OF THE TRUSTEES

The contents and the distribution of this Circular have been approved by the Board of Trustees of the REIT.

DATED at Québec, Québec, the 24th day of March, 2003.

BY ORDER OF THE BOARD OF TRUSTEES,
The Secretary,

(signed) Michel Paquet



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SCHEDULE " A "

FIRST CONTRACT OF TRUST AMENDMENT RESOLUTION

BE IT RESOLVED THAT :

1. The Contract of Trust pertaining to the REIT dated March 31, 1998, as amended, supplemented or restated (the "**Contract of Trust**") be amended by deleting Section 5.1.8 thereof and substituting the following in its place:

" 5.1.8 the Trust may, with the prior approval of the Trustees, invest in raw land to be held as capital property for development and ownership or for other development projects , in any such case, for the purpose of (i) renovating or expanding existing facilities that are capital property of the Trust or (ii) developing new facilities which will be income producing and constitute capital property of the Trust, provided that the aggregate value of the investments of the Trust in raw land will not exceed 2% of the Adjusted Unitholders' Equity ";
2. any Trustee or officer of the REIT be and he/she is hereby authorized for and on behalf of the REIT and the Trustees of the REIT, to execute, deliver and file or cause to be executed, delivered and filed the amended Contract of Trust or any other documents or instruments, as may be deemed in his or her discretion necessary, advisable or appropriate in carrying into effect the intents and purposes of the foregoing resolution; and
3. notwithstanding that the present resolution has been adopted by Unitholders of the REIT, the REIT and the Trustees of the REIT shall not be obligated to proceed with the amendment to the Contract of Trust set forth in paragraph 1 and are hereby authorized and empowered, without further notice to or approval of the Unitholders of the REIT to abandon, at any time and in it's the sole discretion of the Trustees of the REIT, the amendment to the Contract of Trust contemplated by paragraph 1.



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SCHEDULE " B "

SECOND CONTRACT OF TRUST AMENDMENT RESOLUTION

BE IT RESOLVED THAT :

1. The Contract of Trust pertaining to the REIT dated March 31, 1998, as amended, supplemented or restated (the "**Contract of Trust**") be amended by deleting Section 5.1.9.3 thereof and substituting the following in its place:

" 5.1.9.3 the immovable hypothec or mortgage is a first-ranking immovable hypothec or mortgage or of subsequent rank registered on title to the immovable property which is security therefore ";

2. any Trustee or officer of the REIT be and he/she is hereby authorized for and on behalf of the REIT and the Trustees of the REIT, to execute, deliver and file, or cause to be executed, delivered and filed the amended Contract of Trust or any other documents or instruments, as may be deemed in his or her discretion necessary, advisable or appropriate in carrying into effect the intents and purposes of the foregoing resolution; and
3. notwithstanding that the present resolution has been adopted by Unitholders of the REIT, the REIT and the Trustees of the REIT shall not be obligated to proceed with the amendment to the Contract of Trust set forth in paragraph 1 and are hereby authorized and empowered, without further notice to or approval of the Unitholders of the REIT to abandon, at any time and in it's the sole discretion of the Trustees of the REIT, the amendment to the Contract of Trust contemplated by paragraph 1.