

Press Release For Immediate Release

Cominar pursues its solid growth and expansion in 2003

- **Growth of 14.6% in net operating income, 7.1% in distributable income and 9.6% in distributions to unitholders**
 - **Increase in portfolio's size and quality through acquisitions and developments covering more than 350,000 sq.ft., bringing its leasable area to over 7.9 million sq.ft., up 155% since the REIT's inception**
 - **32.1% return for unitholders in 2003 (distributions and increase in unit price)**
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Quebec City, March 2, 2004 — Cominar announces solid growth for a fifth consecutive year since its listing. **Operating revenues** or **revenues from income properties** increased by 17.9% to total \$96.6 million, compared with \$81.9 million in 2002. **Net operating income** rose 14.6% to \$58.1 million, up from \$50.7 million in 2002. **Distributable income** grew by 7.1% to reach \$35.3 million, versus \$32.9 million in 2002. **Distributable income per unit** amounted to \$1.30, up 2.1% over \$1.28 in 2002. **Cash flows from operating activities** improved to \$38.9 million or \$1.44 per unit, an increase of \$3.4 million.

“Cominar achieved further gains at every level, always targeting its primary objective which is to increase the real estate portfolio's value, while providing unitholders with an attractive return and the investment stability they seek. Over the past two years, an upward pressure on property prices has enabled the Quebec market to undergo strong growth, especially in major urban centres. Nevertheless, we believe that high property prices call for caution, which is why we give preference to development work. Thus, our capitalization rates are often greater than 10% before leveraging, and above current market rates. These excellent rates will contribute to our future profitability,” said Jules Dallaire, Chairman of the Board and Chief Executive Officer.

Total distributions of \$31.4 million, which coupled with the increase in unit price, provided unitholders with a 32.1% return in 2003

The growth achieved in 2003 allowed a 9.6% increase in **total distributions** which rose to \$31.4 million, up from \$28.7 million in 2002. The **distribution rate per unit** stood at 88.4% in 2003, compared with 86.7% in 2002. **Distributions per unit** amounted to \$1.152, compared with \$1.107 in 2002. Combined with an increase in unit price of \$2.72 per unit for 2003, these distributions yielded with an attractive 32.1% return for unitholders.

Considering the sustained growth in distributions between 1999 and 2003, plus the increase in unit price, unitholders have benefited from an average annual return of 19.2 % over the last five years.

Additional leasable area of over 350,000 sq.ft. in 2003 and major development projects under way

In 2003, Cominar closed four acquisitions at capitalization rates ranging from 9.8% to 10.8% in the Montreal region, adding some 231,000 sq.ft. to its portfolio's leasable area. Moreover, several development projects totalling over 119,000 sq.ft. in the Montreal and Quebec City regions were completed during fiscal 2003, at capitalization rates between 10.9% and 11.7%.

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This expansion in the retail and the industrial and mixed-use sectors required a total investment of \$25.5 million.

As at December 31, 2003, Cominar had nearly a dozen development projects under way, for a total investment of over \$66 million and an additional leasable area of about 1,000,000 sq.ft. Major developments involved the construction of a 205,000 sq.-ft. office tower at Place de la Cité in Quebec City, which the first clients will move into as of April 1, 2004; the construction of four industrial and mixed-use properties covering a leasable area of 301,400 sq.ft. in Laval; the construction of four industrial and mixed-use buildings covering a leasable area of 188,000 sq.ft. in Quebec City; and a 91,500 sq.-ft. expansion at Carrefour Charlesbourg, a Quebec City shopping centre. These development projects, which are scheduled to be completed between the beginning of 2004 and the summer of 2005, have capitalization rates of 9.9% to 10.9%.

Prudent borrowing policy and a financial position that remains healthy and solid

Cominar continues to maintain a prudent **debt to gross book value ratio**, which stood at 43.7% as at December 31, 2003. In 2003, Cominar concluded a new \$22.0 million mortgage loan to finance its acquisitions and developments. It also signed a \$95.0 million lending agreement to refinance Place de la Cité in Quebec City. The REIT's weighted average mortgage rate was 6.31% as at December 31, 2003, down 0.24% from the same date in 2002.

Furthermore, in November 2003, Cominar completed a public offering of 5,000,000 units for net proceeds of \$66.2 million. These funds served to repay the bank loans contracted since November 2001, while the balance will be used to finance current development projects and future acquisitions.

Outlook

"We are confident about pursuing our growth and expansion in 2004. Various development projects, all with excellent capitalization rates, will contribute to further improving our real estate portfolio's profitability and enhancing its value. We are in a great position to continue providing unitholders with a highly satisfactory return and a stable investment," indicated Jules Dallaire.

Profile

As one of the largest retail property owners in the Greater Quebec City Area, Cominar Real Estate Investment Trust enjoys a dominant presence and economies of scale. The REIT currently owns a diversified portfolio of **111 properties consisting of 12 office buildings, 25 retail buildings and 74 industrial and mixed-use buildings which cover about 7.9 million square feet of leasable space**. As Cominar's asset and property management is fully internalized and fully integrated, the REIT is an entirely self-administered and self-directed real estate investment trust.

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COMINAR REAL ESTATE INVESTMENT TRUST

Consolidated Balance Sheets

As at December 31

[In thousands of dollars]

	2003 \$	2002 \$
ASSETS		
Income properties	518,770	485,695
Properties under development	21,486	2,798
Deferred expenses and other assets	21,540	18,479
Prepaid expenses	1,901	1,571
Accounts receivable	5,525	4,449
Cash and cash equivalents	33,660	-
	602,882	512,992
LIABILITIES AND UNITHOLDERS' EQUITY		
Liabilities		
Mortgages payable	270,715	223,991
Bank indebtedness	-	33,332
Accounts payable and accrued liabilities	12,570	7,422
	283,285	264,745
Unitholders' Equity		
Unitholders contributions	320,604	248,874
Cumulative net earnings	121,640	90,618
Cumulative distributions	(122,647)	(91,245)
	319,597	248,247
	602,882	512,992

COMINAR REAL ESTATE INVESTMENT TRUST

Consolidated Statements of Unitholders' Equity

Years ended December 31,

[In thousands of dollars]

	2003 \$	2002 \$
Unitholders contributions		
Balance, beginning of year	248,874	242,251
Issue of Units	74,652	6,623
Underwriter's fees and offering expenses	(2,922)	-
Balance, end of year	320,604	248,874
Cumulative net earnings		
Balance, beginning of year	90,618	61,186
Net income	31,022	29,432
Balance, end of year	121,640	90,618
Cumulative distributions		
Balance, beginning of year	(91,245)	(62,588)
Distributions to Unitholders	(31,402)	(28,657)
Balance, end of year	(122,647)	(91,245)
Unitholders' Equity	319,597	248,247

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COMINAR REAL ESTATE INVESTMENT TRUST
Consolidated Statements of Income
Years ended December 31

[In thousands of dollars except per unit amounts]

	2003	2002
	\$	\$
Operating revenues		
Property rental revenue	96,577	81,925
Operating expenses		
Property operating costs	21,083	17,575
Realty taxes and services	16,235	12,806
Property management expenses	1,174	870
	38,492	31,251
Operating income before the undernoted	58,085	50,674
Interest on mortgages and bank indebtedness	16,898	13,848
Depreciation of income properties	4,240	3,506
Amortization of deferred expenses and other assets	4,636	3,505
	25,774	20,859
Operating income from real estate assets	32,311	29,815
Trust administrative expenses	1,512	1,228
Other revenues	223	845
Net income	31,022	29,432
Basic net income per unit	1.146	1.141
Diluted net income per unit	1.143	1.135

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COMINAR REAL ESTATE INVESTMENT TRUST

Consolidated Statements of Cash Flows

Years ended December 31,

[In thousands of dollars]

	2003 \$	2002 \$
OPERATING ACTIVITIES		
Net income	31,022	29,432
Items not affecting cash		
Depreciation of income properties	4,240	3,506
Amortization of deferred expenses and other assets	4,636	3,505
Leasing costs	(953)	(890)
Funds from operations	38,945	35,553
Leasing costs	(6,554)	(5,989)
Change in non-cash operating working capital items	3,761	206
	36,152	29,770
FINANCING ACTIVITIES		
Mortgages payable	52,806	48,231
Repayment of mortgages payable	(17,216)	(31,096)
Bank indebtedness	(33,332)	27,849
Distributions to unitholders	(31,402)	(28,657)
Net proceeds from issue of units	71,730	6,623
	42,586	22,950
INVESTING ACTIVITIES		
Acquisitions of income properties	(25,546)	(50,142)
Acquisitions of properties under development	(19,185)	(2,148)
Other assets	(347)	(430)
	(45,078)	(52,720)
Net change in cash and cash equivalents	33,660	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	33,660	-

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For information:

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