



COMINAR REAL ESTATE INVESTMENT TRUST

ANNUAL INFORMATION FORM

For the year ended December 31, 2004

March 30, 2005

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GLOSSARY

The following terms used in this Annual Information Form have the meanings set out below:

“Adjusted Unitholders' Equity” means, at any time, the aggregate of the amount of unitholders' equity and the amount of accumulated depreciation recorded in the books and records of the REIT in respect of its Properties calculated in accordance with generally accepted accounting principles, plus any discount on any instalment receipts receivable.

“Cominar” means Cominar Real Estate Investment Trust and the corporation wholly-owned by the REIT.

“Contract of Trust” means the contract of trust made as of March 31, 1998, governed by the laws of the Province of Québec, pursuant to which the REIT was established, as amended, supplemented or restated on May 8, 1998 and May 13, 2003.

“Dallaire Family” means Jules Dallaire, his wife, their children and the spouses of the said children.

“Dallaire Group” means, collectively, “Corporation Financière Alpha (CFA) inc.”, previously known as “Immeubles Cominar inc.”, “Société en Commandite Alpha-Québec”, previously known as “Société en Commandite Cominar” and “AM Total Investments, General Partnership”, previously known as “Société en nom collectif Cominar”, which are controlled by members of the Dallaire Family, or any one or more of them, as the context requires.

“Debenture” means a Series A 6.30% convertible unsecured subordinated debenture of the REIT.

“Debentureholder” means a holder of Debentures.

“Distributable Income” means the amount of cash available to be distributed by the REIT, calculated in the manner set forth under the heading “Computation of Distributable Income for Distribution Purposes”.

“Distribution Reinvestment Plan” means the distribution reinvestment plan of the REIT described under “Distribution Reinvestment Plan”.

“Greater Quebec City Area” means the City of Québec and the City of Lévis.

“Gross Book Value” means, at any time, the book value of the assets of the REIT, as shown on its then most recent balance sheet, plus the amount of accumulated depreciation shown thereon.

“Immovable Hypothec” means a secured interest in an Immovable Property under the laws of the Province of Québec.

“Immovable Property” means Immovable Property under the laws of the Province of Québec or real property under other applicable law.

“Income Tax Act” the *Income Tax Act* (Canada), as amended from time to time.

“Indenture” the Trust indenture entered into as of September 17, 2004, between Cominar and Natcan Trust, as trustee, pursuant to which the Debentures were issued.

“Independent Trustee” means a Trustee: (i) who is not a member of the Dallaire Family, an Associate, director, officer or employee of a corporation or partnership comprising the Dallaire Group or an affiliate thereof; (ii) who is not related (as defined in the Toronto Stock Exchange 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) 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 of the Contract of Trust, his being a Unitholder), the Dallaire Group and any member of the Dallaire Family; and (v) who represents to the

REIT, upon his election or appointment as Trustee, that he meets the foregoing criteria. A Trustee of the Dallaire Group shall be deemed not to be an Independent Trustee.

“Liens” has the meaning ascribed thereto in the *Canada Business Corporations Act*, as amended from time to time.

“Management” means the management of the REIT.

“Non-Competition Agreement” means the non-competition agreement dated May 21, 1998 among the Dallaire Group and Messrs. Jules Dallaire, Michel Dallaire and Alain Dallaire.

“Net Operating Income” means the operating income before interest on mortgages payable, bank indebtedness and Debentures, depreciation of income properties and amortization of deferred expenses and other assets, REIT’s administrative expenses and other income.

“Portfolio” means a 100 % ownership interest in each of the Properties.

“Properties” means, unless the context requires otherwise, collectively, as at December 31, 2004, the 122 office, retail, industrial and mixed-use properties owned by the REIT, and **“Property”** means any one of them.

“REIT” means Cominar Real Estate Investment Trust and the corporation wholly-owned by Cominar.

“Trustees” means the trustees of the REIT and **“Trustee”** means any one of them.

“Unit” means a unit of interest in the REIT issued from time to time in accordance with the Contract of Trust and includes, without limitation and, where the context so requires, units of the REIT issued pursuant to the Unit Option Plan, the Distribution Reinvestment Plan or the Unitholders’ Rights Plan, and includes a fraction of a unit of the REIT.

“Unitholder” means a holder of Units of the REIT.

“Unitholders’ Rights Plan” means the unitholder’s rights plan of the REIT, as amended and restated.

“Unit Option Plan” means the unit option plan of the REIT described under "Management of the REIT — Unit Option Plan".

EXPLANATORY NOTES

Unless otherwise noted, in this Annual Information form, measures of leasable area refer to net leasable area and measurements in square feet refer to approximate measurements.

1. DATE OF ANNUAL INFORMATION FORM

This Annual Information Form (the “AIF”) is dated as of March 30, 2005. Unless otherwise noted, the information contained in this AIF is stated as at December 31, 2004.

2. CORPORATE STRUCTURE

Cominar Real Estate Investment Trust is an unincorporated closed-end investment trust created by the Contract of Trust under, and governed by, the laws of the Province of Québec. The REIT was established on March 31, 1998 and began its activities on May 21, 1998, at the time of the completion of its initial public offering. Amendments to the Contract of Trust were made at various times to give the REIT greater flexibility in operating its portfolio, and in particular, to invest in raw lands, provided that the aggregate value of the investments of the REIT in raw land will not exceed 2% of the Adjusted Unitholders’ Equity, and also invest in immovable hypothecs or mortgages which are not first-ranking.

The head office of the REIT is located at 455, Marais (Vanier borough) Quebec (Quebec) G1M 3A2, phone number (418) 681-8151. Its website can be found at www.cominar.com.

Unless otherwise noted or the context otherwise indicates, references to the “REIT” or to “Cominar” in this AIF are to Cominar Real Estate Investment Trust. Reference to “SAC” is to Les Services Administratifs Cominar inc., a wholly-owned subsidiary of the REIT. The SAC was incorporated under the CBCA on March 17, 1998.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 OVERVIEW OF THE REIT

The REIT is one of the largest property owners in the greater Quebec City area commercial real estate market because of its dominant presence and enjoys significant economics of scale in this market. The REIT currently owns a diversified portfolio of 122 office, retail, industrial and mixed-use properties, of which 83 are located in the Greater Quebec City area and 39 are located in the Greater Montreal area.

The portfolio comprises approximately 2.2 million square feet of office space, 2.4 million square feet of retail space and 4.8 million square feet of industrial and mixed-use space, representing, in the aggregate, approximately 9.4 million square feet of leasable area. As at December 31, 2004, the REIT’s portfolio was approximately 94.8% leased. The REIT’s properties are mostly situated in prime locations along major traffic arteries and benefit from high-visibility and easy access by both tenants and tenant’s customers.

The REIT’s asset and property management is fully internalized and the REIT is a fully integrated, self-managed real estate investment operation. In this way, the REIT is not subject to any third party management contracts or property management fees, which the REIT believes reduce the potential for conflict between the interests of Management and the REIT. This fully internalized management structure ensures the interests of Management and employees will be aligned with those of Unitholders and will result in improved operating and financial performance for the REIT.

The REIT believes that a comprehensive and proactive management strategy intended to enhance the operating and financial performance of the REIT is the best way to achieve that objective.

For the fiscal year ended December 31, 2004, the REIT had sales of \$111.0 million and net operating income of \$68.2 million compared to \$96.6 million and \$58.1 million, respectively, the previous year. The REIT's total assets at that date were \$705.7 million and it employed approximately 95 full-time people.

3.2 RETROSPECTIVE

On May 21, 1998, the REIT acquired a portfolio composed of 51 properties in the greater Quebec City area. The portfolio consisted of 8 office properties, 13 retail properties and 30 industrial and mixed-use properties for a total leasable area of approximately 3.1 million square feet. Subsequently, between May 21, 1998 and December 31, 2003, the REIT acquired an ownership interest in 60 properties representing, in aggregate, approximately 4.8 million square feet, including 2.4 million square feet in the Montreal region.

3.3 ACQUISITIONS, CONSTRUCTIONS AND EXPANSIONS IN THE YEAR ENDED DECEMBER 31, 2004

In the fiscal year ended December 31, 2004, the REIT acquired and completed the construction of properties representing a leasable area of approximately 1.1 million square feet. This includes the acquisition of six properties totalling 693,000 square feet, the expansion of five properties including the new Place de la Cité tower for a total of 330,000 square feet and the construction of two properties for a leasable area of 51,000 square feet. These properties represent an investment of \$121.4 million.

The following is a summary of the acquisitions, constructions and expansions which took place in the operations and affairs of the REIT in the fiscal year ended December 31, 2004:

1. On January 5, 2004, the REIT began the construction of a 47,000 square foot industrial and mixed-use property located at 4500-4536 Louis B.-Mayer, in Laval, Quebec, at a cost of approximately \$2.5 million.
2. On February 18, 2004, the REIT began the construction of a 36,000 square foot industrial and mixed-use property located at 2600 avenue Saint-Jean-Baptiste, in Quebec City, Quebec, at a cost of approximately \$2.1 million.
3. On April 1, 2004, the REIT completed the acquisition of a 56,337 square foot industrial and mixed-use property located at 5055 rue Hugues-Randin, in Quebec City, Quebec, for a total consideration of approximately \$3.3 million, paid in cash.
4. On April 8, 2004, the REIT completed the acquisition of a 45,671 square foot industrial and mixed-use property, located at 9055 rue Impasse-de-l'Invention, in Montreal, Quebec, for a total consideration of \$2.3 million, paid in cash.
5. On May 4, 2004, the REIT completed the acquisition of a 156,270 square foot office tower located at 3400 avenue Jean-Béraud, in Laval, Quebec, for a total consideration of \$28.0 million, payable as to approximately \$16.7 million in cash and approximately \$11.3 million by the assumption of a hypothec charging the property.
6. On May 10, 2004, the REIT began the construction of a 119,000 square foot industrial and mixed-use property located at 4451, autoroute Laval Ouest, in Laval, Quebec, at a cost of approximately \$7.1 million.
7. On June 10, 2004, the REIT began the construction of a 105,000 square foot industrial and mixed-use property located at 2800, avenue Saint-Jean-Baptiste, in Quebec City, Quebec, at a cost of approximately \$6.5 million.
8. On July 21, 2004, the REIT completed the acquisition of a 101,222 square foot industrial and mixed-use property located at 330 rue Avro, in Montreal, Quebec, for a total consideration of approximately \$8.5 million, payable as to approximately \$5.0 million in cash and approximately \$3.5 million by the assumption of a hypothec charging the property.
9. On August 11, 2004, the REIT completed the acquisition of a 162,000 square foot industrial and mixed-use property located at 19701 avenue Clark-Graham, in Montreal, Quebec, for a total consideration of \$11.3 million, payable as to approximately \$8.1 million in cash and approximately \$3.2 million by the assumption of two hypothecs charging the property.
10. On September 30, 2004, the REIT completed the acquisition of a 171,532 square foot office property located at 330 rue Viger Est, in Montreal, Quebec, for a total consideration of \$31.0 million paid in cash.

11. In April 2004, the REIT completed the construction of a 17 floor office tower (the “Cominar Tower”) having a leasable area of approximately 205,611 square feet as an addition to the Place de la Cité Complex. The Place de la Cité Complex now has a leasable area of approximately 1.05 million square feet, of which approximately 376,000 square feet consists of retail space. The Place de la Cité Complex is an office and retail building situated on boulevard Laurier, one of the principal access routes to the downtown area of Quebec City, Quebec.

12. In the fiscal year 2004, the REIT completed the construction of three industrial and mixed-use properties covering a total leasable area of approximately 51,000 square feet for an investment of \$2.8 million, and the expansion and development work of four industrial and mixed-use properties covering over 124,000 square feet of leasable area for an investment of almost \$6.2 million.

3.4 FINANCING COMPLETED IN THE YEAR ENDED DECEMBER 31, 2004

On September 17, 2004, the REIT completed a public offering of 100,000 convertible unsecured subordinated debentures bearing interest at the annual rate of 6.30% (the “Debentures”) for total gross proceeds of \$100,000,000. The Debentures mature on June 30, 2014 and interest is payable semi-annually on June 30 and December 31. Each Debenture is convertible into Units of the REIT, at the option of the holder, at any time prior to the maturity date or, if this day is earlier, the last business day immediately preceding the date specified by the REIT for redemption of the Debentures, at a conversion price of \$17.40 per Unit. The Debentures are not redeemable prior to June 30, 2008. On or after June 30, 2008 and prior to June 30, 2010, the Debentures may be redeemed, in whole or in part, at the option of the REIT at a redemption price equal to the principal amount plus accrued and unpaid interest, provided that the volume-weighted-average trading price of the Units on the Toronto Stock Exchange (the “TSX”) for the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given exceeds 125% of the Conversion Price. On or after June 30, 2010 and prior to the maturity date, the Debentures may be redeemed, in whole or in part, at the option of the REIT at a price equal to the principal amount plus accrued and unpaid interest.

The REIT may, at its option, elect to satisfy its obligation to pay the principal amount of Debentures by issuing Units of the REIT. If the REIT elects to satisfy its obligation by repaying the principal amount of Debentures with Units of the REIT, it must issue units equal to 95% of the volume-weighted average trading price of the Units on the TSX for the 20 consecutive trading days preceding the date fixed for redemption or the maturity date, at the case may be.

In accordance with the Canadian Institute of Chartered Accountants Handbook Section 3860, the Debentures have been recorded as liabilities on the balance sheet and interest has been charges to interest on convertible debentures on the statement of income. Debentures issue costs are amortized to interest on convertible debentures over a 10-year period and recorded under interest on convertible debentures. As the valuation of the unitholders’ equity component of the conversion option did not have a material impact on the REIT’s consolidated results, the Debentures have been recorded in whole as liabilities.

4. DESCRIPTION OF THE BUSINESS

4.1 GENERAL

The following objectives have been approved by the Trustees and may be amended or replaced by the Trustees from time to time. In setting the objectives of the REIT, the Trustees are subject to the investment guidelines and operating policies set out in the Contract of Trust. See "Investment Guidelines and Operating Policies".

The objectives of the REIT are to provide Unitholders with growing tax-deferred cash distributions payable monthly and to increase and maximize unit value through proactive management, including the acquisition of income properties and the development and extension of various properties in its portfolio, with the participation of a reliable and experienced team.

The REIT manages its assets with an emphasis on growing net rental revenues and occupancy levels within the Portfolio and, where economically viable, exploiting expansion or redevelopment opportunities that offer the REIT an accretive, risk-adjusted rate of return. Growth in cash flow from existing Properties comprising the Portfolio is anticipated to be achieved through: (i) increases in lease rates built into existing leases for the Properties, (ii) improvements in occupancy rates and proactive leasing efforts and (iii) reductions in operating costs.

The REIT seeks to acquire income-producing immovable properties when the projected net yield on acquisition would result in a yield on the outstanding Units greater than the current yield to Unitholders. The REIT intends to concentrate its acquisition activities in the Greater Quebec City Area where it can exploit its competitive advantages, in the Greater Montreal Area and other markets within the Province of Québec where the REIT can pursue other acquisitions that are complementary to the REIT's portfolio and management expertise. Management believes it will be able to maintain an investment strategy of acquiring properties to provide additional cash flow and enhance long-term portfolio value.

The continued growth of the REIT achieved through redevelopment and expansion of the Portfolio and future acquisitions enables the REIT to further realize economies of scale in the management of its Properties.

The REIT adopted the Dallaire Group's conservative approach to its borrowing policies and in general seeks to maintain a combination of short-term, medium-term and long-term debt maturities which are appropriate for the overall debt level of its portfolio, taking into account availability of financing, market conditions and the financial terms of the leases from which the REIT derives its cash flow. The REIT expects to issue Units only where such issuances are not considered by the Trustees to be materially dilutive to ensuing annual distributions to existing Unitholders.

Management believes that achieving these objectives will result in an increasingly diverse and stable income stream intended to reduce both risk and volatility in respect of the returns realized by Unitholders.

4.2 MANAGEMENT AND GROWTH STRATEGY OF THE REIT

The REIT believes that commercial real estate is a dynamic investment that requires active and experienced management in order to maximize total returns and minimize risk for Unitholders. The REIT believes that this objective can best be achieved through a comprehensive and proactive management strategy intended to enhance the operating and financial performance of the REIT. Specifically, the REIT intends to:

- grow net rental revenues and occupancy levels of its Portfolio and, where economically viable, exploit expansion or redevelopment opportunities for long-term value appreciation; and
- seek accretive acquisitions, expansion and redevelopment opportunities for long-term value appreciation, firstly within the Greater Quebec City Area, in the Greater Montreal Area and other markets within the Province of Québec where the REIT can capitalize on its development expertise and strong institutional, business and tenant relationships.

In 2004, the REIT continued to apply a conservative acquisition strategy and to develop quality properties in strategically located sites sought by customers in the Montreal and Quebec City regions.

As stated over the last three years, in order to meet its profitability criteria in a context of steadily rising properties prices, the REIT has focused on accelerating the development of those of its properties offering a potential increase in return, and the construction of new properties on vacant lots under its ownership.

Based on its long experience in the real estate sector and its in-depth market intelligence, the REIT is committed to remaining conservative in developing its property portfolio in order to secure its profitability on the medium and long term. Every project is therefore appraised in accordance with specific criteria, the most important being the property's current and future profitability.

The key criterion in analyzing a prospective property acquisition remains the ratio between its purchase price, the debt involved and its profitability. The purchase price must be supported by the property's actual value, so as to associate a reasonable debt level with the transaction and to ensure satisfactory profitability through the various phases of an economic cycle.

Furthermore, to reduce the risk associated with a particular sector, the REIT continues to ensure that its portfolio is well balanced among its three sectors – office, retail and industrial and mixed-use properties.

Geographical diversification also plays a key role in the REIT's growth strategy. As at December 31, 2004, properties in the Montreal region accounted for some 35% of its portfolio's leasable area.

In conclusion, the REIT's primary strategies are focused on continuing to make acquisitions and carry out developments, that match its criteria of quality and profitability over the short and long term, maintaining a fairly well-balanced segmented diversification among office, retail and industrial and mixed-use properties, continuing to maintain geographical diversification between the Montreal and Quebec City regions, and finally, maintaining a conservative financing structure.

4.2.1 THE MARKET

The REIT has a dominant presence in the Greater Quebec City Area by virtue of the size of the Portfolio, the concentration and diversity of the properties and the attractiveness of their locations, all of which increase the likelihood that the REIT will discuss leasing opportunities with most prospective commercial tenants within such market. The ongoing strategy of the REIT is to maintain its dominant position as well as to capitalize on other real estate investment opportunities.

As at December 31, 2004, the REIT owned 83 income properties in the Greater Quebec City Area, totaling 6.1 million of square feet. Since 1999, when Cominar acquired the first property in the Greater Montreal Area, this region has been developed with the quality of service and management that has proven successful in terms of client satisfaction in Quebec City. It is for this reason that, as soon that the REIT penetrated the Montreal market, it opened a regional office and set up a team committed to meeting clients' needs. As at December 31, 2004, the REIT's portfolio included 39 Montreal-area properties covering 3.3 million square feet and accounting for some 35 % of the total Portfolio.

The current economic conditions in the province of Quebec favor the real estate market. The price of buildings has increased significantly and the demand for leasable spaces remain high particularly in the sectors of industrial and mixed-use buildings and offices located in the outskirts of the downtown areas.

The REIT believes there is still significant growth potential for cash flows and value appreciation from other properties located in its market. However, in a bullish market, a real estate manager must be prudent when purchasing properties in order to ensure that an acquisition will remain profitable even in a more difficult economy.

4.2.2 ALIGNMENT OF MANAGEMENT' AND THE REIT'S INTERESTS

The REIT is a fully integrated, self-administered, self-managed real estate operation and is not subject to any third party management contracts and management fees. This structure reduces the potential for conflict between the interests of Management and the REIT. The REIT believes that by adopting a fully internalized management structure, the interests of Management and employees are aligned with those of Unitholders and improved operating and financial performance for the REIT will result. The REIT benefits from the experience and expertise of its executives and employees. See "Management of the REIT". The REIT also believes that interests of Management are also further aligned with those of Unitholders through the granting of options under the Unit Option Plan. The Unit Option Plan provides an incentive for key management personnel to increase the REIT's cash flow and Unit value. Participation in this Plan is limited to Trustees (subject to applicable law), officers and employees of the REIT.

4.2.3 COMPETITIVE STRENGTHS

The REIT intends to capitalize on the following strengths and competitive advantages of the Portfolio and Management:

- privileged relationships with its existing tenant base, which allow Management to identify and fulfill tenants' needs for expansion or contraction of space;
- ability to identify and close acquisition opportunities;
- strategic alliances with suppliers and innovative cost control measures which reduce or limit the increase in operating costs, such that gross rents continue to be competitive;
- strong relationships with financial institutions, which facilitate access to financing on favourable commercial terms and which may provide for acquisition and joint venture investment opportunities;

- efficient management information systems, including comprehensive and proprietary tenant information for each Property in the Portfolio competing within the Greater Quebec City Area real estate market; and
- development and redevelopment expertise and capability of Management and employees, providing the REIT with the ability to undertake expansion and redevelopment opportunities in compliance with the Investment Guidelines and Operating Policies of the REIT.

4.2.4 BALANCED PORTFOLIO

The REIT seeks to maintain a balanced portfolio based on asset type and property characteristics consistent with its existing portfolio, but also in line with evolving market conditions. Management believes this strategy provides the REIT with a diversified tenant base, reduces cash flow volatility and increases potential capital appreciation.

In 2004, the office sector made the greatest contribution to net operating income with 34.73 %, compared with 31.61 % in 2003, while the contribution from the retail sector went from 35.54 % in 2003 to 32.52 % in 2004. For its part, the industrial and mixed-use sector remained quite stable, with a contribution of approximately 32.75 % of Net Operating Income.

Information by Sector

Sectors	Rental revenues		Net Operating Income	
	2004 (000\$)	2003 (000\$)	2004 (000\$)	2003 (000\$)
Office	38,457	30,914	23,668	18,362
Retail	37,701	35,637	22,164	20,641
Industrial and mixed-use	<u>34,854</u>	<u>30,026</u>	<u>22,322</u>	<u>19,082</u>
Total	111,012	96,577	68,154	58,085

4.2.5 DEBT MANAGEMENT

The REIT seeks to maintain a combination of short-term, medium-term and long-term debt maturities which are appropriate for the overall debt level of the Portfolio, taking into account availability of financing and market conditions and the financial terms of the leases from which the REIT derives its cash flow. The REIT normally manages its debt maturities by seeking predominantly fixed-rate medium-term debt and by maintaining a conservative level of debt relative to Gross Book Value. The REIT has obtained from a financial institution the financing required to make Immovable Property acquisitions, to undertake the expansion, redevelopment and improvement of its Properties and to cover certain operating expenses of the REIT and of its Properties from time to time, subject to the Investment Guidelines and Operating Policies of the REIT. See "Investment Guidelines and Operating Policies".

4.3 INVESTMENT GUIDELINES AND OPERATING POLICIES

4.3.1 INVESTMENT GUIDELINES

The Contract of Trust provides for certain guidelines on investments, which may be made by the REIT.

The Assets of the REIT may be invested only in accordance with the following guidelines:

- i) the REIT must focus its acquisition activities on existing income-producing properties, including office, retail, industrial and mixed-use properties, that are substantially leased;
- ii) notwithstanding anything in the Contract of Trust to the contrary, the REIT may not make any investment or take any action or omit to take any action that would result in Units not being units of a "mutual fund trust" and of a "unit trust" within the meaning of the Income Tax Act that would result in Units being disqualified for investment by registered retirement savings plans, registered retirement income funds or deferred profit sharing plans, that would result in the REIT being liable under the Income Tax Act to pay a tax imposed as a result of holdings by the REIT of foreign property as defined in the Income

Tax Act, that would result in Units being foreign property for the purposes of the Income Tax Act or that would result in the REIT paying a tax under the registered investment provisions of the Income Tax Act for exceeding certain investment limits;

- iii) the REIT may invest in a joint venture arrangement only if:
- a) the arrangement is one pursuant to which the REIT holds an interest in Immovable Property jointly or in common with others ("**joint venturers**") either directly or through the ownership of an interest in a corporation or other entity (a "**joint venture entity**") as co-owners and not as partners and such Immovable Property is capital property of the REIT and, if owned through the ownership of an interest in a joint venture entity, the said Immovable Property is capital property of the joint venture entity;
 - b) the REIT's interest in the joint venture arrangement is not subject to any restriction on transfer other than a right of first refusal, if any, in favour of the joint venturers;
 - c) the REIT has a right of first refusal to buy the interests of the other joint venturers;
 - d) the joint venture arrangement provides an appropriate buy-sell mechanism to enable a joint venturer to purchase the other joint venturers' interests or to sell its interest;
 - e) the joint venture arrangement provides that the liability of the REIT to third parties is joint and not solidary (the common law equivalent being "several and not joint and several"), provided however, that, subject to any remedies that each joint venturer may have against the other joint venturers, a joint venturer shall be hypothecarily liable to the full extent of the property and that, further, may be required to give up its interest in any particular property owned by the joint venture entity as a result of another joint venturer's failure to honour its proportionate share of the obligations relating to such property; and
 - f) the joint venture arrangement permits, but does not require, the REIT or its designee to participate fully in the management thereof;
- iv) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province of Canada, short-term government debt securities, some or all of the receivables under an instalment receipt agreement or in money market instruments of, or guaranteed by, a Schedule 1 Canadian bank maturing prior to one year from the date of issue, the REIT may not hold securities other than securities of a joint venture entity or an entity or corporation wholly owned by the REIT formed and operated solely for the purpose of holding a particular Immovable Property or Immovable Properties or some or all of the receivables under an instalment receipt agreement or for any purpose relating to the activities of the REIT, and provided further that, notwithstanding anything contained in the Contract of Trust to the contrary, the REIT may acquire securities of other real estate investment trusts;
- v) except as otherwise prohibited in the Contract of Trust, the REIT may invest in interests (including ownership and leasehold interests) in income-producing Immovable Property in Canada and the United States that is capital property of the REIT;
- vi) the REIT may not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in Immovable Property that is capital property of the REIT;
- vii) the REIT may not invest in operating businesses or other specialty Immovable Property or acquire interests in general partnerships or limited partnerships;
- viii) the REIT may, with the prior approval of the Trustees, invest in raw-land to be held as capital property for development and ownership 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;

- ix) the REIT may invest in Immovable Hypothecs, mortgages and hypothecary or mortgage bonds (including, with the consent of a majority of the Trustees, a participating or convertible Immovable Hypothec or mortgage) where:
 - a) the Immovable Property which is security therefor is income-producing Immovable Property which otherwise meets the general investment guidelines of the REIT adopted by the Trustees from time to time in accordance with the Contract of Trust and the restrictions set out therein;
 - b) the amount of the hypothecary or mortgage loan is not in excess of 75 % of the market value of the property securing the Immovable Hypothec or mortgage and the Immovable Hypothec or mortgage has at least 1.2 debt service coverage;
 - c) 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 therefor;
 - d) the aggregate value of the investments of the REIT in these Immovable Hypothecs and mortgages, after giving effect to the proposed investment, will not exceed 20 % of the Adjusted Unitholders' Equity;
- x) the REIT may invest in Immovable Hypothecs or mortgages if the sole intention is to use the acquisition of the Immovable Hypothecs and mortgages as a method of acquiring control of an income-producing Immovable Property which would otherwise meet the investment guidelines of the REIT and provided the aggregate value of the investments of the REIT in such Immovable Hypothecs and mortgages after giving effect to the proposed investment, will not exceed 20 % of the Adjusted Unitholders' Equity;
- xi) at no time will indebtedness aggregating more than 12.5 % of Gross Book Value (other than trade payables, accrued expenses and distributions payable) be at floating interest rates or have maturities of less than one year, not including debt with an original maturity of one year or more falling due in the next 12 months; and
- xii) subject to paragraph (ii), the REIT may invest an amount (which, in the case of an amount invested to acquire Immovable Property, is the purchase price less the amount of any indebtedness assumed or incurred by the REIT and secured by an Immovable Hypothec or mortgage on such property) up to 15 % of the Adjusted Unitholders' Equity of the REIT in investments or transactions which do not comply with paragraphs (iv), (v), (ix) and (x) under the heading "Investment Guidelines and Operating Policies — Investment Guidelines" or paragraph (iii) under the heading "Investment Guidelines and Operating Policies — Operating Policies".

For the purpose of the foregoing guidelines, the assets, liabilities and transactions of a corporation or other entity wholly or partially owned by the REIT shall be deemed to be those of the REIT on a proportionate consolidation basis. In addition, any references in the foregoing to investment in Immovable Property shall be deemed to include an investment in a joint venture arrangement. Except as specifically set forth above to the contrary, all of the foregoing prohibitions, limitations or requirements for investment shall be determined as at the date of investment by the REIT. Nothing in the guidelines shall prohibit the REIT from holding or assigning some or all of the receivables due pursuant to any instalment receipt agreement.

4.3.2 OPERATING POLICIES

The Contract of Trust provides that the operations and affairs of the REIT shall be conducted in accordance with the following policies:

- i) the REIT shall not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof, the term "hedging" shall have the meaning ascribed thereto by National Policy No. 39 adopted by the Canadian Securities Administrators, as in effect immediately prior to the rescission thereof effective February 1, 2000;
- ii) any written instrument creating an obligation which is or includes the granting by the REIT of an Immovable Hypothec or mortgage, and (b) to the extent the Trustees determine to be practicable and consistent with their duty to act in the best interests of the Unitholders, any written instrument which is, in the judgment of the Trustees, a material obligation shall contain a provision or be subject to an acknowledgment to the effect that the obligation being created is not personally

binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of the Trustees, Unitholders, Annuitants under a plan of which a Unitholder acts as a trustee or carrier, or officers, employees or agents of the REIT, but that only Property of the REIT or a specific portion thereof shall be bound; the REIT, however, is not required, but shall use all reasonable efforts, to comply with this requirement in respect of obligations assumed by the REIT upon the acquisition of Immovable Property;

- iii) the REIT shall not lease or sublease to any person any Immovable Property, premises or space where that person and its associates would, after the contemplated lease or sublease, be leasing or subleasing Immovable Property, premises or space having a fair market value net of encumbrances in excess of 20 % of the Adjusted Unitholders' Equity of the REIT;
- iv) the limitations contained in paragraph (iii) shall not apply to the renewal of a lease or sublease and shall not apply where the lessee or sublessee is, or where the lease or sublease is guaranteed by:
 - a) the Government of Canada, the Government of the United States, any province of Canada, any state of the United States or any municipality in Canada or the United States, or any agency thereof;
 - b) any corporation of which the bonds, debentures or other evidences of indebtedness which it issues or guarantees are authorized as an investment for insurance companies pursuant to subsection 86(1)(k) of the *Canadian and British Insurance Companies Act* in effect on December 31, 1991; or
 - c) a Canadian chartered bank registered under the laws of a province of Canada;
- v) title to each Immovable Property shall be drawn up in the name of the Trustees or, to the extent permitted by applicable law, the REIT or a corporation or other entity wholly-owned by the REIT or jointly owned by the REIT with joint venturers;
- vi) the REIT shall not incur or assume any indebtedness under an Immovable Hypothec or mortgage unless, at the date of the proposed assumption or incurring of the indebtedness, the aggregate of (a) the amount of all indebtedness secured on such Immovable Property or group of immovable properties and (b) the amount of additional indebtedness proposed to be assumed or incurred does not exceed 75 % of the market value of such Immovable Property or group of immovable properties (other than the renewal, extension or modification of any existing Immovable Hypothec or mortgage, including, without limitation, the Assumed Hypothecs, on substantially similar terms or on terms more favourable to the REIT, in each such case, as determined by a majority of the Trustees);
- vii) the REIT shall not incur or assume any indebtedness if, after giving effect to the incurring or assumption of the indebtedness, the total indebtedness of the REIT would be more than 60 % of the Gross Book Value;
- viii) the REIT shall not directly or indirectly guarantee any indebtedness or liabilities of any kind of a third party except indebtedness assumed or incurred under an Immovable Hypothec or mortgage by a corporation or other entity wholly-owned by the REIT or jointly owned by the REIT with joint venturers and operated solely for the purpose of holding a particular property or properties where such Immovable Hypothec or mortgage, if granted by the REIT directly, would not cause the REIT to otherwise contravene the restrictions set out under the heading "Investment Guidelines and Operating Policies", and where such Immovable Hypothec or mortgage is granted by a joint venture entity, subject to a joint venturer being required to give up its interest in a property owned by the joint venture entity as a result of another joint venturer's failure to honour its proportionate share of the obligations relating to such property, the liability of the REIT is limited strictly to the proportion of the hypothecary or mortgage loan equal to the REIT's proportionate ownership interest in the joint venture entity;
- ix) the REIT shall obtain an independent appraisal of each property that it intends to acquire;
- x) the REIT shall obtain and maintain at all times insurance coverage in respect of potential liabilities of the REIT and the accidental loss of value of the assets of the REIT from risks, in amounts, with such insurers and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties; and

- xi) the REIT shall have conducted a Phase I environmental audit of each Immovable Property to be acquired by it and, if the Phase I environmental audit report recommends that a Phase II environmental audit be conducted, the REIT shall have a Phase II environmental audit conducted, in each case by an independent and experienced environmental consultant; such audit, which constitutes a condition to any acquisition, shall be satisfactory to the Trustees. All new leases granted by the REIT shall contain appropriate covenants from the lessee respecting environmental matters as determined by the Trustees from time to time.

For the purposes of the foregoing policies, the assets, liabilities and transactions of a corporation or other entity wholly or partially owned by the REIT shall be deemed to be those of the REIT on a proportionate consolidation basis. In addition, any references in the foregoing to investment in Immovable Property shall be deemed to include an investment in a joint venture. All of the foregoing prohibitions, limitations or requirements pursuant to the foregoing policies shall be determined as at the date of investment or other action by the REIT.

4.3.3 AMENDMENTS TO INVESTMENT GUIDELINES AND OPERATING POLICIES

Pursuant to the Contract of Trust, all of the investment guidelines set out under the heading "Investment Guidelines and Operating Policies — Investment Guidelines" and the operating policies contained in paragraphs (v), (vi), (vii), (viii), (ix), (x) and (xi) under the heading "Investment Guidelines and Operating Policies — Operating Policies" may be amended only if such amendment is approved by two-thirds of the votes cast by Unitholders of the REIT at a meeting of Unitholders called for such purpose. The remaining operating policies may be amended if such amendment is approved by the Trustees and by a majority of the votes cast by Unitholders at a meeting called for such purpose.

4.4 PROPERTIES

As at December 31, 2004, the Portfolio of the REIT included 122 office, retail, industrial and mixed-use properties located in the Greater Quebec City Area and in the Greater Montreal area. The Portfolio consists of 2.2 million square feet of office space, 2.4 million square feet of retail space and 4.8 million square feet of industrial and mixed-use space representing, in the aggregate, approximately 9.4 million square feet of leasable area. The Properties comprising the Portfolio are prime locations along major traffic arteries and benefit from high visibility and easy access by both tenants and tenants' customers. There are no land leases on any of the Properties comprising the Portfolio. The Properties are generally well-maintained and in good operating condition.

4.4.1 OVERVIEW OF PORTFOLIO

The following tables summarize, respectively, the Properties of the REIT as at December 31, 2004 by asset class, the lease expiries and renewals as well as the new leases as at December 31, 2004 and the lease maturities from 2005 to 2009:

Property Type	Allocation by Property Type			
	Number of Properties ¹⁾	Area (square feet)	%	% Leased
Office Properties ²⁾³⁾	14	2,220,000	23.6	94.7
Retail Properties ³⁾⁴⁾	25	2,377,760	25.2	94.0
Industrial and Mixed-Use Properties ³⁾	<u>83</u>	<u>4,815,000</u>	<u>51.2</u>	<u>95.2</u>
Total Portfolio	122	9,412,760	100.0	94.8

Notes:

- 1) Place de la Cité has been included in the Retail Properties category.
- 2) Includes 678,780 square feet of office space at Place de la Cité.
- 3) Includes the properties being developed which are not included in the calculation of the occupancy rate and the weighted average net rent (See "Summary of the Properties").
- 4) Includes 375,858 square feet of retail space and a health and recreational centre at Place de la Cité.

Expiries, renewals and new leases for 2004

	Office	Retail	Industrial and Mixed-Use	TOTAL
Expired leases				
Number of leases	75	97	103	275
Area (square feet)	362,420	267,265	720,491	1,350,176
Average net rent/square foot	\$9.89	\$10.45	\$4.69	\$7.23
Renewed leases				
Number of leases	59	76	81	216
Area (square feet)	333,389	227,374	469,540	1,030,303
Average net rent/square foot	\$8.41	\$10.67	\$4.93	\$7.17
New leases				
Number of leases	32	33	47	112
Area (square feet)	154,681	50,416	312,906	517,997
Average net rent/square foot	\$11.41	\$9.40	\$4.84	\$7.25

	Lease Maturities ¹⁾			
	Office ²⁾	Retail ³⁾	Industrial and Mixed-Use	Total
Nombre of Tenants				
2005	95	111	114	320
2006	60	104	67	231
2007	46	81	80	207
2008	56	84	72	214
2009	20	61	59	140
Area (per square feet)				
2005	395,971	210,876	465,837	1,072,684
2006	157,309	237,117	445,814	852,570
2007	102,723	201,590	662,314	966,627
2008	218,588	251,909	509,247	979,744
2009	47,515	183,521	448,957	679,993
Weighted Average Net Rent (per square feet)				
2005	\$7.59	\$8.83	\$4.94	\$6.68
2006	\$8.08	\$10.48	\$5.25	\$7.23
2007	\$8.71	\$11.05	\$5.64	\$7.10
2008	\$9.08	\$9.00	\$5.11	\$7.00
2009	\$9.31	\$11.68	\$6.28	\$7.95

Notes:

- 1) Information given for the twelve months ending December 31st of each calendar year.
- 2) Includes maturities for leases of office space at Place de la Cité.
- 3) Includes maturities for leases of retail space at Place de la Cité.

4.4.2 SUMMARY OF THE PROPERTIES

The following table summarizes certain aspects of each of the Properties¹⁾:

Properties	Year built/ renovated	Leasable Area (square feet)	% Leased	Selected Tenants ²⁾
OFFICE PROPERTIES				
Place de la Cité, 2600, boul. Laurier Sainte-Foy	1964/1970/ 1982/1988/ 1993/ 2003/2004	678,780	94.18	Financière Banque Nationale, Valeurs Mobilières Desjardins, AXA Assurances, Régie des rentes du Québec, La Great West Compagnie d'Assurance-Vie, Société canadienne d'hypothèques et de logement, Institut national de la recherche scientifique (Université du Québec), Garantie compagnie d'assurance, Gestion M.D., Air Transat, La Financière Manuvie, Aon, Microsoft Canada, Motorola Canada
150, boul. René-Lévesque Est Québec	1973/1999	235,106	100.00	Société Immobilière du Québec, Cantel, Vidéotron, Télécom 9, Fujitsu Conseil, a Canadian chartered bank, Ernst & Young, Telus Communications (Québec)
3175, chemin des Quatre-Bourgeois Sainte-Foy	1990	100,065	85.28	Travaux Publics Canada, Re/Max, Société Immobilière du Québec, SSA Global Technologies Canada
979, avenue de Bourgogne Sainte-Foy	1976/1988/ 1996	65,186	96.12	Travaux Publics Canada, Société du crédit agricole, Office des personnes handicapées du Québec, Lumbermen's Underwriting Alliance, Association Paritaire pour la Santé et la Sécurité du Travail-secteur minier
2014, rue Jean-Talon Nord Sainte-Foy	1979/1997	60,953	100.00	Association canadienne des automobilistes (Québec), Innovmetric Logiciels, G.E.S. Technologies
455, rue Marais Vanier	1977/1997	60,809	100.00	L'Industrielle- Alliance, Compagnie d'Assurance sur la vie, Cominar, Cygnal Technologies, Corporation des services d'ambulances du Québec, Association professionnelle des ingénieurs du Québec, Moore North America, Telus Communications (Québec)
4605-25-35, 1 ^{re} Avenue Charlesbourg	1979/1993	40,644	89.00	L'Industrielle-Alliance, Compagnie d'assurance sur la vie, a Canadian chartered bank, Associates Capital, Corporation of Canada, Subway (restaurant)
2200, rue Jean-Talon Nord Sainte-Foy	1965/1986/ 1996	30,485	100.00	Telus Communications (Québec), Société d'Assurance Automobile du Québec
5075, boul. Wilfrid-Hamel Ouest Québec	1980/1994	28,215	100.00	Au Vieux Duluth (restaurant), Fédération Indépendante des Syndicats autonomes
5055, boul. Wilfrid-Hamel Ouest Québec	1979/1996	27,498	100.00	Matériaux Blanchet, Laforge Barbeau, avocats, Société Immobilière du Québec, Québécoir Express, Comité paritaire des agents de sécurité
8500, boul. Décarie Montréal	2001	175,060	100.00	Ericsson Canada
1265, boul. Charest Ouest Québec	1975/2002	140,246	100.00	Esri Canada, Société Immobilière du Québec, Médias Transcontinental, Dorion, Noël et Hallissey, Pencorp, compagnie d'assurance sur la vie

Properties	Year built/ renovated	Leasable Area (square feet)	% Leased	Selected Tenants ²⁾
255, boul. Crémazie Est Montréal	1967/2002	249,151	77.58	Société immobilière du Québec, Communauté urbaine de Montréal, Pétrie Raymond LLP, Consultants 3LM., Banque Laurentienne du Canada, Groupe Aecon, Ordre professionnel des travailleurs sociaux du Québec
3400, avenue Jean-Béraud Laval	2001	156,270	100.00	Travaux Publics Canada
300, Viger Est Montréal	1993	171,532	100.00	Quebecor Média
Sub-total (offices)		2,220,000	94.73	

COMMERCIAL BUILDINGS

Place de la Cité 2600, boul. Laurier Sainte-Foy	1964/1970/ 1982/1998/ 1993	375,858	95.50	Ameublements Léon Ltée, Caisse Populaire Desjardins, Trust Général du Canada, a Canadian chartered bank, Roots, New Look, Parfumerie Dans un Jardin, Uniprix (pharmacie), Restaurant Le Beaugarte, Club Entrain (health and recreational center), Association canadienne des automobilistes (Québec), Valeurs mobilières Desjardins, La Compagnie de Fiducie Household du Canada, Disnat Investments
Carrefour Charlesbourg 8500, boul. Henri-Bourassa Charlesbourg	1976/1988/ 1995/1996/ 2004	315,730	86.98	Méto, Pharmacie Brunet, Sports Experts, Radio Shack, a Canadian chartered bank, L'Industrielle-Alliance compagnie d'assurance sur la vie, Énergie Cardio, Yellow, Dollarama, Rossy
Halles Fleur de Lys 245, rue Soumande Vanier	1978/1984/ 1994	91,221	88.24	Marché Plus, Société des Alcools du Québec, Restaurant Pacini
325, rue Marais Vanier	1991	77,933	100.00	Toshiba, Restaurant Tomas Tam, Kit à Tout (furniture store), Re/Max, Travaux Publics Canada, Centre de courtage Assep
1400, avenue Saint-Jean-Baptiste Québec	1979/1995	104,256	92.47	Meubles Zip International Ltée, Mega Fitness Gym, Société de l'assurance automobile du Québec, Banque Nationale du Canada, BPR Bechtel
2160, boul. de la Rive-Sud Saint-Romuald	1971/1978/ 1996	72,261	100.00	Méto, Caisse populaire Desjardins, Vidéo Éclair
355, rue Marais Vanier	1990	37,375	93.68	Schneider Canada Inc., Maître Piscinier, Duro Vitres d'Auto, Trans Canada Crédit
550, rue Marais Vanier	1995	16,849	100.00	Play It Again Sports
5, Place Orléans Beauport	1978/1985	5,792	100.00	a Canadian chartered bank
329, rue Seigneuriale Beauport	1992/1997	3,792	100.00	Lebeau Vitres d'Auto
239-245, boul. Samson Laval	1991	40,772	100.00	Mode le Grenier, Cantel, Jean-Coutu, Superclub Vidéotron

Properties	Year built/ renovated	Leasable Area (square feet)	% Leased	Selected Tenants ²⁾
1367-1371, chemin Sainte-Foy Québec	1950/1983	5,491	100.00	Immeubles Couche-Tard
2195, boul. de la Rive-Sud Saint-Romuald	1977/1985	6,225	100.00	a Canadian chartered bank
1970, avenue Chauveau Québec	1970/1983	2,400	100.00	Provi-Soir
1479-1481-1483-1485, boul, Saint- Bruno, Saint-Bruno-de-Montarville	1997	12,971	100.00	Pennington, Yellow
1465, boul. Saint-Bruno Saint-Bruno-de-Montarville	1997	26,093	100.00	Office Depot
1475, boul. Saint-Bruno Saint-Bruno-de-Montarville	1997	129,638	100.00	Wal-Mart
1495, boul. Saint-Bruno Saint-Bruno-de-Montarville	1997	34,808	100.00	Cinéplex Odéon
Les Promenades Beauport 3333, rue du Carrefour Beauport	1978/2002/ 2004	390,800	93.05	Dooly's, Super C, Jean-Coutu, Dollarama, Yellow, Banque Laurentienne du Canada, Parfumerie dans un Jardin, Énergie Cardio, Winners, Radio Shack, Cantel, Coq Rôti, Travaux publics
3319, rue du Carrefour Beauport	2003	3,090	100.00	Tim Horton
1295, boul. Charest Ouest Québec	1982	48,080	71.75	Boîteau Luminaire
Place Lévis 50, route du Président-Kennedy, Lévis	1970/1995	218,595	95.01	Maxi, Superclub Vidéotron, Cage aux Sports, Nautilus Plus, Valeurs Immobilières Desjardins, Piscines Trévi, Rossy, Simon Maranda, SNC Lavalin
1275, boul. Charest Ouest Québec	1975/2002	63,249	100.00	Informatique SMI, Meubles Croteau, Société Immobilière du Québec
800, boul. Claude-Jutras Longueuil	2003	30,352	100.00	Déco Découvertes
2101-2137, boul. Curé-Labelle Laval	2003	64,729	100.00	Trans Canada Crédit, Sobeys, Familiprix
Sub-total (commercial buildings)		2,178,360	94.02	

***INDUSTRIAL AND MIXED-USE
PROPERTIES***

1990, rue Jean-Talon Nord Sainte-Foy	1976/1977/ 1995/1996	89,509	96.60	Charactera, Refac (Westburne), Active, RJR McDonald, ADT Service de sécurité, Ascenseurs Thyssen
320, chemin de la Canardière Québec	1980/1993	12,819	96.08	Centre hospitalier Robert-Giffard
1515, avenue Saint-Jean-Baptiste Québec	1979/1989	61,923	100.00	Barnabé Meubles (1983), Delta, Fixatech

Properties	Year built/ renovated	Leasable Area (square feet)	% Leased	Selected Tenants ²⁾
2022, rue Lavoisier Sainte-Foy	1978	58,880	88.86	Crobel, Otis Canada, RBA, La Société Radio-Canada, Essilor Canada, Tried
100, rue Chabot Vanier	1968/1986/ 2004	59,900	85.68	Regroupement des bingos Limoilou
235, rue Fortin Vanier	1996	26,006	100.00	Hostess Frito-Lay
2160, rue Jean-Talon Nord Sainte-Foy	1965/1981/ 1994	45,160	80.06	Meubles Jacques Gaulin, Opération Enfant Soleil, SSI 2000
4975, rue Rideau Québec	1990	32,807	83.20	Black and Decker Canada, Omron Canada, Nanox
2020, rue Jean-Talon Nord Sainte-Foy	1968	41,133	100.00	Quilles Univers
1075, rue des Basses-Terres Québec	1995	48,025	100.00	Entreprises Industrielles Westburne
280, rue Racine Loretteville	1984/1986	18,801	100.00	a Canadian chartered bank, Société canadienne des postes
2025, rue Lavoisier Sainte-Foy	1978/1983/ 1990	37,124	100.00	Telav, General Motors du Canada, Entourage, Solutions Technologies
2100, boul. Jean-Talon Nord Sainte-Foy	1962/1975/ 1995	31,419	100.00	Bagel Tradition'l, Sico
2150, rue Jean-Talon Nord Sainte-Foy	1970/1985/ 1994	22,432	100.00	Canon du Canada
2955, rue Kepler Sainte-Foy	1978	14,960	100.00	Expertise Transport Québec
4175, boul. Sainte-Anne Beauport	1974/1977/ 1985/1988	39,245	100.00	Trudel et Piché Beauport
2180, rue Jean-Talon Nord Sainte-Foy	1969/1984/ 1997/2003	20,100	100.00	Mobilier International, Ash Temple (Servident)
5125, rue Rideau Québec	1987/1997	11,575	100.00	Canpar Transport
454-456, rue Marconi Sainte-Foy	1984	15,592	100.00	Axion Sonorisation Éclairage
5000, rue Rideau Québec	1995	2,475	100.00	Travaux publics Canada
1730-1790, avenue Newton Québec	1987	62,925	95.23	Unisource, Ascenseurs Drolet Kone
1165, rue Gouin Québec	1941/1978 1993	71,577	88.63	Produits Capitale, Asystel, Étiquettes Berco, MS2 Contrôle
2006-2010, rue Lavoisier Sainte-Foy	1976	68,235	100.00	United Auto Part
830, avenue Godin Vanier	1978/1994	49,055	93.79	Iron Mountain (Archivex), P.E. Fraser, Association canadienne des Automobilistes

Properties	Year built/ renovated	Leasable Area (square feet)	% Leased	Selected Tenants ²⁾
955, boul. Pierre-Bertrand Vanier	1995	47,489	100.00	Restaurant La Casa Grecque, Palace Cabaret, Groupe PMT/Roy
2345-2349, avenue Dalton Sainte-Foy	1973/1981	54,110	100.00	Polycritec, Palmar Automotive, Bétonel
2383-2393, avenue Watt Sainte-Foy	1973/1981	67,092	100.00	Pâtisserie Dumas, Distribution Silpro, Andlauer Transportation, Radiateur Montréal
625, rue des Canetons Québec	1989	19,981	100.00	United Parcel Service du Canada
955, avenue Saint-Jean-Baptiste Québec	1978/1991	33,034	100.00	Klockner Moeller, Location Brossard
5130, rue Rideau Québec	1988	24,402	100.00	Gojet, Toromont, Enertrak, Geyco
2755, avenue Dalton Sainte-Foy	1971/1989	23,880	85.13	Quincaillerie Richelieu, Loadwise international
905, avenue Ducharme Vanier	1972/1991	19,239	100.00	Machinage Usitech, Centre Hydraulique GMB, Pompage G. Bernier
989, boul. Pierre-Bertrand Vanier	1974/1994	37,800	84.09	Location Pelletier, Dolbec Transport (1993)
2015, rue Lavoisier Sainte-Foy	1974	2,134	100.00	Modulaire Plus
650, avenue Godin Vanier	1967/1975 1977	188,790	93.36	Société Immobilière du Québec, LPA Médical
625, avenue Godin Vanier	1989/1990	60,415	100.00	Messagerie Dynamique une division de Communications Québecor, Scelco, Viking Chains
579, avenue Godin Vanier	1981/1999	12,337	100.00	Boc Gaz Canada
2700, rue Jean-Perrin Québec	1987/1998	129,778	95.42	Société Canadienne des Postes, Télémag 24, Graphiscan, Cantel, Fondation Mira, Air Transat, Aliments Humpty Dumpty
2181-2211, rue Léon-Harmel Québec	1974/2003	70,709	76.24	Groupe SPL, Beauvais et Verret, Produits Forestiers CJP, Boulangerie Rondeau
1540, rue Jean-Talon Nord Sainte-Foy	2000	9,425	100.00	Marco Caravane
445, avenue Saint-Jean-Baptiste Québec	1986/2003	91,713	100.00	Sani Métal, Gentec Electro-optique, Arrow Electronics Canada, Moteurs Électriques Laval, ABF Freight Systems Canada
500, avenue Saint-Jean-Baptiste Québec	1987	86,993	95.56	Fiso Technologies, EBQM, a Canadian chartered bank, Gecko Électronique, Rosedale Transport
5275, boul. Wilfrid-Hamel Québec	1981	30,071	100.00	Acousti-Plus
1670, rue Semples Québec	1972/2000	89,154	97.13	Société Immobilière du Québec, Metler-Toledo, Société d'assurance automobile du Québec, Société Radio-Canada

Properties	Year built/ renovated	Leasable Area (square feet)	% Leased	Selected Tenants ²⁾
2500, rue Jean-Perrin Québec	1998	74,987	54.78	Datamark, Primerica, Proludik, Sico
2600, rue Jean-Perrin Québec	2001	48,814	100.00	Société Immobilière du Québec, Maburco Québec plomberie, chauffage, KMG Distribution
470, avenue Godin Vanier	1980	22,532	100.00	Dolbec Transport
765, avenue Godin Vanier	1976/1989	15,350	100.00	Tyco International of Canada
8288, boul. Pie-IX Montréal	1989	119,522	100.00	Belron Canada
1415, 32 ^e Avenue Lachine	1989/1993	71,503	100.00	C.A.C. Transport
1455, 32 ^e Avenue Lachine	2001	32,500	100.00	Univar Canada
1475, 32 ^e Avenue Lachine	1988	89,232	100.00	Simard warehouse, Pneutech
3300, J.B. Deschamps Lachine	1989	19,393	100.00	Paquette White
9101, boul. des Sciences Anjou	1999/2000	71,727	91.08	Hibbert Wholesales (1998), Viandes Décarie, Maison de Distribution Colac
1050, avenue Ducharme Vanier	2003	38,815	100.00	Prévention Térió, Amalcorp, Centre d'estimation de la capitale
9100, boulevard du Parcours Anjou	1998/2000	122,602	100.00	Ventrol Air Handling Systems
10550, boulevard Parkway Anjou	1964/1972	110,000,	100.00	Équipement de sécurité Arkon
2105, boulevard Dagenais Ouest Laval	1999/2003	274,700	100.00	Gusdorf Canada
1041, boulevard Pierre-Bertrand Vanier	1963/2002	118,611	100.00	Sears Canada, Dolbec Transport Messagerie Beaupar
620-650, rue Giffard Longueuil	1980	53,161	82.37	Groupe Master, Multiservice – Lacoupeil, Enertrak
667-687, rue Giffard Longueuil	1980	42,435	16.08	Construction Michel Gagnon.
796-818, rue Guimond Longueuil	1988	80,426	82.18	Boiron Canada, Technologie Clemex, Polygo, Chassé
40, chemin du Tremblay Boucherville	1991	100,805	100.00	Ikea Wholesale
1315, rue Gay-Lussac Boucherville	1991	43,693	100.00	Produits Paklab
1675, boul. de Montarville Longueuil	1989/2003	142,264	100.00	Groupe Master

Properties	Year built/ renovated	Leasable Area (square feet)	% Leased	Selected Tenants ²⁾
894-930, rue Bergar Laval	1989	33,134	100.00	Boc Canada, Electrical Cable Supply, Aero Chem
901-937, rue Michelin Laval	1988	42,548	100.00	Megalab
1405-1453, rue Bergar Laval	1988	32,480	100.00	Imprimerie VDL, Tasfilm, Attaches Richard
3370-3418, boul. Industriel Laval	1986	55,331	100.00	Surplec, Franklyn Supply, Rexel Canada Électrique (Westburne)
3401-3421, boul. Industriel Laval	1986	53,422	100.00	Produits Hydrauliques R.G, ATM Pro
5250, rue Armand-Frappier St-Hubert	1992	59,460	100.00	Hydro-Québec
3424-3428, Francis-Hugues Laval	2003	16,114	100.00	Trane Québec, Éclairage Vertex
1405-1455-1495, 55e Avenue Dorval	2001	66,185	100.00	Intermove Canada, International Paint, division of Akzono, Total Logistics Partner (Ocean consolidators)
1775, Léon-Harmel Québec	2004	22,093	100.00	Westburne – Wolseley Canada
975, avenue Ducharme Vanier	2004	28,708	100.00	Dolbec Transport
5055, rue Hugues-Randin Québec	1989	56,337	100.00	Société canadienne des Postes
9055, rue Impasse de l'Invention Montréal	2001	45,671	73.18	The Brick Warehouse
330, rue Avro Montréal	1991/1998	101,222	100.00	Dynacast Canada
19701, avenue Clark-Graham Baie d'Urfé	1987	162,000	100.00	Alcan Packaging Canada
Sub-total (industrial and mixed-use)		4,815,000	95.24	

***BUILT AND UNDER
DEVELOPMENT***

4500-4536, Louis-B-Mayer Laval	2004	47,000	N/A	N/A
2600, avenue Saint-Jean-Baptiste Québec	2004	36,000	N/A	N/A
4451, autoroute Laval Ouest Laval	2004	119,000	N/A	N/A

Properties	Year built/ renovated	Leasable Area (square feet)	% Leased	Selected Tenants ²⁾
2800, avenue Saint-Jean-Baptiste Québec	2004	105,000	N/A	N/A
Sub-total (built and under development)		307,000	N/A	
TOTAL PORTFOLIO		9,412,760	94.82	

- Notes:
- (1) These figures are as at December 31, 2004 and are calculated on a per square foot basis of occupied space (and in the case of retail space, calculated for commercial retail unit (CRU) space) as at such date.
- (2) Sets forth certain generally recognized tenants.

The following is a summary of each of the Properties comprising the Portfolio of the REIT.

4.4.3 PLACE DE LA CITÉ 2600, boul. Laurier, Sainte-Foy, Québec

Place de la Cité in Sainte-Foy, Québec is a fully-integrated 1.04 million square foot multi-functional office and retail complex built between 1964 and 1988, comprising 678,780 square feet of Class "A" office space and 375,858 square feet of retail space, including a 46,718 square foot health and recreational centre (Club Entrain). The complex has parking for 2,368 cars, of which 2,230 are on three underground levels. In 1995, a major \$20 million renovation program was completed to upgrade and integrate the two office buildings into the retail and services complex and ground floor shopping mall. In April 2004, Cominar completed the construction of a 17 floor office tower (the "Cominar Tower") having a leasable area of approximately 205,000 square feet. Place de la Cité enjoys a prime location on Laurier Boulevard, the most important thoroughfare of Sainte-Foy and into the Greater Quebec City Area, and is strategically situated between two major shopping centres comprising approximately 1.7 million square feet of retail space in the aggregate. Université Laval, which has approximately 34,000 students, is in the immediate vicinity. In addition, the immediate area is characterized by a heavy concentration of hotels, restaurants, office buildings, businesses and two major hospitals.

4.4.3.1 Office

Place de la Cité is one of the foremost business addresses for the financial and professional services industry in the Greater Quebec City Area. The following table sets forth the major office tenants for Place de la Cité:

Tenants	Leasable Area (square feet)
Régie des rentes du Québec	205,893
Valeurs Mobilières Desjardins	12,349
PWC Management Services LP	25,078
L'Agence Nationale d'Encadrement du secteur financier	72,786
SEPAQ.....	31,896
AXA Assurances inc.	24,184
Institut national de la recherche scientifique (Université du Québec).....	26,398
Aon Canada Inc.	26,143
La Great West, Compagnie d'Assurance-Vie	14,942
Financière Banque Nationale inc.	13,886
Malenfant Dallaire SENC	12,615
Produits Forestiers Portbec ltée.....	11,602
Trust Banque Nationale (le)	10,044
Société canadienne d'hypothèques et de logement	9,272
Banque Laurentienne du Canada.....	6,160
Other tenants.....	175,532
Total	678,780

In addition to the tenants listed above, other prominent office tenants are Manuvie Financial, Laberge Lafleur AEMG, TD Waterhouse, Régime de Retraite de l'Université du Québec, Gestion M.D, Zurich Canada, Bureau des Passeports, Bureau de la sécurité des transports du Canada, Lombard Canada, Microsoft et La Garantie cie d'assurance.

4.4.3.2 Retail

Place de la Cité is the central property in the highest concentration of retail shopping in the Greater Quebec City Area. Place de la Cité is situated immediately between and is effectively anchored by two major regional shopping centres:

- Place Laurier, a 1.1 million square foot super-regional shopping centre anchored by Sears, The Bay, Zellers and Toys 'R' US; and
- Place Ste-Foy, a 656,000 square foot regional mall anchored by Les Ailes de la Mode, Archambault, Simons, Metro and Holt Renfrew.

Place de la Cité is the direct connection between Place Ste-Foy and Place Laurier and benefits from a continuous flow of retail shoppers, as evidenced by pedestrian traffic of 200,000 people per week on average.

The following table sets forth the major retail tenants for Place de la Cité:

Tenants	Leasable Area (square feet)
Club Entrain.....	46 718
Ameublements Léon Ltée	35 454
Caisse populaire Desjardins	17 154
Automobile & Touring Club du Québec	8 483
Banque Nationale du Canada	7 932
Banque Laurentienne du Canada.....	5 903
Disnat Courtier à escompte Inc	4 394
Other tenants (103 tenants).....	252 820
Total	378 858

In addition to the tenants listed above, prominent retail tenants also include Restaurant Le Beaugarte, Roots, La Cache, Dans un Jardin, New Look, Uniprix (pharmacy), Household Finance Corporation, TD Waterhouse, Gosselin Photo Vidéo and Telus.

The following is a summary of each of the other Properties comprising the Portfolio.

4.4.4 OFFICE PROPERTIES

Place de la Capitale

150, boul. René-Lévesque Est, Quebec City, Quebec

A 20-storey, 235,106 square foot office tower situated on 36,344 square feet of land. It was built in 1973 and renovated in 1998-1999. It is 100% leased and has 300 indoor parking spaces. Major tenants include Société Immobilière du Québec, Cantel, Videotron, Télécom 9, Ernst & Young, Telus Communications, Fujitsu Conseil and a Canadian chartered bank.

3175, Quatre-Bourgeois, Sainte-Foy, Quebec

A 100,065 square foot office building situated on 76,122 square feet of land. Built in 1990, it is 85.28% leased and has 270 indoor and outdoor parking spaces. Major tenants include Public Works Canada, Re/Max Fortin Delage, Société Immobilière du Québec and SSA Global Technologies Canada.

979, de Bourgogne, Sainte-Foy, Quebec

A 65,186 square foot office building situated on 68,411 square feet of land. It was built in 1976, expanded in 1988 and renovated in 1996 at a total cost of \$480,000. The building is 96.12% leased and has 134 outdoor parking spaces. Major tenants include Société du crédit agricole (farmers' credit union), Public Works Canada, Office des personnes handicapées du Québec (handicapped persons' protection office), Lumbermen's Underwriting Alliance, Association paritaire pour la Santé et la Sécurité du Travail, secteur minier.

2014, rue Jean-Talon Nord, Sainte-Foy, Quebec

A 60,953 square foot office building situated on 75,650 square feet of land. It was built in 1979 and renovated in 1997 at a total cost of \$540,000. The building is 100.00% leased and includes 164 outdoor parking spaces. Major tenants include the Canadian Automobile Association (Québec), Innovmétric Logiciels Inc. and G.E.S. Technologies.

455, rue Marais, Vanier, Quebec

A 60,809 square foot office building situated on 110,437 square feet of land. It was built in 1977 and expanded in 1997. The building is 100.00% leased and includes 137 outdoor parking spaces. Major tenants include Industrial Alliance Life Insurance Company, Telus Communications (Québec) Inc., Association professionnelle des Ingénieurs du Québec, Normex Telecom, Corporation des services d'ambulance du Québec and Moore North America.

4605-25-35, 1ère Avenue, Charlesbourg, Quebec

A 40,644 square foot office building situated on 53,198 square feet of land. It was built in 1979 and renovated in 1993 at a total cost of \$300,000. The building is 89.00% leased and has 170 parking spaces, 40 of which are indoors. Major tenants include Industrial Alliance Life Insurance Company, Associates Capital, Subway and a Canadian chartered bank. The lease of the Canadian chartered bank provides for a right of first refusal in favour of the tenant with respect to any proposed sale of the Property pursuant to a third party offer to purchase which the REIT is prepared to accept, for the same price as the third party offer to purchase.

2200, rue Jean-Talon Nord, Sainte-Foy, Quebec

A 30,485 square foot office building situated on 94,055 square feet of land. The building is used for offices and warehousing. It was built in 1965, expanded in 1986 and renovated in 1996. The building is 100% leased and includes 77 outdoor parking spaces. The main tenants are Telus Communications (Québec) Inc. and Société d'Assurance Automobile du Québec.

5075, boulevard Wilfrid-Hamel Ouest, Quebec City, Québec

A 27,498 square foot office building situated on 54,297 square feet of land. It was built in 1980 and renovated in 1994. The building is 100 % leased and has 141 outdoor parking spaces. Major tenants include Au Vieux Duluth (restaurant) and Fédération Indépendante des Syndicats autonomes.

5055, boulevard Wilfrid-Hamel Ouest, Quebec City, Québec

A 27,498 square foot office building situated on 87,250 square feet of land. It was built in 1979 and renovated in 1996 at a total cost of \$300,000. The building is 100% leased and has 74 outdoor parking spaces. Major tenants include Matériaux Blanchet Inc., Société Immobilière du Québec, La Forge Barbeau, Attorneys, Québécois Express and Comité paritaire des agents de sécurité.

8500, boulevard Décarie, Montreal, Quebec

A 175,060 square foot office building situated on 177,752 square feet of land (4.1 acres) located on a site adjacent to boulevard Décarie, one of the Montreal's principal North-South arteries. Built in 2001, the building houses eight floors of office space. The property is 100 % leased to Ericsson Canada and has 270 indoor and 430 outdoor parking spaces.

1265, boulevard Charest Ouest, Quebec City, Quebec

A 140,246 square foot office building situated on 82,295 square feet of land. It was built in 1975 and renovated in 2002. The building houses 12 floors of office space. The property is 100.00 % leased and has 278 outdoor parking spaces. Major tenants include The Société Immobilière du Québec, Dorion, Noël & Hallissey, Esri Canada, Médias Transcontinental and Pencorp, life insurance company.

255, boulevard Crémazie Est, Montreal, Quebec

A 249,151 square foot office building situated on 49,766 square feet of land (1.1 acre) located on a site adjacent to Highway 40, Montreal's main east-west artery. Built in 1967 and renovated in 2002, the building houses 12 floors of office space and two floors of underground parking. The building is 77.58% leased and major tenants include The Société Immobilière du Québec, Communauté urbaine de Montréal, Pétrie Raymond LLP, Consultants 3M, Groupe Aecon, Ordre professionnel des travailleurs sociaux du Québec and Banque Laurentienne du Canada.

3400, Jean-Béraud, Montreal, Quebec

A 156,270 square foot office tower located on 283,456 square feet of land. The building was built in 2001 and is 100.00% leased to Travaux Publics Canada. The building is located between boulevards Chomedey and Daniel-Johnson in Laval. It houses offices and has approximately 553 parking spaces.

300, Viger Est, Montreal, Quebec

A seven floor office tower of 171,532 square feet located on 170,221 square feet of land. Built in 1992, it is 100.00% leased to Quebecor Media. The building is located at the corner of Viger street, near autoroute Ville-Marie in downtown Montreal. It has approximately 54 parking spaces.

4.4.5 RETAIL PROPERTIES

Carrefour Charlesbourg - 8500, boulevard Henri-Bourassa, Charlesbourg, Quebec

A 315,730 square foot retail complex, including 60,997 square feet of ancillary office space, situated on 854,253 square feet of land. It was built in 1976, expanded in 1988 and 1996 and renovated in 1995 and 1996. A total of \$3.5 million has been spent on expansions and renovations since 1995. An expansion of 76,000 square feet was completed in 2004 at a total cost of \$8.0 million of which 58,000 square feet has been occupied since April 2004 by a grocery store. The Property is located on the principal artery in the main commercial area of the City of Charlesbourg, a residential suburban community in the Greater Quebec City Area. Major retail tenants include Métro (grocery store), Pharmacie Brunet (pharmacy), Sports Experts, Radio Shack, Dollarama, Rossy, a Canadian chartered bank, the Caisse populaire Desjardins (Desjardins credit union), Énergie Cardio and Yellow. Major office tenants include the Industrial Alliance Life Insurance Company. The Property also includes four adjacent residential properties zoned for commercial use which Management intends to use in the future to expand the parking lot on the Property.

Halles Fleurs de Lys — 245, rue Soumande, Vanier, Quebec

An 91,221 square foot public market, including 28,932 square feet of ancillary office space, situated on 249,722 square feet of land. It was built in 1978, expanded in 1984 and renovated in 1994 at a total cost of \$345,000. The Property is 88.24% leased and has 525 outdoor parking spaces. It is situated in close proximity to the Place Fleur de Lys regional shopping centre in a mixed commercial and residential area. The Property is easily accessible from Boulevard Hamel and the Laurentian Boulevard, two major thoroughfares. Major tenants include Marché Plus (grocery store), Société des alcools du Québec (liquor store), Restaurant Pacini and Caisse populaire Desjardins (Desjardins credit union).

325, rue Marais, Vanier, Quebec

A 77,933 square foot retail complex, including 38,373 square feet of ancillary office space, situated on 117,213 square feet of land. It was built in 1991. The building is 100.00% leased and includes 141 outdoor parking spaces. Major tenants include Toshiba, Re/Max, Restaurant Tomas Tam, Public Works Canada, Kit à Tout and Centre de courtage Assep.

1400, St-Jean-Baptiste, Quebec City, Quebec

A 104,256 square foot retail complex, including 39,744 square feet of ancillary office space, situated on 253,830 square feet of land. It was built in 1979 and renovated in 1995 at a total cost of \$270,000. The building is 92.47% leased and includes 297 outdoor parking spaces. Major tenants include Meubles Zip International Ltée (furniture store), Mega Fitness Gym, a Canadian chartered bank, BPR Bechtel and the Société de l'Assurance Automobile du Québec.

2160, boulevard de la Rive-Sud, Saint-Romuald, Quebec

A 72,261 square foot retail complex, situated on 142,806 square feet of land. It was built in 1971 and expanded in 1978 and 1996. The building is 100% leased and has 247 outdoor parking spaces. Major tenants include Métro (grocery store), Caisse populaire Desjardins (Desjardins credit union) and Vidéo Éclair.

355, rue Marais, Vanier, Quebec

A 37,375 square foot retail building situated on 98,088 square feet of land. It was built in 1990. The building is 93.68% leased and has 119 outdoor parking spaces. Major tenants include Maître Piscinier, Schneider Canada Inc., Duro Vitres d'Auto and Trans Canada Crédit.

550, rue Marais, Vanier, Quebec

A 16,849 square foot retail building situated on 58,885 square feet of land. It was built in 1995. The building is 100% leased and has 60 outdoor parking spaces. Major tenants include J.B. Lefebvre ltée and Play It Again Sports.

329, Seigneuriale, Beauport, Quebec

A 3,792 square foot retail building situated on 21,315 square feet of land. It was built in 1992 and expanded in 1997 at a total cost of \$60,000. The Property is 100% leased to Lebeau Vitres d'Auto and has 20 parking spaces. The tenant's lease provides for a right of first refusal in favour of the tenant with respect to any proposed sale of the Property pursuant to a third party offer to purchase which the REIT is prepared to accept, on the same terms and conditions and for the same price as the third party offer to purchase.

5, Place Orléans, Beauport, Quebec

A 5,792 square foot retail building situated on 15,577 square feet of land. It was built in 1978, expanded in 1985 and has 29 outdoor parking spaces. The Property is 100% leased to a Canadian chartered bank. The tenant's lease provides for a right of first refusal in favour of the tenant with respect to any proposed sale of the Property pursuant to a third party offer to purchase which the REIT is prepared to accept, for the same price as the third party offer to purchase.

239-245, boulevard Samson, Laval, Quebec

A 40,772 square foot retail building situated on 118,906 square feet of land. It was built in 1991. The building is 100 % leased and has 260 outdoor parking spaces. Major tenants include Mode le Grenier, Cantel, Groupe Jean Coutu and Superclub Vidéotron.

1367-1371, chemin Sainte-Foy, Sainte-Foy, Quebec

A 5,491 square foot retail building situated on 3,714 square feet of land. It was built in 1950 and renovated in 1983. The building is 100% leased and includes six outdoor parking spaces. The significant tenant is Immeubles Couche-Tard Inc. (convenience store).

2195, boulevard de la Rive-Sud, Saint-Romuald, Quebec

A 6,225 square foot retail building situated on 23,310 square feet of land. It was built in 1977 and expanded in 1985. The Property is 100% leased to a Canadian chartered bank and has 42 outdoor parking spaces. The tenant's lease provides for a right of first refusal in favour of the tenant with respect to any proposed sale of the Property pursuant to a third party offer to purchase which the REIT is prepared to accept, for the same price as the third party offer to purchase.

1970, avenue Chauveau, Quebec

A 2,400 square foot retail building situated on 45,246 square feet of land. It was built in 1970 and renovated in 1983. The building is 100% leased to Provi-Soir Inc. (convenience store) and has 28 parking spaces. The tenant's lease provides for a right of first refusal in favour of the tenant with respect to any proposed sale of the Property pursuant to a third party offer to purchase which the REIT is prepared to accept, on the same terms and conditions and for the same price as the third party offer to purchase. The tenant's lease also provides for an option to purchase the Property in favour of the tenant, subject to certain conditions, for a price to be agreed upon by the parties or, failing such agreement, for a price equal to the then appraised fair market value of the property.

1465-1495, boulevard Saint-Bruno, Saint-Bruno-de-Montarville, Quebec (Includes five properties)

A 203,510 square foot power centre comprised of five retail properties situated on 1,034,167 square feet of land (23.7 acres). The Property is located in a high traffic retail area adjacent to Highway 30. The buildings were built in 1997 and 2003. They are 100% leased and have 1,600 parking spaces. Major tenants are Wal-Mart Canada, The Business Depot, Corporation Cineplex Odéon, Groupe Yellow, Reitmans Canada and Déco Découverte.

1295, boulevard Charest Ouest, Quebec, Quebec

A 48,080 square foot retail property situated on a 83,450 square feet of land (1.9 acres). Built in 1982, the building is 71.45% leased and has 78 parking spaces. Major tenant is Boiteau Luminaire Inc.

Place Lévis - 50, route du Président-Kennedy

A 218,595 square foot retail building situated on a 596,568 square feet of land (13.7 acres). The property is located on Route du Président-Kennedy, one of the principal arteries of Lévis, the largest municipality on the South shore of the greater Quebec City area. The building was built in 1970 and renovated in 1995, and has a large outside parking area containing more than 1,000 parking spaces. The building is 95.01% leased and the major tenants are Provigo Distribution, Nautilus Plus, Cage aux sports, Super Club Vidéotron, Rossy, Valeurs Mobilières Desjardins, Piscines Trévi, Simon Maranda and SNC Lavalin.

1275, boulevard Charest Ouest, Quebec, Quebec

A 63,249 square foot retail building situated on 79,656 square feet of land, makes with two buildings located on 1265 and 1295 boulevard Charest, Québec, a retail and office complex of more than 253,000 square feet. The building, built in 1975 and renovated in 2002, is 100% leased and has 101 outdoor parking spaces. Major tenants include Société Immobilière du Québec, Meubles Croteau and Informatique SMI.

Les Promenades Beauport - 3333, rue du Carrefour, Beauport, Quebec

A 390,800 square foot retail building situated on 1,498,365 square feet of land (34.4 acres). The property is located in a large retail area adjacent to Highway 40, Quebec City's main east-west artery. It was built in 1978, renovated in 1991 and 2002 and expanded of 189,054 square feet in 2002. The second 115,400 square foot expansion phase began in the fall of 2004 of which 57,000

square feet will be occupied by Magasin Léon in June 2005. Cominar began construction of a 24,000 square foot building on this land of which 16,000 square feet will be occupied by a financial institution in 2005. The building is 93.05% leased to 88 tenants and has 2,985 parking spaces. Major tenants include Zellers, Métro-Richelieu, Dooly's, Groupe Jean Coutu, Energie Cardio, Goupe Yellow, Winners, Banque Laurentienne du Canada, Parfumeries dans un Jardin, Radio Shack, Cantel, Coq Rôti and Public Works Canada.

3319, rue du Carrefour, Beauport (Quebec)

A 3,090 square foot retail building situated on the land of Les Promenades Beauport shopping center. It was built in 2003. The building is 100 % leased to Tim Horton.

2101-2137, boulevard Curé-Labelle, Laval (Quebec)

A 64,279 square foot retail complex, situated on 269,995 square feet of land, built in 2003. The building is 100% leased and has 369 outdoor parking spaces. Major tenants include Sobey's, Familiprix inc. and Trans-Canada Credit.

4.4.6 INDUSTRIAL AND MIXED-USE PROPERTIES

1990, rue Jean-Talon Nord, Sainte-Foy, Quebec

An 89,509 square foot mixed-use building situated on 184,177 square feet of land. It was built in 1976 and 1977 and renovated in 1995 and 1996 at a total cost of \$390,000. The building is 96.60% leased and has 196 outdoor parking spaces. Major tenants include Refac (Westburne), Caractera, Active Canada, RJR McDonald, ADT Sécurité Service and Ascenseurs Thyssen.

320, de la Canardière, Sainte-Foy, Quebec

A 12,819 square foot mixed-use building situated on 13,638 square feet of land. It was built in 1980 and renovated in 1993. The building is 96.08% leased and includes 19 outdoor parking spaces. The biggest tenant is the Centre hospitalier Robert-Giffard.

1515, St-Jean-Baptiste, Quebec City, Quebec

A 61,923 square foot industrial building situated on 284,078 square feet of land. The building is used for stores and showrooms. It was built in 1979 and renovated in 1989. The building is 100.00% leased and has 87 outdoor parking spaces. Major tenants include Barnabé Meubles (1983) inc., Delta and Fixatech.

2022, Lavoisier, Sainte-Foy, Quebec

A 58,880 square foot industrial building situated on 161,596 square feet of land. The building is used for offices, showrooms and warehousing. It was built in 1978. The building is 88.86% leased and has 141 outdoor parking spaces. Major tenants include Crobel, Otis Canada, Radio-Canada, Essilor Canada, Tried and RBA.

100, Chabot, Vanier, Quebec

A 59,900 square foot industrial building situated on 109,684 square feet of land. It was built in 1968, expanded in 1986 and renovated in 2004. The building is 85.68% leased to Bingo de la Capitale and has 94 outdoor parking spaces.

235, rue Fortin, Vanier, Quebec

A 26,006 square foot industrial building, situated on 150,000 square feet of land. It was built in 1996. The building is 100 % leased to Hostess Frito-Lay and has 60 outdoor parking spaces.

2160, rue Jean-Talon Nord, Sainte-Foy, Quebec

A 45,160 square foot industrial building situated on 115,692 square feet of land. The building is used for offices, showrooms and warehousing. It was built in 1965, expanded in 1981 and renovated in 1994 at a total cost of \$220,000. The building is 80.06% leased and has 71 outdoor parking spaces. Major tenants include Meubles Jacques Gaulin, Opération Enfants Soleil and SSI 2000.

4975, Rideau, Quebec City, Quebec

A 32,807 square foot industrial building situated on 106,598 square feet of land. It was built in 1990 and is used for offices, showrooms and warehousing. The building is 83.20% leased and has 64 outdoor parking spaces. Major tenants include Black & Decker Canada, Omron Canada and Nanox.

2020, rue Jean-Talon Nord, Sainte-Foy, Quebec

A 41,133 square foot industrial building situated on 129,002 square feet of land. The building is used for a bowling alley. It was built in 1968. The Property is 100% leased to Quilles Univers and has 62 outdoor parking spaces.

1075, rue des Basses-Terres, Quebec, Quebec

A 48,025 square foot industrial building, situated on 186,194 square feet of land. It was built in 1995. The building is 100 % leased to Entreprises Industrielles Westburne Ltée and has 110 outdoor parking spaces.

280, rue Racine, Loretteville, Quebec

An 18,801 square foot mixed-use building situated on 36,512 square feet of land. It was built in 1984 and expanded in 1986. The building is 100% leased and has 60 outdoor parking spaces. Major tenants include Canada Post Corporation and a Canadian chartered bank. Canada Post Corporation's lease provides for a right of first refusal in its favour with respect to any proposed sale of the Property pursuant to a third party offer to purchase at certain times during the initial term or the renewal term of the lease on the same terms as such third party offer, subject to certain conditions.

2025, Lavoisier, Sainte-Foy, Quebec

A 37,124 square foot industrial building situated on 93,815 square feet of land. The building is used for offices, showrooms and warehousing. It was built in 1978 and 1983 and renovated in 1990. The building is 100% leased and includes 72 outdoor parking spaces. Major tenants include Telav, Entourage Solutions Technologiques and General Motors of Canada.

2100, rue Jean-Talon Nord, Sainte-Foy, Quebec

A 31,419 square foot industrial building situated on 88,948 square feet of land. The building is used for offices, showrooms and warehousing. It was built in 1962, expanded in 1975 and renovated in 1995 at a total cost of \$240,000. The building is 100% leased and has 76 outdoor parking spaces. Major tenants include Bagel Tradition'l and Sico Inc.

2150, rue Jean-Talon Nord, Sainte-Foy, Quebec

A 22,560 square foot industrial building situated on 58,002 square feet of land. The building is used for offices, showrooms and warehousing. It was built in 1970, expanded in 1985 and renovated in 1994. A total of \$260,000 was spent on renovations. The Property is 100% leased. The major tenant is Canon of Canada and the property has 59 outdoor parking spaces.

2955, Kepler, Sainte-Foy, Quebec

A 14,960 square foot industrial building situated on 82,290 square feet of land. The building is used for offices and warehousing. It was built in 1978 and has 54 outdoor parking spaces. The Property is 100% leased to Expertise Transport Québec. The tenant's lease provides for a right in favour of the tenant to approve any purchaser of the Property, such consent not to be withheld without just cause.

4175, boulevard Ste-Anne, Beauport, Quebec

A 39,245 square foot industrial building situated on 96,342 square feet of land. The building is used for showrooms and warehousing. It was built in 1974 and expanded in 1977, 1985 and 1998. The building is 100% leased and includes 66 outdoor parking spaces. The major tenant is Trudel et Piché Beauport.

2180, rue Jean-Talon Nord, Sainte-Foy, Quebec

A 20,100 square foot industrial building situated on 50,382 square feet of land. It was built in 1969, expanded in 1984, renovated in 1997 and expanded in 2003. A total of \$425,000 was spent on such renovations. The building is 100% leased and has 44 outdoor parking spaces. The tenants are Mobilier International Inc. (furniture store), Ash Temple Ltd. (Servident) and Meta 4 inc.

5125, Rideau, Quebec City, Quebec

An 11,575 square foot industrial building situated on 90,062 square feet of land. It was built in 1987, renovated in 1997 and includes 56 outdoor parking spaces. The Property is 100% leased to Canpar Transport.

454-456, Marconi, Sainte-Foy, Quebec

A 15,592 square foot industrial building situated on 65,183 square feet of land. The building is used for offices and warehousing. It was built in 1984. The Property is 100% leased and has 58 outdoor parking spaces. The major tenant is Axion Sonorisation Éclairage.

5000, Rideau, Quebec City, Quebec

A 2,475 square foot industrial building situated on 46,395 square feet of land. It was built in 1995, has 36 outdoor parking spaces and is 100% leased to Public Works Canada. The tenant's lease provides for a right of first refusal in favour of the tenant in respect of any third party offer to purchase at certain times during the initial term or renewal term of the lease on the same terms as such third party offer, subject to certain conditions. The tenant's lease also provides for an option to purchase the Property in favour of the tenant for a price significantly higher than the purchase price to the REIT, exercisable at certain times during the term of the lease or renewal term of the lease, subject to certain conditions.

1730-90, Newton, Quebec City, Quebec

A 62,925 square foot industrial building situated on 163,786 square feet of land. It was built in 1987 and is used for offices and warehousing. The building is 95.23% leased and has 65 outdoor parking spaces. Major tenants include Unisource and Ascenseurs Drolet Kone.

1165, Gouin, Quebec City, Quebec

A 71,577 square foot industrial building situated on 112,095 square feet of land. It was built in 1941 and renovated in 1978 and 1993. It is used for warehousing and workshops. The building is 88.63% leased and has 61 outdoor parking spaces. There is also municipal parking in close proximity. Major tenants include Produits Capitale, Asystel, Étiquettes Berco and MS2 Contrôle.

2006-2010, Lavoisier, Sainte-Foy, Quebec

A 68,235 square foot industrial building situated on 225,961 square feet of land. It was built in 1976 and is used as a warehousing facility. The Property is 100% leased to United Auto Parts and has 87 outdoor parking spaces.

830, Godin, Vanier, Quebec

A 49,055 square foot industrial building situated on 123,570 square feet of land. It was built in 1978 and renovated in 1994 at a total cost of \$180,000. It is used for warehousing and workshops. The building is 93.79% leased and has 61 outdoor parking spaces. Major tenants include Iron Mountain (archives), P.E. Fraser and the Canadian Automobile Association (Québec).

2345-2349, Dalton, Sainte-Foy, Quebec

A 54,110 square foot industrial building situated on 102,664 square feet of land. It was built in 1973 and renovated in 1981 at a total cost of \$190,000. It is used for warehousing and showrooms.. The building is 100% leased and has 67 outdoor parking spaces. Major tenants include Polycritec, Palmar Automotive and Bétonel.

2383-2393, Watt, Sainte-Foy, Quebec

A 67,092 square foot industrial building situated on 200,015 square feet of land which is used for warehousing and showrooms. The front building was built in 1973 and the extension was built in 1981. The building is 100% leased and has 67 outdoor parking spaces. Major tenants include Pâtisserie Dumas, Distribution Silpro, Andlauer Transportation and Radiateur Montréal.

625, rue des Canetons, Quebec City, Quebec

A 19,981 square foot industrial building situated on 178,624 square feet of land. It was built in 1989, has 64 outdoor parking spaces and is 100% leased to United Parcel Services Canada.

955, St-Jean-Baptiste, Quebec City, Quebec

A 33,034 square foot industrial building situated on 197,925 square feet of land which is used for businesses, showrooms and warehousing. It was built in 1978 and renovated in 1991 and includes 65 outdoor parking spaces. The building is 100% leased. Major tenants include Klockner Moeller and Location Brossard.

5130, Rideau, Quebec City, Quebec

A 24,402 square foot industrial building situated on 89,781 square feet of land. It was built in 1988 and has 47 outdoor parking spaces. The building is 100% leased. Major tenants include Gojet, Toromont, Enertrak and Geyco.

2755, Dalton, Sainte-Foy, Quebec

A 23,880 square foot industrial building situated on 69,648 square feet of land. It is used for offices and warehousing. It was built in 1971 and renovated in 1989 and has 67 outdoor parking spaces. The building is 85.13% leased. Major tenants are Quincaillerie Richelieu and Loadwise International.

905, Ducharme, Vanier, Quebec

A 19,239 square foot industrial building situated on 50,000 square feet of land. It is used for warehousing and workshops. It was built in 1972 and renovated in 1991 and has 57 outdoor parking spaces. The building is 100% leased. Major tenants include Centre Hydraulique GMB, Machinage Usitech and Pompage G. Bernier.

955, boulevard Pierre-Bertrand, Vanier, Quebec

A 47,489 square foot industrial building, situated on 227,341 square feet of land. It was built in 1995. The building is 100 % leased and has 225 outdoor and indoor parking spaces. Major tenants include the restaurant La Casa Grecque , The Palace Cabaret and Groupe PMT/Roy.

989, boulevard Pierre-Bertrand, Vanier, Quebec

A 37,800 square foot industrial building, situated on 68,524 square feet of land. It was built in 1974 and renovated in 1994. The building is 84.09 % leased and has 180 outdoor parking spaces. Major tenants include Location Pelletier, Dolbec Transport (1993) et Nova Sol Québec.

2015, Lavoisier, Sainte-Foy, Quebec

A 2,134 square foot industrial building situated on 15,539 square feet of land. It is used for offices and workshops. It was built in 1974, has 17 outdoor parking spaces and is 100% leased to Modulaire Plus.

650, Godin, Vanier Quebec

A 188,790 square foot industrial building situated on 334,215 square feet of land. It was built in 1967, expanded in 1975 and 1977 and renovated at the end of the 1980's. The building is used for offices, workshops and warehousing. The building is 93.36% leased and the major tenants are Société Immobilière du Québec and L.P.A. Medical.

625, Godin, Vanier Quebec

A 60,415 square foot industrial building situated on 131,200 square feet of land. This building was built in 1989 and 1990 and is used for warehousing and showrooms. It is 100.00% leased and has 103 outdoor parking spaces. Major tenants are Messageries Dynamiques, a division of Communications Québecor, Ingénierie Brock and Scelco.

579, Godin, Vanier, Quebec

A 12,337 square foot industrial building situated on 44,000 square feet of land. It was built in 1981 and renovated in 1999. The building is 100% leased to BOC Canada and has 25 outdoor parking spaces.

2700, Jean-Perrin, Quebec City, Quebec

A 128,778 square foot mixed-use building, including 28,425 square foot of office, situated on 327,528 square feet of land. It was built in 1987 and renovated in 1999. The building is 95.42% leased and has 325 outdoor parking spaces. Major tenants include Canada Post Corporation, Télémaq 24, Graphiscan, Cantel, Fondation Mira, Air Transat and Aliments Humpty Dumpty.

2181-2211, rue Léon-Harmel, Quebec City, Quebec

A 70,709 square foot mixed-use building situated on 174,315 square feet of land. It was built in 1974 and expanded in 2003. This building is 76.24% leased and has 70 outdoor parking spaces. Major tenants include Groupe SPL, Beauvais et Verret, Produits Forestiers CJP and Boulangerie Rondeau.

445, St-Jean-Baptiste, Quebec City, Quebec

A 91,713 square foot industrial building, situated on 262,348 square feet of land. It was built in 1986 and expanded in 2003. The building is 100.00% leased and has 110 outdoor parking spaces. Major tenants include Sani Métal, Gentec Électro-optique, Arrow Electronics Canada, ABF Freight Systems Canada, Moteurs Électriques Laval and Rosedale Transport.

500, St-Jean-Baptiste, Quebec City, Quebec

A 86,993 square foot industrial building, situated on 262,997 square feet of land. It was built in 1987 and is used for office and warehouse. The building is 95.56% leased and has 120 outdoor parking spaces. Major tenants include FISO Technologies (Exfo-Ingénierie Electro-Optique), National Bank of Canada, E.B.Q.M. and Gecko Électronique.

5275, boulevard Wilfrid-Hamel, Quebec City, Quebec

A 30,071 square foot mixed-use building, including 8,999 square feet of office space (on the second floor), situated on 88,692 square feet of land. It was built in 1981. The building is 100% leased and has 78 outdoor parking spaces. Major tenants include Acousti-Plus.

1670, rue Semple, Quebec City, Quebec

A 89,154 square foot industrial and mixed-use building situated on 271,354 square feet of land (6.2 acres). The property is located in a major industrial park and is adjacent to a group of industrial and mixed-use properties owned by the REIT. It was built in 1972 and renovated in 2000. It is used for warehousing and offices. The warehouse has a 22 foot clear ceiling height. The building is 97.13% leased and has 225 parking spaces. Major tenants include the Société Immobilière du Québec, Metler-Toledo, Société de l'assurance automobile du Québec and the Canadian Broadcasting Corporation.

1540, rue Jean-Talon Nord, Sainte-Foy, Quebec

A 9,425 square foot industrial and mixed-use building situated on 100,003 square feet of land (2.3 acres). The property is located in the Greater Quebec City Area in a major industrial park and is adjacent to a group of industrial and mixed-use properties owned by the REIT. It was built in 2000 and is a build-to-suit for a single tenant for warehouse and office use. The warehouse has a 24 foot clear ceiling height. The building is 100% leased to Administration Marco and has 110 parking spaces.

2500, Jean-Perrin, Quebec City, Quebec

A 74,987 square foot industrial and mixed-use building situated on 155,666 square feet of land (3.6 acres). The property is located in a major industrial park adjacent to Highway 40, Québec City's main east-west artery. It was built in 1988 and is used for warehousing and offices. The warehouse has a 20 foot clear ceiling height. The building is 54.78% and has 160 parking spaces. Major tenants are Datamark, Primerica, Patterson and Proludik.

470, avenue Godin, Vanier, Quebec

A 22,532 square foot industrial and mixed-use building situated on 49,967 square feet of land (1.1 acres). The property is located in an industrial park and is adjacent to a group of industrial and mixed-use properties owned by the REIT. It was built in 1980 and contains warehousing and office space. The warehouse has a 24 foot clear ceiling height. The building is 100% leased to Dolbec Transport and has 28 parking spaces.

765, avenue Godin, Vanier, Quebec

A 15,350 square foot industrial and mixed-use building situated on 54,914 square feet of land (1.3 acres). The property is located in an industrial park and is adjacent to a group of industrial and mixed-use properties owned by the REIT. It was built in 1976, expanded in 1989 and contains warehousing and office space. The warehouse has a 23 foot clear ceiling height. The building is 100% leased to Tyco International of Canada.

8288, boulevard Pie-IX, Montreal, Quebec

A 119,522 square foot industrial building, situated on 250,302 square feet of land. It was built in 1989 and is used for offices and warehousing. The building is 100% leased to Belron Canada. and has 133 outdoor parking spaces.

1415, 32^e Avenue, Lachine, Quebec

A 71,503 square foot industrial building, situated on 119,388 square feet of land. It was built in 1989 and expanded in 1993. The building is 100% leased to CAC Division Transport and has 88 outdoor parking spaces.

1455, 32^e Avenue, Lachine, Quebec

A 32,500 square foot industrial building, situated on 119,164 square feet of land. It was built in 1989 and is used for offices and warehousing. The building is 100% leased to Univar Canada and has 70 outdoor parking spaces.

1475, 32^e Avenue, Lachine, Quebec

A 89,232 square foot industrial building, situated on 206,264 square feet of land. It was built in 1988 and is used for offices and warehousing. The building is 100% leased to Simard Warehouse and Pneutech and has 96 outdoor parking spaces.

3300, J.B. Deschamps, Lachine, Quebec

A 19,393 square foot industrial building, situated on 118,456 square feet of land. It was built in 1989 and has 46 outdoor parking spaces. The building is 100% leased to Paquette White.

9101, boulevard des Sciences, Anjou, Quebec

A 71,727 square foot industrial and mixed-use building situated on 136,062 square foot of land and built in 2000. The building is 91.08% leased and has 63 outdoor parking spaces. Major tenants include Hibbert Wholesales (1988), Viandes Décarie and Maison de distribution Colac.

9100, boul. du Parcours, Anjou, Quebec

A 122,602 square foot industrial and mixed-use building situated on 351,633 square feet of land (8.1 acres). The property is located in a major industrial park and is in reasonable proximity to Highway 40, Montreal's main east-west artery. It was built in 1998 and expanded in 2000, and is used for warehousing and offices. The warehouse has a 23 foot clear ceiling height. The building is 100% leased to Ventrol Air Handling Systems and has 180 parking spaces.

2600, Jean-Perrin, Quebec City, Quebec

A 48,814 square foot industrial and mixed-use building situated on 197,375 square feet of land (4.5 acres). The property is located in a major industrial park adjacent to Highway 40, Quebec City's main east-west artery. Located between two properties already owned by the REIT, the property is in a geographically favourable location. The building contains warehousing and office space. The warehouse has a 22 foot clear ceiling height. The building is 100% leased and has 201 parking spaces. Major tenants are Société immobilière du Québec, Maburco Québec plomberie chauffage and KMG Distribution.

10550, boulevard Parkway, Anjou, Quebec

A 110,000 square foot industrial and mixed-use building situated on 177,247 square feet of land (4.1 acres). The property is located in a major industrial park and in reasonable proximity to highway 40, Montreal's principal east-west artery. The building was built in 1964 and renovated in 1972, and contains warehouse and office space. The warehouse has an 18 foot ceiling height. The building is 100% leased to Équipement de sécurité Arkon and has 170 parking spaces.

2105, boulevard Dagenais, Laval, Quebec

A 274,700 square foot industrial and mixed-use building situated on 585,550 square feet of land (13.4 acres). The property is located in a major industrial park in Laval and is on reasonable proximity to Autoroute 440 with easy access to Montreal International Airport-Dorval. The building was built in 1999 and expanded of 31,700 square feet in 2003. It contains warehouse space and office space. The warehouse has a 18 foot clear ceiling height. The building is 100% leased to Gusdorf Canada and has 253 parking spaces.

1041, boulevard Pierre-Bertrand, Vanier, Quebec

A 118,611 square foot industrial and mixed-use building situated on 267,264 square feet of land (6.1 acres) located in a major industrial area. This location is in close proximity to Highway 40, Quebec's principal east-west artery. The building was built in 1963 and renovated and expanded in 2002 and is used for warehousing and offices. The warehouse has a 24 foot ceiling height. The building has 200 parking spaces and is 100% leased. Major tenants include Sears Canada, Messagerie Beaupar and Dolbec Transport.

1050, Ducharme, Vanier, Quebec

A 38,815 square foot industrial building, situated on 110,000 square feet of land. It was built in 2003. The building is 100 % leased and has 75 outdoor parking spaces. Major tenants include Prévention Térió, Amalcorp and Centre d'estimation de la Capitale

620-650 rue Giffard, Longueuil, Quebec

A 53,161 square foot industrial building, situated on 191,254 square feet of land. It was built in 1980. The building is 82.37 % leased and has 141 outdoor parking spaces. Major tenants include Groupe Master, Multiservice – Lacoupe and Enertrak.

667-687, rue Giffard, Longueuil, Quebec

A 42,435 square foot industrial building, situated on 93,626 square feet of land. It was built in 1980. The building is 16.08 % leased and has 41 outdoor parking spaces. Major tenant is Construction Michel Gagnon.

796-818, rue Guimond, Longueuil, Quebec

A 80,426 square foot industrial building, situated on 234,457 square feet of land. It was built in 1988 and expanded in 2003. The building is 82.18 % leased and has 65 outdoor parking spaces. Major tenants include Boiron Canada, Technologie Clemex, Polygo and Chassé.

40, chemin du Tremblay, Boucherville, Quebec

A 100,805 square foot industrial building, situated on 302,943 square feet of land. It was built in 1991. The building is 100 % leased to Ikea Wholesale and has 170 outdoor parking spaces.

1315, rue Gay-Lussac, Boucherville, Quebec

A 43,693 square foot industrial building, situated on 120,000 square feet of land. It was built in 1991. The building is 100 % leased to Produits Packlab and has 48 outdoor parking spaces.

1675, boulevard de Montarville, Boucherville, Quebec

A 142,264 square foot industrial building, situated on 300,100 square feet of land. It was built in 1989 and expanded in 2003. The building is 100 % leased to Groupe Master and has 90 outdoor parking spaces.

894-930, rue Bergar, Laval, Quebec

A 33,134 square foot industrial building, situated on 75,654 square feet of land. It was built in 1989. The building is 100 % leased and has 75 outdoor parking spaces. Major tenants include Boc Canada, Electrical Cable Supply and Aero Chem.

901-937, rue Michelin, Laval, Quebec

A 42,548 square foot industrial building, situated on 142,389 square feet of land. It was built in 1988. The building is 100 % leased and has 65 outdoor parking spaces. Major tenant is Megalab.

1405-1453, rue Bergar, Laval, Quebec

A 32,480 square foot industrial building, situated on 93,279 square feet of land. It was built in 1988. The building is 100 % leased and has 58 outdoor parking spaces. Major tenants include Imprimerie VDL, Tasfilm and Attaches Richard.

3370-3418, boulevard Industriel, Laval, Quebec

A 55,331 square foot industrial building, situated on 136,564 square feet of land. It was built in 1986. The building is 100 % leased and has 86 outdoor parking spaces. Major tenants include Surplec, Franklin Supply, Rexel Canada Électrique (Westburne).

3401-3421, boulevard Industriel, Laval, Quebec

A 53,422 square foot industrial building, situated on 139,807 square feet of land. It was built in 1986. The building is 100 % leased and has 82 outdoor parking spaces. Major tenants include Produits Hydrauliques R.G. and ATM Pro.

5250, rue Armand Frappier, St-Hubert, Quebec

A 59,460 square foot industrial building, situated on 325,014 square feet of land. It was built in 1992. The building is 100 % leased to Hydro-Québec and has 242 outdoor parking spaces.

975, avenue Ducharme, Vanier, Quebec

A 28,708 square foot industrial building situated on 128,963 square feet of land. It was built in 2004. The building is 100% leased to Dolbec Transport (1983) and has 33 outdoor parking spaces.

1775, Léon-Harmel, Quebec, Quebec

A 22,093 square foot industrial building situated on 63,773 square feet of land. It was built in 2004. The building is 100% leased to Westburne Wolseley and has 31 outdoor parking spaces.

3424-3428, rue Francis-Hugues, Laval, Quebec

A 16,114 square foot industrial building situated on 45,499 square feet of land. It was built in 2003. The building is 100% leased to Trane Québec and Éclairage Vertex and has 33 outdoor parking spaces.

1405, 55e Avenue, Dorval, Quebec

A 66,185 square foot industrial building situated on 119,111 square feet of land. It was built in 2001. The building is 100% leased and has 60 outdoor parking spaces. Major tenants include Intermove Canada (1992), International Paint division of Akzono and Total Logistick Partner (Ocean consolidators).

5055, Hugues-Randin, Quebec, Quebec

A 56,337 square foot industrial and mixed-use building situated on 129,027 square feet of land. It was built in 1989 and is located in the Métrobec industrial park on the north side of the Capitale Highway. It contains warehouses and offices. The warehouse has a 25 foot ceiling height. The building is 100% leased to Canada Post Corporation and has 85 parking spaces.

9055, Impasse de l'Invention, Anjou, Quebec

A 45,671 square foot industrial and mixed-use building situated on 125,808 square feet of land and built in 2001. It is located in an industrial park in Anjou at the crossroad of the major highways (40, 25, 20) of the city. It contains warehouses and offices. The warehouse has a 25 foot ceiling height. The building is 73.18% leased and has 56 parking spaces. The main tenant is The Brick Warehouse LP.

330, rue Avro, Pointe-Claire, Quebec

A 101,222 square foot industrial and mixed-use building situated on 225,646 square feet of land. It was built in 1991 and expanded in 1998. The building is located west of Boulevard des Sources and south of the Transcanadian Highway in Pointe-Claire. It contains warehouses and offices. It is 100 % leased to Dynacast Canada and has approximately 215 parking spaces.

1970, avenue Clark-Graham, Baie d'Urfé, Quebec

A 169,200 square foot industrial and mixed-use building situated on 383,500 square feet of land. It was built in 1994 and expanded in 1999. The building is located next to the Transcanadian Highway in the Beaconsfield-Baie d'Urfé area. It contains warehouses and offices. It is 100% leased to Emballages Alcan Canada and has approximately 200 parking spaces.

4.5 HYPOTHECS AND DEBENTURES

4.5.1 HYPOTHECS

The Portfolio of the REIT is conservatively leveraged, with predominantly fixed rate debt. The weighted average interest rate pursuant to the Hypothecs is approximately 6.32 % per annum and the weighted average term to maturity of the Hypothecs was approximately 3.78 years.

The following table summarizes the Immovable Hypothecs on the REIT's properties:

Properties	Balance as at December 31, 2004	Interest Rate	Maturity Date
<u>HYPOTHECS – FIXED RATE</u>			
Place de la Cité — 2600, boul. Laurier, Sainte-Foy	\$90,945,365	6.15 %	April 2008
<u>OFFICE BUILDINGS</u>			
3175, chemin des Quatre-Bourgeois, Sainte-Foy	\$5,355,327	6.46 %	September 2006
455, rue Marais, Vanier	\$2,673,525	6.46 %	September 2006
4605-25-35, 1 ^{re} Avenue, Charlesbourg	\$1,189,843	6.46 %	September 2006
5055, boul. Wilfrid-Hamel Ouest, Québec	\$868,126	7.97 %	May 2005
2014, rue Jean-Talon Nord, Sainte-Foy	\$1,674,212	7.97 %	May 2005
150, boul. René-Lévesque Est, Québec	\$10,916,742	5.79 %	November 2006
8500, boul. Décarie, Mont-Royal	\$21,027,265	7.04 %	May 2007
979, avenue de Bourgogne, Sainte-Foy	\$2,513,725	5.68 %	January 2008
1265, boul. Charest Ouest, Québec	\$6,255,600	6.00 %	January 2008
3400, avenue Jean-Béraud, Laval	<u>\$11,073,374</u>	7.46 %	October 2012
Sub-total	\$63,547,739		
<u>COMMERCIAL BUILDINGS</u>			
1400, avenue Saint-Jean-Baptiste, Québec	\$3,066,690	6.46 %	September 2006
2160, boul. de la Rive-Sud, Saint-Romuald	\$1,647,156	6.46 %	September 2006
1479-81-83-85, boul. St-Bruno, St-Bruno-de-Montarville	\$13,265,114	6.94 %	January 2019
1285-1297, boul. Charest Ouest, Québec	\$1,876,680	6.00 %	January 2008
1275, boul. Charest Ouest, Québec	\$2,293,720	6.00 %	January 2008
2101-2137, boul. Curé-Labelle, Laval	<u>\$6,005,218</u>	6.85 %	December 2012
Sub-total	\$28,154,578		

Properties	Balance as at December 31, 2004	Interest Rate	Maturity Date
<i>INDUSTRIAL AND MIXED-USE BUILDINGS</i>			
2022, rue Lavoisier, Sainte-Foy.....	\$1,556,107	6.46 %	September 2006
1730-90, avenue Newton, Québec.....	\$1,400,911	6.46 %	September 2006
2345-2349, avenue Dalton, Sainte-Foy.....	\$869,103	6.46 %	September 2006
2385, avenue Watt, Sainte-Foy.....	\$1,400,911	6.46 %	September 2006
625, avenue Godin, Vanier.....	\$1,533,345	6.46 %	September 2006
8288, boul. Pie-IX, Montréal.....	\$952,766	11.00 %	September 2007
1475, 32 ^e Avenue, Lachine.....	\$3,336,320	6.00 %	January 2008
2025, rue Lavoisier, Sainte-Foy.....	\$744,153	7.97 %	May 2005
2020, rue Jean-Talon Nord, Sainte-Foy.....	\$620,075	7.97 %	May 2005
2181-2211, rue Léon-Harmel, Québec.....	\$868,126	7.97 %	May 2005
445, avenue Saint-Jean-Baptiste, Québec.....	\$1,488,200	7.97 %	May 2005
500, avenue Saint-Jean-Baptiste, Québec.....	\$1,240,150	7.97 %	May 2005
1415, 32 ^e Avenue, Lachine.....	\$2,108,275	7.97 %	May 2005
1455, 32 ^e Avenue, Lachine.....	\$868,230	7.97 %	May 2005
10550, boul. Parkway, Anjou.....	\$2,299,310	9.13 %	January 2012
2105, boul. Dagenais Ouest, Laval.....	\$4,403,369	6.79 %	May 2014
1075, des Basses-Terres, Québec.....	\$1,668,160	6.00 %	January 2008
235, rue Fortin, Vanier.....	\$1,042,600	6.00 %	January 2008
9101-9175, boul. des Sciences, Anjou.....	\$2,075,497	7.19 %	March 2006
1041, boul. Pierre-Bertrand, Vanier.....	\$2,848,888	5.68 %	January 2008
1315, rue Gay Lussac, Boucherville.....	\$1,173,072	5.68 %	January 2008
40, chemin Tremblay, Boucherville.....	\$2,681,306	5.68 %	January 2008
2325, de la Province, Boucherville.....	\$1,173,072	5.68 %	January 2008
901-937, rue Michelin, Laval.....	\$1,005,490	5.68 %	January 2008
3370-3418, boul. Industriel, Laval.....	\$1,675,816	5.68 %	January 2008
3401-3421, boul. Industriel, Laval.....	\$1,508,235	5.68 %	January 2008
1405-1453, rue Bergar, Laval.....	\$1,005,490	5.68 %	January 2008
894-930, rue Bergar, Laval.....	\$1,173,072	5.68 %	January 2008
5250, rue Armand-Frappier, St-Hubert.....	\$2,224,849	5.99 %	November 2007
1405-1475, 55 ^e Avenue, Dorval.....	\$2,444,371	6.84 %	July 2007
1165, rue Gouin, Québec.....	\$1,459,640	6.00 %	January 2008
280, rue Racine, Loretteville.....	\$834,080	6.00 %	January 2008
1675, boul. Montarville, Longueuil.....	\$2,085,200	6.00 %	January 2008
330, rue Avro, Pointe-Claire.....	<u>\$3,471,642</u>	8.35%	March 2013
Sub-Total	\$57,239,831		

HYPOTHECS – FLOATING INTEREST RATE

OFFICE BUILDING

50, route du Président-Kennedy, Lévis.....	<u>\$7,320,000</u>	4.75 %	March 2007
Sub-total	\$7,320,000		

INDUSTRIAL AND MIXED-USE PROPERTIES

955, avenue Saint-Jean-Baptiste, Québec.....	\$752,725	4.25 %	July 2007
2100, rue Jean-Talon Nord, Sainte-Foy.....	\$623,987	4.25 %	July 2007

2700, rue Jean-Perrin, Québec	\$3,014,510	4.25 %	July 2007
1540, rue Jean-Talon Nord, Sainte-Foy.....	\$623,987	4.25 %	July 2007
450, avenue Saint-Jean-Baptiste, Québec.....	\$1,035,768	4.25 %	July 2007
1670, rue Semples, Québec	\$1,749,842	4.25 %	July 2007
2500, rue Jean-Perrin, Québec	\$1,730,591	4.25 %	July 2007
2600, rue Jean-Perrin, Québec	\$1,267,376	4.25 %	July 2007
9100, boul. du Parcours, Anjou	<u>\$4,240,678</u>	4.25 %	July 2007
Sub-total	\$15,039,464		
 TOTAL HYPOTHECS	 \$262,246,977		

The following table summarizes the capital reimbursements, including balances upon maturity, of the Hypothecs as at December 31, 2004:

	Debt Maturities ^{1) 2)}			Total
	Office	Retail	Industrial and Mixed-use	
2005	\$6,201,678	\$2,428,964	\$11,038,135	\$19,668,777
2006	\$22,552,679	\$6,974,891	\$11,476,995	\$41,004,565
2007	\$28,861,018	\$2,584,305	\$19,362,031	\$50,807,354
2008	\$61,220,721	\$34,027,317	\$22,963,662	\$118,211,700
2009	---	\$1,552,704	\$829,415	\$2,382,119
After 2010.....	---	\$23,563,406	\$6,609,056	\$30,172,462
 Weighted Average Interest Rate on Hypothecs	6.34 %	6.41 %	6.22 %	6.32 %
Weighted Average Term to Maturity on Hypothecs	3.12 years	5.95 years	3.16 years	3.78 Years

- Notes:
- (1) The Place de la Cité loan was allocated by Management, based on the value of Place de la Cité, as follows: 64.92% for the office properties and 35.08% for the retail properties.
 - (2) As at December 31, 2004, Cominar's indebtedness stood at 49.3% of gross book value.

4.5.2 DEBENTURES

During the course of the year ended December 31, 2004, Cominar issued an aggregate principal amount of \$100 million of Convertible Debentures (see "Financing Completed in the Year Ended December 31, 2004). This issue enabled Cominar to protect more than a third of its debt against potential increases in interest rates for the next 10 years.

5. CAPITALIZATION

The following table shows the REIT's capitalization as at December 31, 2004.

Capitalization	
As at December 31, 2004	
(000 \$)	
Hypothecs	262,247
Debentures	<u>100,000</u>
TOTAL LONG-TERM DEBT	362,247
Market Capitalization ⁽¹⁾	<u>563,325</u>
TOTAL CAPITALIZATION	925,572
LONG-TERM DEBT AS A % OF MARKET CAPITALIZATION	39,1%

Note:

(1) Based on 32,282,209 Units outstanding and a Unit price of \$17.45

6. NON-COMPETITION AGREEMENT

6.1 GENERAL

The corporations and partnerships comprising the Dallaire Group and Messrs. Jules Dallaire, Michel Dallaire and Alain Dallaire entered into the Non-Competition Agreement with the REIT, which restricts certain real estate related activities by them and their spouses (collectively the "*Restricted Group*").

6.2 SCOPE OF RESTRICTIONS AND RIGHT OF FIRST REFUSAL

Except as provided in the Non-Competition Agreement, each member of the Restricted Group will be prohibited from investing in office, retail, industrial or mixed-use properties, unless the REIT has been offered such investment in accordance with the terms of the Non-Competition Agreement. The Non-Competition Agreement provides that each member of the Restricted Group, during the term of any lease of a tenant of any Property or within 60 days of the expiry thereof, does not solicit such tenant to move to a building in which the REIT does not have an interest. The foregoing restriction does not apply to a tenant which has ceased to be a tenant of any property of the REIT and which requires additional space which the REIT is unable to accommodate.

The restrictions in the Non-Competition Agreement only apply to properties situated in Canada.

The Non-Competition Agreement provides for a right of first refusal in favour of the REIT with respect to any proposed sale of any office, retail, industrial or mixed-use property owned by any member of the Restricted Group pursuant to a third party offer to purchase which such member is prepared to accept, for the same price and on the same terms and conditions as such third party offer to purchase.

6.3 TERM OF RESTRICTIONS

The restrictions in the Non-Competition Agreement apply to the Dallaire Group until the occurrence of the later of the following events: (i) one year after the Dallaire Family, directly or indirectly, ceases to own, in the aggregate, at least 10 % of the Units then outstanding; and (ii) Mr. Jules Dallaire ceases to be bound by the Non-Competition Agreement and ceases to have an active role in the management of the Dallaire Group.

Messrs. Jules Dallaire, Michel Dallaire and Alain Dallaire are bound by such restrictions until one year after the occurrence of the later of the following events: (i) he ceases to be a Trustee, officer or employee of the REIT; and (ii) if he has an interest in the Dallaire Group, whether as a shareholder, director or officer of a corporation comprising the Dallaire Group or as a partner of a partnership comprising the Dallaire Group, (a) he ceases to have such an interest or (b) the Dallaire Family, directly or indirectly, ceases to own at least 10 % of the Units then outstanding. Upon any of Messrs. Jules Dallaire, Michel Dallaire or Alain Dallaire ceasing to be bound by such restrictions, his spouse will also cease to be so bound.

A breach of the Non-Competition Agreement by Mr. Jules Dallaire or his spouse (so long as he has an active role in the management of the REIT) shall entitle the compensation and governance committee of the REIT to terminate his employment with the REIT without entitlement to severance, in addition to all of its other recourses. A breach of the Non-Competition Agreement by Mr. Michel Dallaire or his spouse (so long as he has an active role in the management of the REIT) shall entitle the compensation and governance committee to terminate his employment with the REIT without entitlement to severance, in addition to all of its other recourses. A breach of the Non-Competition Agreement by Mr. Alain Dallaire or his spouse (so long as he has an active role in the management of the Dallaire Group) shall entitle the compensation and governance committee to terminate his employment with the REIT without entitlement to severance, in addition to all of its other recourses.

6.4 EXCLUSIONS FROM RESTRICTIONS

The restrictions in the Non-Competition Agreement do not apply to the Restricted Group with respect to any real estate other than office, retail, industrial or mixed-use properties or with respect to any investments in respect of which any member of the Restricted Group has no active management or which they do not control.

In addition, any member of the Restricted Group and his spouse shall have the right to invest in and develop any of the Excluded Property or any Immovable Property transmitted by way of donation, will, succession or bequest to him or her, provided that in either case, as soon as practicable (but in any event within 90 days) after the date on which such property is substantially non-residentially leased, the REIT is offered the opportunity to purchase their interest at fair market value, except however in the case of Immovable Property transmitted at arm's length by way of donation, will, succession or bequest which is gratuitous and stipulates inalienability.

However, no exclusion limits the restriction on soliciting tenants as described above.

7. RISK FACTORS

An investment in Units or Debentures and the activities of the REIT involve certain risks. Investors should carefully consider, in light of their own financial circumstances, the factors set out below as well as other information contained or incorporated by reference in this AIF.

7.1 MARKET PRICE

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by the initial appraisal of the value of its properties or the value of such properties from time to time.

Whether or not the Debentures will trade at lower prices depends on many factors, including liquidity of the Debentures, prevailing interest rates and the markets for similar securities, the market price of the Units, general economic conditions and the REIT's financial condition, historic financial performance and future prospects.

Although the REIT intends to make distributions of its available cash to Unitholders, these cash distributions are not assured. The actual amount distributed will depend on numerous factors including, but not limited to, the REIT's financial performance, debt covenants and obligations, working capital requirements and future capital requirements. The market price of the Units may deteriorate if the REIT is unable to meet its cash distribution targets in the future.

The after-tax return from an investment in Units to Unitholders subject to Canadian income tax will depend, in part, on the composition for tax purposes of distributions paid by the REIT (portions of which may be fully or partially taxable or may constitute non-taxable returns of capital). The composition for tax purposes of those distributions may change over time, thus affecting the after-tax return to Unitholders.

One of the factors that may influence the market price of the Units is the annual yield on the Units. Accordingly, an increase in market interest rates may lead purchasers of Units to demand a higher annual yield which could adversely affect the market price of the Units. Unlike fixed-income securities, there is no obligation of the REIT to distribute to Unitholders any fixed amount and reductions in, or suspensions of, distributions may occur that would reduce yield based on the market price of the Units. In addition, the market price for the Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities, changes in the economic environment and numerous other factors beyond the control of the REIT.

7.2 OWNERSHIP OF IMMOVABLE PROPERTY

All immovable property investments are subject to elements of risk. Such investments are affected by general economic conditions, local real estate markets, demand for leased premises, competition from other available premises, municipal valuations and assessments and various other factors. In the case of the REIT, such risk is heightened by the concentration of properties in two geographical areas.

The value of immovable property and any improvements thereto may also depend on the credit and financial stability of the tenants and the economic environment in which they operate. The REIT's income and Distributable Income would be adversely affected if one or more major tenants or a significant number of tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the properties in which the REIT will have an interest is not able to be leased on economically favourable lease terms. In the event of default by a tenant, delays or limitations in enforcing rights as a lessor may be experienced and substantial costs in protecting the REIT's investment may be incurred. The ability to rent unleased space in the properties in which the REIT will have an interest will be affected by many factors, including but not limited to the level of economic activity generally and the competition for tenants by other properties. Costs may be incurred in making improvements or repairs to property required by a new tenant. The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on the REIT's financial condition.

Certain significant expenditures, including property taxes, maintenance costs, hypothecary payments, insurance costs and related charges must be made throughout the period of ownership of immovable property regardless of whether the property is producing any income. If the REIT is unable to meet hypothecary payments on any property, loss could be sustained as a result of the hypothecary creditor's exercise of its hypothecary recourses.

Immovable property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relationship with demand for and the perceived desirability of such investments. Such illiquidity may tend to limit the REIT's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the REIT were to be required to liquidate its immovable property investments, the proceeds to the REIT might be significantly less than the aggregate carrying value of its properties.

The REIT is subject to the risks associated with debt financing, including the risk that existing hypothecary indebtedness secured by the REIT's properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness. In order to minimize this risk, the REIT will attempt to appropriately structure the timing of the renewal of significant tenant leases on its respective properties in relation to the time at which hypothecary indebtedness on such properties becomes due for refinancing.

Certain of the leases of the REIT's properties have early termination provisions which, if exercised, would reduce the average lease term. However, such termination rights are generally exercisable only at a cost to the tenant and the amount of space in the REIT's portfolio which could be affected and operating revenues derived therefrom are not significant.

7.3 STRUCTURAL SUBORDINATION OF UNITS AND DEBENTURES

In the event of a bankruptcy, liquidation or reorganization of the REIT or any of its subsidiaries, holders of certain of their indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of the REIT and those subsidiaries before any assets are made available for distribution to the Unitholders and Debentureholders. The Units and Debentures will be effectively subordinated to most of the other indebtedness and liabilities of the REIT and its subsidiaries. Neither the REIT, nor any of its subsidiaries will be limited in their ability to incur additional secured or unsecured indebtedness.

7.4 CREDIT RISK AND PRIOR RANKING INDEBTEDNESS: ABSENCE OF COVENANT PROTECTION

The likelihood that Debentureholders will receive payments owing to them under the terms of the Debentures will depend on the financial health of the REIT and its creditworthiness. In addition, the Debentures are unsecured obligations of the REIT and are subordinate in right of payment to all the REIT's existing and future senior indebtedness (as defined in the Indenture). Therefore, if the REIT becomes bankrupt, liquidates its assets, reorganizes or enters into certain other transactions, the REIT's assets will be available to pay its obligations with respect to the Debentures only after it has paid all of its senior and secured indebtedness in full. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding. The Debentures are also effectively subordinate to claims of creditors of the REIT's subsidiaries except to the extent the REIT is a creditor of such subsidiaries ranking at least *pari passu* with such other creditors. The Indenture does not prohibit or limit the ability of the REIT or its subsidiaries to incur additional debt or liabilities (including senior indebtedness) or to make distributions, except, in respect of distributions, where an Event of Default (as defined in the Indenture) has occurred and such default has not been cured or waived. The Indenture does not contain any provision specifically intended to protect Debentureholders in the event of a future leveraged transaction involving the REIT.

7.5 CONVERSION FOLLOWING CERTAIN TRANSACTIONS

In the case of certain transactions, each Debenture will become convertible into the securities, cash or property receivable by a Unitholder in the kind and amount of securities, cash or property into which the Debenture was convertible immediately prior to the transaction. This change could substantially lessen or eliminate the value of the conversion privilege associated with the Debentures in the future. For example, if the REIT were acquired in a cash merger, each Debenture would become convertible solely into cash and would no longer be convertible into securities whose value would vary depending on the REIT's future prospects and other factors.

7.6 UNITHOLDERS' RIGHTS PLAN

Under the Unitholders' Rights Plan, one Right in respect of each Unit outstanding at the Record Time (as defined therein) and each Unit which may be issued after the Record Time and prior to the earlier of the Separation Time (as defined therein) and the Expiration Time (as defined therein) shall be issued in accordance with the terms thereof. Notwithstanding the foregoing, in accordance with the Unitholders' Rights Plan one Right in respect of each Unit issued after the Record Time upon the conversion of Debentures outstanding at the Unit Acquisition Time (as defined therein) may be issued after the Separation Time but prior to the Expiration Time. Therefore, Debentureholders should note that there may be no adjustment to the Conversion Price as a result of the issuance of Rights. Therefore, in certain circumstances, Debentureholders may wish to convert their Debentures in accordance with the terms of the Indenture in order to receive Rights under the Unitholders' Rights Plan. In addition, prior to exercising any such conversion rights, Debentureholders may wish to review their rights in the event of a Change of Control and their other entitlements under the Indenture. The Unitholders' Right Plan will end on May 10, 2005 and no request will be made to Unitholders to reconfirm and approve the Unitholders' Right Plan at the next annual of Unitholders of the REIT to be held on May 10, 2005.

7.7 AVAILABILITY OF CASH FLOW

Distributable Income may exceed actual cash available to the REIT from time to time because of items such as principal repayments, tenant allowances, leasing commissions and capital expenditures. The REIT may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items.

The REIT may need to refinance its debt obligations from time to time, including upon expiration of its debt. There could be a negative impact on Distributable Income if debt obligations of the REIT are replaced with debt that has less favourable terms or if the REIT is unable to refinance its debt. In addition, loan and credit agreements with respect to debt obligations of the REIT, include,

and may include in the future, certain covenants with respect to the operations and financial condition of the REIT and Distributable Income may be restricted if the REIT is unable to maintain any such covenants.

7.8 UNITHOLDER LIABILITY

The Contract of Trust provides that no Unitholder or annuitant under a plan of which a Unitholder acts as trustee or carrier (an “annuitant”) will be held to have any personal liability as such, and that no resort shall be had to the private property of any Unitholder or annuitant for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the REIT or of the Trustees. Only assets of the REIT are intended to be liable and subject to levy or execution.

The Contract of Trust further provides that certain written instruments signed by the REIT (including all immovable hypothecs and, to the extent the Trustees determine to be practicable and consistent with their obligation as Trustees to act in the best interests of the Unitholders, other written instruments creating a material obligation of the REIT) shall contain a provision or be subject to an acknowledgment to the effect that such obligation will not be binding upon Unitholders personally or upon any annuitant. Except in case of bad faith or gross negligence on their part, no personal liability will attach under the laws of the Province of Québec to Unitholders or annuitants for contract claims under any written instrument disclaiming personal liability as aforesaid.

However, in conducting its affairs, the REIT will be acquiring immovable property investments, subject to existing contractual obligations, including obligations under hypothecs or mortgages and leases. The Trustees will use all reasonable efforts to have any such obligations, other than leases, modified so as not to have such obligations binding upon any of the Unitholders or annuitants personally. However, the REIT may not be able to obtain such modification in all cases. To the extent that claims are not satisfied by the REIT, there is a risk that a Unitholder or annuitant will be held personally liable for obligations of the REIT where the liability is not disavowed as described above. The possibility of any personal liability attaching to Unitholders or annuitants under the laws of the Province of Québec for contract claims where the liability is not so disavowed is remote.

The REIT will use all reasonable efforts to obtain acknowledgments from the hypothecary creditors under assumed hypothecs that assumed hypothec obligations will not be binding personally upon the Trustees, the Unitholders or any annuitant.

Claims against the REIT may arise other than under contracts, including claims in delict, claims for taxes and possibly certain other statutory liabilities. The possibility of any personal liability of Unitholders for such claims is considered remote under the laws of Québec and, as well, the nature of the REIT’s activities are such that most of its obligations arise by contract, with non-contractual risks being largely insurable. In the event that payment of a REIT obligation were to be made by a Unitholder, such Unitholder would be entitled to reimbursement from the available assets of the REIT.

Article 1322 of the *Civil Code of Québec* effectively states that the beneficiary of a trust is liable towards third persons for the damage caused by the fault of the trustees of such trust in carrying out their duties only up to the amount of the benefit such beneficiary has derived from the act of such trustees and that such obligations are to be satisfied from the trust patrimony. Accordingly, although this provision remains to be interpreted by the courts, it should provide additional protection to Unitholders with respect to such obligations.

The Trustees will cause the activities of the REIT to be conducted, with the advice of counsel, in such a way and in such jurisdictions as to avoid, to the extent they determine to be practicable and consistent with their duty to act in the best interests of the Unitholders, any material risk of liability on the Unitholders for claims against the REIT. The Trustees will, to the extent available on terms which they determine to be practicable, cause the insurance carried by the REIT, to the extent applicable, to cover the Unitholders and annuitants as additional insureds.

7.9 COMPETITION

The REIT competes for suitable immovable property investments with individuals, corporations and institutions (both Canadian and foreign) which are presently seeking or which may seek in the future immovable property investments similar to those desired by the REIT. Many of those investors have greater financial resources than those of the REIT, or operate without the investment or operating restrictions of the REIT or according to more flexible conditions. An increase in the availability of investment funds and an increase in interest in immovable property investments may tend to increase competition for immovable property investments, thereby increasing purchase prices and reducing the yield on them.

In addition, numerous other developers, managers and owners of properties compete with the REIT in seeking tenants. The existence of competing developers, managers and owners and competition for the REIT's tenants could have an adverse effect on the REIT's ability to lease space in its properties and on the rents charged, and could adversely affect the REIT's revenues and, consequently, its ability to meet its debt obligations.

7.10 DEPENDENCE ON KEY PERSONNEL

The management of the REIT depends on the services of certain key personnel, including Mr. Jules Dallaire, Chairman of the Board and Chief Executive Officer of the REIT and Mr. Michel Dallaire, President and Chief Operating Officer of the REIT. The loss of the services of any key personnel could have a material adverse effect on the REIT.

7.11 POTENTIAL CONFLICTS OF INTEREST

The REIT may be subject to various conflicts of interest because of the fact that the Dallaire Group and their respective directors, officers and associates, as well as the Trustees, are engaged in a wide range of real estate and other business activities. The REIT may become involved in transactions which conflict with the interests of the foregoing.

The Trustees may from time to time deal with persons, firms, institutions or corporations with which the REIT may be dealing, or which may be seeking investments similar to those desired by the REIT. The interests of these persons could conflict with those of the REIT. In addition, from time to time, these persons may be competing with the REIT for available investment opportunities.

Any decisions regarding the enforcement by the REIT of the terms of any agreement entered into by the REIT with a Trustee who is not an Independent Trustee, with the Dallaire Group or an affiliate thereof, or with an associate of a non-Independent Trustee may be made by a majority of the Independent Trustees only. The non-Independent Trustees may attempt to influence the Independent Trustees in this regard.

The Contract of Trust contains "conflicts of interest" provisions requiring Trustees to disclose material interests in material contracts and transactions and refrain from voting thereon. The REIT concluded a non-competition agreement with the corporation and partnerships comprising the Dallaire Group and Messrs. Jules Dallaire, Michel Dallaire and Alain Dallaire, which permits to resolve certain potential conflicts of interest.

7.12 GENERAL UNINSURED LOSSES

The REIT subscribed a blanket comprehensive general liability including insurance against fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks (generally of a catastrophic nature such as from wars or environmental contamination) which are either uninsurable or not insurable on an economically viable basis. The REIT will also carry insurance for earthquake risks, subject to certain policy limits, deductibles and self-insurance arrangements, and will continue to carry such insurance if it is economical to do so. Should an uninsured or underinsured loss occur, the REIT could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, but the REIT would continue to be obligated to repay any hypothecary recourse or mortgage indebtedness on such properties.

7.13 STATUS FOR TAX PURPOSES AND INVESTMENT ELIGIBILITY

There can be no assurance that the Income Tax Act or the judicial interpretation thereof or the administrative and/or assessing practices of the Canada Customs and Revenue Agency ("CCRA") respecting the conditions to qualify as a mutual fund trust, the treatment of mutual fund trusts or the deductibility of interest will not be changed in a manner which adversely affects Unitholders and Debentureholders. Although the REIT currently qualifies as a "mutual fund trust" and as a registered investment based on information provided by the REIT under the Income Tax Act, if the REIT ceases to so qualify, the Units will cease to be qualified investments for Deferred Income Plans and RESPs. As well, if the REIT ceases to be a mutual fund trust or if its Units are not listed on a prescribed stock exchange in Canada, then the Debentures shall cease to be qualified investments for Deferred Income Plans and RESPs. In addition, if the REIT ceases to be a mutual fund trust it will be required to pay a tax under Part XII.2 of the Income Tax Act. The payment of Part XII.2 tax by the REIT may have adverse income tax consequences for certain Unitholders and Debentureholders. The REIT will endeavour to ensure that the Securities constitute and continue to be qualified investments for Deferred Income Plans and

RESPs. The Tax Act imposes penalties on Deferred Income Plans and RESPs for the acquisition or holding of non-qualified or ineligible investments and there is no assurance that the conditions prescribed for such qualified or eligible investments will be adhered to at any particular time.

Although the REIT is of the view that all expenses claimed by it in the determination of its income under the Income Tax Act will be reasonable and deductible in accordance with the applicable provisions of the Income Tax Act and that the REIT's "undepreciated capital cost" has been determined in accordance with the applicable provisions of the Income Tax Act, there can be no assurance that the Income Tax Act or the interpretation of the Income Tax Act will not change, or that CCRA will agree with the expenses claimed or the determination and computation of the REIT's "undepreciated capital costs" or the claims made by the REIT in respect thereof. If CCRA successfully challenges the deductibility of such expenses or the correctness of such amounts or claims, the extent to which distributions by the REIT will be income tax deferred would be materially adversely affected. On October 31, 2003, the Department of Finance released, for public comment, proposed amendments to the Income Tax Act that relate to the deductibility of interest and other expenses for income tax purposes for taxation years commencing after 2004. In general, the proposed amendments may deny the realization of losses in respect of a business or property in a year if, in that year, it is not reasonable to expect that the taxpayer will realize a cumulative profit from that business or property for the period in which the taxpayer has carried on, and can reasonably be expected to carry on, that business, or has held, and can reasonably be expected to hold, that property. The REIT is of the view that it is reasonable to expect that the REIT will realize a cumulative profit from its properties.

Although the REIT is of the view that it is not a "business income trust" and is further of the view that it would be an "exempt trust" as defined in the Budget Proposals, if the REIT were a "business income trust" and were not an "exempt trust", then certain tax-exempt entities other than Deferred Income Plans and RESPs may be materially and adversely affected. On May 18, 2004, the Minister of Finance announced that the implementation of these proposed amendments is suspended pending further consultation with interested parties, following which further legislative proposals will be announced.

The Department of Finance has indicated that it will continue to evaluate the development of the income trust market as part of its ongoing monitoring and assessment of Canadian financial markets and the Canadian tax system. Accordingly, further changes in this area, in addition to those tabled in the Budget Proposals, are possible.

7.14 GOVERNMENT REGULATION

The REIT and its properties are subject to various governmental legislation and regulation. Any change in such legislation or regulation adverse to the REIT and its properties could affect the operating and financial performance of the REIT.

In addition, environmental and ecological legislation and policies have become increasingly important in recent years. Under various laws, the REIT could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in its properties or disposed of at other locations or for the costs of other remedial or preventive work. The failure to remove or remediate such substances, or to effect such remedial or preventive work if any, may adversely affect an owner's ability to sell such real estate or to borrow using such real estate as collateral, and could potentially also result in claims against the owner by private plaintiffs or governmental agencies. Notwithstanding the above, the REIT is not aware of any material non-compliance, liability or other claim in connection with any of its properties, nor is the REIT aware of any environmental condition with respect to any of its properties that it believes would involve material expenditure by the REIT.

7.15 DILUTION

The number of Units the REIT is authorized to issue is unlimited. The Trustees have the discretion to issue additional Units in other circumstances. Additional Units may also be issued pursuant to the DRIP, the Unitholders' Right Plan, the Unit Option Plan and any other incentive plan of the REIT, and upon conversion of the Debentures and Units issuable to the Debenture Trustee (as defined in the Indenture) in payment of interest on Debentures. Any issuance of Units may have a dilutive effect on the Unitholders.

7.16 RESTRICTIONS ON CERTAIN UNITHOLDERS AND LIQUIDITY OF UNITS

The Contract of Trust imposes restrictions on non-resident Unitholders who are prohibited from beneficially owning more than 49% of the Units. These restrictions may limit the rights of certain Unitholders, including non-residents of Canada, to acquire Units, to exercise their rights as Unitholders and to initiate and complete take-over bids in respect of the Units. As a result, these

restrictions may limit the demand for Securities from certain Unitholders and thereby adversely affect the liquidity and market value of the Securities held by the public. Unitholders who are non-residents of Canada are required to pay all withholding taxes payable in respect of distributions by the REIT. The REIT withholds such taxes as required by the Income Tax Act and the Tax Proposals and remits such payment to the tax authorities on behalf of the Unitholder. The Budget Proposals contain measures to subject to Canadian non-resident withholding tax certain otherwise non-taxable distributions of Canadian mutual funds to non-resident Unitholders. This may limit the demand for Units and/or Debentures and thereby affect their liquidity and market value.

8. DISTRIBUTION POLICY

The following outlines the distribution policy of the REIT as contained in the Contract of Trust. The distribution policy may be amended only with the approval of a majority of the votes cast at a meeting of Unitholders.

8.1 GENERAL

The REIT distributes to Unitholders monthly, on or about the 15th day in each calendar month (other than January) and on December 31 each calendar year (a "***Distribution Date***"), not less than 85 % of the Distributable Income of the REIT for the preceding calendar month and, in the case of distributions made on December 31, for the calendar month then ended. Unitholders also are entitled to receive a distribution on December 31 of each year of: (i) the net realized capital gains of the REIT and the net recapture income of the REIT for the year then ended; and (ii) any excess of the income of the REIT for the purposes of the Income Tax Act over distributions otherwise made for that year.

Distributions are made in cash. Distributions may be adjusted for amounts paid in prior periods if the actual Distributable Income for the prior periods is greater than or less than the Trustees' estimates for the prior periods.

If the Trustees anticipate a cash shortfall and determine that it would be in the best interests of the REIT, they may reduce for any period the percentage of Distributable Income to be distributed to Unitholders.

Monthly distributions will be based on the Trustees' estimate of yearly Distributable Income, subject to adjustment from time to time throughout the year.

8.2 COMPUTATION OF DISTRIBUTABLE INCOME FOR DISTRIBUTION PURPOSES

The Distributable Income of the REIT is calculated based on the REIT's income determined in accordance with the provisions of the Income Tax Act, subject to certain adjustments as set out in the Contract of Trust, including that capital gains and capital losses be excluded, net recapture income be excluded, no deduction be made for non-capital losses, capital cost allowance, terminal losses, amortization of cumulative eligible capital or amortization of costs of issuing Units or financing fees related to the instalment loan, and leasehold and tenant improvements be amortized. Distributable Income so calculated may reflect any other adjustments determined by the Trustees in their discretion and may be estimated whenever the actual amount has not been fully determined. Such estimates will be adjusted as of the subsequent Distribution Date when the amount of Distributable Income has been finally determined.

8.3 COMPUTATION OF NET REALIZED CAPITAL GAINS AND NET RECAPTURE INCOME

The net realized capital gains of the REIT for any year means the amount, if any, by which the capital gains of the REIT for the year exceed the aggregate of (i) the amount of any capital losses of the REIT for the year and (ii) the amount of any net capital losses of the REIT from prior years to the extent not previously deducted. The net recapture income of the REIT for any year means the amount, if any, by which the amount required to be included in the income of the REIT for income tax purposes for such year in respect of recapture of capital cost allowance previously claimed by the REIT exceeds terminal losses realized by the REIT in the year.

8.4 TAX DEFERRAL ON 2004 DISTRIBUTIONS

The distributions made by the REIT to Unitholders in 2004 were tax-deferred at 46.5 % by reason of the REIT's ability to

claim capital cost allowance and certain other deductions. In the year of acquisition of a property, capital cost allowance is restricted to one-half of the normal annual rates. The adjusted cost base of Units held by a Unitholder will generally, subject to certain conditions under the Tax Act, be reduced by the non-taxable portion of distributions made to the Unitholder (other than the non-taxable portion of certain capital gains). A Unitholder will generally realize a capital gain to the extent that the adjusted cost base of the Unitholders' Units would otherwise be a negative amount.

9. PRIOR DISTRIBUTIONS

The following table shows the distributions per unit made to unitholders for the five years ended December 31, 2004:

Year	Distribution per unit (\$)
2004	1.178
2003	1.152
2002	1.107
2001	1.086
2000	1.061

10. DISTRIBUTION REINVESTMENT PLAN

The REIT has set up a distribution reinvestment plan (the “*Distribution Reinvestment Plan*”) pursuant to which Unitholders may elect to have all cash distributions of the REIT automatically reinvested in additional Units at a price per Unit calculated by reference to the weighted average of the trading price of Units on the Toronto Stock Exchange for the twenty trading days immediately preceding the relevant Distribution Date. No brokerage commissions will be payable in connection with the purchase of Units under the Distribution Reinvestment Plan and all administrative costs will be borne by the REIT. Proceeds received by the REIT upon the issuance of additional Units under the Distribution Reinvestment Plan will be used by the REIT for future property acquisitions, capital improvements and working capital.

In order to encourage participation in the Distribution Reinvestment Plan, the Trustees of the REIT amended it on March 27, 2001, so that the Unitholders who participated in the Distribution Reinvestment Plan will be granted the right to receive an additional number of Units equal to 5 % of the distributions to which they are entitled and which they choose to reinvest.

Unitholders who reside in the United States or who are United States citizens will not be entitled to participate in the Distribution Reinvestment Plan.

11. CONTRACT OF TRUST AND DESCRIPTION OF UNITS

The following is a summary of certain terms of the Contract of Trust which, together with other summaries of the terms of the Contract of Trust appearing elsewhere herein, are qualified in their entirety by reference to the text of the Contract of Trust.

11.1 GENERAL

The REIT is an unincorporated trust created pursuant to the Contract of Trust and governed by the laws of the Province of Québec.

11.2 UNITS

The ownership interests in the REIT constitute a single class of Units. Units represent a Unitholder's proportionate undivided ownership interest in the REIT. The aggregate number of Units which the REIT may issue is unlimited. As at December 31, 2004, there were 32,284,409 Units outstanding. No Unit has any preference or priority over another. No Unitholder has or is deemed to have any right of ownership in any of the assets of the REIT. Each Unit confers the right to one vote at any meeting of Unitholders and to participate equally and ratably in any distributions by the REIT and, in the event of any required distribution of all of the property of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities. Units are issued in registered form, are non-assessable when issued and are transferable. Issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees without Unitholder approval. No certificates for fractional Units will be issued and fractional Units will not entitle the holders thereof to vote.

The Units are issued upon the terms and subject to the conditions of the Contract of Trust, which Contract of Trust is binding upon all Unitholders and, by accepting the certificate representing such Units, the holder thereof agrees to be bound by the Contract of Trust.

11.3 PURCHASE OF UNITS

The REIT may from time to time purchase Units in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies. Any such purchases constitute an "issuer bid" under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof. A Unitholder will not have the right at any time to require the REIT to purchase such Unitholder's Units.

11.4 TAKE-OVER BIDS

The Contract of Trust contains provisions to the effect that if a take-over bid is made for Units within the meaning of the *Securities Act* (Québec) and not less than 90 % of the Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by Unitholders who did not accept the offer either, at the election of such Unitholders, on the terms offered by the offeror or at the fair value of such Unitholders' Units determined in accordance with the procedures set out in the Contract of Trust.

11.5 MEETINGS OF UNITHOLDERS

The Contract of Trust provides that meetings of Unitholders must be called and held for the election or removal without cause of Trustees (other than Trustees of the Dallaire Group for as long as the Dallaire Group holds at least 10 % of the Units then outstanding), the appointment or removal of the auditors of the REIT, the approval of amendments to the Contract of Trust (as described under "Contract of Trust and Description of Units – Amendments to Contract of Trust"), the sale of the assets of the REIT as an entirety or substantially as an entirety other than as part of an internal reorganization of the assets of the REIT as approved by the Trustees and to require that all of the property of the REIT be distributed. Meetings of Unitholders will be called and held annually for the election of the Trustees (other than Trustees of the Dallaire Group for as long as the Dallaire Group holds at least 10 % of the Units then outstanding) and the appointment of auditors of the REIT.

A meeting of Unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned by the holders of not less than 5 % of the Units then outstanding by a written requisition. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Unitholders have the right to obtain a list of Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the *CBCA*.

Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy and a proxy need not be a Unitholder.

11.6 ISSUANCE OF UNITS

The REIT may issue new Units from time to time. Unitholders do not have any preemptive rights whereby additional Units proposed to be issued are first offered to existing Unitholders. In addition to Units which may be issued pursuant to the Unit Option Plan, new Units may be issued for cash through public offerings, rights offerings to existing Unitholders (i.e., in which Unitholders receive rights to subscribe for new Units in proportion to their existing holdings of Units, which rights may be exercised or sold to other investors) or private placements (i.e., offerings to specific investors which are not made generally available to the public or existing Unitholders). In certain instances, the REIT may also issue new Units as consideration for the acquisition of new Properties or assets. The price or value of the consideration for which Units may be issued shall be determined by the Trustees, generally in consultation with investment dealers or brokers who may act as underwriters or agents in connection with offerings of Units.

11.7 INFORMATION AND REPORTS

The REIT will furnish to Unitholders such financial statements (including quarterly and annual financial statements) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Unitholders' tax returns under the Income Tax Act or equivalent provincial legislation.

Prior to each annual and special meeting of Unitholders, the Trustees shall provide the Unitholders (along with notice of such meeting) information similar to that required to be provided to shareholders of a public corporation governed by the *CBCA*.

11.8 AMENDMENTS TO CONTRACT OF TRUST

The Contract of Trust may be amended or altered from time to time. Certain amendments must be approved by at least two-thirds of the votes cast at a meeting of Unitholders called for such purpose. These include:

- i) any amendment to change a right with respect to any outstanding Units of the REIT, to reduce the amount payable thereon upon termination of the REIT or to diminish or eliminate any voting rights pertaining thereto;
- ii) any amendment to the duration or term of the REIT;
- iii) any amendment to increase the maximum number of Trustees (to more than eleven Trustees) or to decrease the minimum number of Trustees (to less than nine Trustees), any change by the Unitholders in the number of Trustees within the minimum and maximum number of Trustees provided in the Contract of Trust, or any authorization by the Unitholders to the Independent Trustees to effect such change and, if applicable, to appoint additional Independent Trustees within such minimum and maximum number of Trustees;
- iv) any amendment to the provisions relating to staggered terms of the Trustees; and
- v) any amendment relating to the powers, duties, obligations, liabilities or indemnification of the Trustees.

Other amendments to the Contract of Trust must be approved by a majority of the votes cast at a meeting of the Unitholders called for such purpose.

The Trustees may, without the approval of, or any notice to, Unitholders, make certain amendments to the Contract of Trust, including amendments:

- i) for the purpose of ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees or over the REIT, its status as a "unit trust", a "mutual fund trust" and a "registered investment" under the Income Tax Act or the distribution of Units;
- ii) which, in the opinion of the Trustees, provide additional protection for the Unitholders;

- iii) to remove any conflicts or inconsistencies in the Contract of Trust or to make minor corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders;
- iv) which, in the opinion of the Trustees, are necessary or desirable to conform the Contract of Trust to the disclosure in a final prospectus (or any subsequent amended prospectus) for an offering;
- v) which, in the opinion of the Trustees, are necessary or desirable as a result of changes in taxation laws;
- vi) for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) if the Trustees are of the opinion that the amendment is not prejudicial to Unitholders and is necessary or desirable; and
- vii) which, in the opinion of the Trustees, are necessary or desirable to enable the REIT to issue Units for which the purchase price is payable on an instalment basis.

11.9 SALE OF ASSETS

Any sale or transfer of the assets of the REIT as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of the REIT as approved by the Trustees) shall occur only if approved by at least two-thirds of the votes cast at a meeting of the Unitholders called for such purpose.

11.10 TERM OF THE REIT

The REIT has been established for a term to continue until no property of the REIT is held by the Trustees. The distribution of all of the property of the REIT may be required by the affirmative vote of two-thirds of the votes cast at a meeting of Unitholders called for such purpose.

11.11 INDEPENDENT TRUSTEE MATTERS

At least a majority of the Trustees must be Independent Trustees. Pursuant to the Contract of Trust, all Independent Trustee Matters will require the approval of a majority of the Independent Trustees only. "Independent Trustee Matter" 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 the Unitholders that the number of Trustees be increased or decreased and, if applicable, to nominate for election by the 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.

11.12 TRUSTEES OF THE DALLAIRE GROUP

Pursuant to the Contract of Trust, Corporation Financière Alpha (CFA) Inc., resulting from the first 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, will be entitled to appoint four Trustees, provided that the Dallaire Group holds at least 10 % of the Units then outstanding.

11.13 INCOME TAX MATTERS

The Contract of Trust provides that all determinations of the Trustees which are made in good faith with respect to any matters relating to the REIT, including, without limiting the generality of the foregoing, whether any particular investment or disposition meets the requirements of the Contract of Trust, shall be final and conclusive and shall be binding upon the REIT and all Unitholders (and, where the Unitholder is a registered retirement savings plan, registered retirement income fund, deferred profit sharing plan or registered pension fund or plan as defined in the Income Tax Act, or such other fund or plan registered under the Income Tax Act, upon plan beneficiaries and plan holders past, present and future) and Units of the REIT shall be issued and sold on the condition and understanding that any and all such determinations shall be binding as aforesaid.

11.14 LIMITATION ON NON-RESIDENT OWNERSHIP

At no time may non-residents of Canada (within the meaning of the Income Tax Act) be the beneficial owners of more than 49% of the Units and the Trustees have informed the transfer agent and registrar of this restriction. The transfer agent and registrar may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the transfer agent and registrar becomes aware, as a result of requiring such declarations as to beneficial ownership, that the beneficial owners of 49% of the Units then outstanding are, or may be, non-residents or that such a situation is imminent, the transfer agent and registrar will advise the Trustees and, upon receiving direction from the Trustees, may make a public announcement thereof and shall not accept a subscription for Units from or issue or register a transfer of Units to a person unless the person provides a declaration that the person is not a non-resident of Canada. If, notwithstanding the foregoing, the transfer agent and registrar determines that more than 49% of the Units are held by non-residents, the transfer agent and registrar may, upon receiving direction and suitable indemnity from the Trustees, send a notice to non-resident holders of Units, chosen in inverse order to the order of acquisition or registration or in such manner as the transfer agent and registrar may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the transfer agent and registrar with satisfactory evidence that they are not non-residents of Canada within such period, the transfer agent and registrar may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale the affected holders shall cease to be holders of Units and their rights shall be limited to receiving the net proceeds of sale upon surrender of the certificate representing such Units.

12. MARKET FOR SECURITIES OF THE REIT

12.1 MARKET FOR UNITS

The Units are listed and posted for trading on the Toronto Stock Exchange under the symbol "CUF.UN".

The following table sets forth the market price range, in Canadian dollars, and trading volumes of the REIT's Units on the Toronto Stock Exchange for each month of the most recently completed financial year.

Fiscal year ended December 31, 2004	High (\$)	Low (\$)	Trading Volumes
January	15.30	14.60	522,861
February	16.30	15.10	1,947,466
March	16.44	15.01	1,230,396
April	15.94	13.51	1,352,781
May	14.80	13.00	1,153,420
June	15.08	14.30	520,428
July	14.69	14.10	813,465
August	15.60	15.50	1,215,197

September	15.93	15.84	1,589,699
October	16.92	16.50	670,050
November	16.99	16.87	1,632,957
December	17.26	17.15	776,929

12.2 MARKET FOR DEBENTURES

The Debentures are listed and posted for trading on the Toronto Stock Exchange under the symbol “CUF.DB”.

The following table sets forth the market price range, in Canadian dollars, and trading volumes of the REIT’s Debentures for the four months ended December 31, 2004 ⁽¹⁾.

	High (\$)	Low (\$)	Trading Volumes
September	99.95	97.00	6,812,000
October	101.00	99.60	4,679,000
November	104.00	100.50	5,141,000
December	104.98	100.50	8,410,000

Note

(1) The Debentures were issued and listed for trading on the Toronto Stock Exchange on September 17, 2004.

13. TRUSTEES AND MANAGEMENT OF THE REIT

13.1 INFORMATION CONCERNING TRUSTEES

The following table sets forth the name of each current Trustee, the positions and offices within the REIT currently held by them, their principal occupations and their employment during the last five years, the period during which each served as Trustee 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 December 31, 2004:

Name, Municipality of residence And office	Principal occupation	Period	Number of Units beneficially owned or over which control or direction is exercised ¹⁾
JULES DALLAIRE Québec (arrondissement Charlesbourg) (Québec) AM Total Investments Trustee, President and Chief Executive Officer of the REIT	Chairman, President and Chief Executive Officer of the REIT	1998-2005	398,600 ⁶⁾
MICHEL DALLAIRE, eng. Québec (arrondissement Beauport) (Québec) AM Total Investments Trustee, President and Chief Operating Officer of the REIT	President and Chief Operating Officer of the REIT	1998-2005	6,891,166 ⁷⁾

Name, Municipality of residence And office	Principal occupation	Period	Number of Units beneficially owned or over which control or direction is exercised ¹⁾
MICHEL BERTHELOT, C.A. Québec (arrondissement Laurentien) (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	1999-2005	18,865
Me MICHEL PAQUET Québec (arrondissement Sainte-Foy-Sillery) (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	1998-2005	12,275
YVAN CARON ^{2) 3)} Québec (arrondissement Limoilou) (Québec) Independent Trustee	Consultant	1998-2005 ⁴⁾	Nil
ROBERT DESPRES, O.C., G.O.Q. ²⁾ Québec (arrondissement de la Cité) (Québec) Independent Trustee	Director of various companies	1998-2005	16,500
PIERRE GINGRAS ^{2) 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 director of Reliure Sélect Inc., a thermoplastic-binding company	1998-2005	89,989 ⁸⁾
GHISLAINE LABERGE ³⁾ Montréal (arrondissement Verdun) (Québec) Independent Trustee	Consultant in real estate investments, director of CDP Capital – Real Estate Advisory and CDP Capital - Mortgages, members of the group of the Caisse de dépôt et placement du Québec	1998-2005 ⁴⁾	Nil
RICHARD MARION Montréal (arrondissement Ville-Marie) (Québec) Independent Trustee	President of Actigest inc., a personal holding company, partner of Capital Groupe Conseil inc., an asset and finance management company	1998-2005 ⁵⁾	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, 2004.
- (5) 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, 2005.
- (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.
- (7) 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 6,807,400 Units held by AM Total Investments, general partnership (formerly known as Cominar, 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.
- (8) Comprises 13,989 Units held by Placements Moras inc.

The mandate of the Trustees of the Dallaire Group, namely Jules Dallaire, Michel Dallaire, Michel Berthelot and Michel Paquet will hold office until their respective successors are duly elected or appointed by Dallaire Group.

Each of the Trustees listed above has held his or her principal occupation for the five preceding years, except for Richard Marion who, from August 1996 to April 2004, was President and General Manager of Société en commandite immobilière Solim, a fund investing in real estate development.

13.2 INFORMATION CONCERNING NON-TRUSTEES OFFICERS

Non-Trustees Officer	Office with the REIT	Province of residence and country
Michel Ouellette	Executive Vice-President, Acquisitions and development	Quebec, Canada
René Bérubé	Vice-President, Industrial and Commercial Properties	Quebec, Canada
Robert Larivière	Vice-President, Buildings Operations	Quebec, Canada
Alain Dallaire	Vice-President, Retail Operations	Quebec, Canada
Louis Bolduc	Vice-President, Montreal Development	Quebec, Canada

During the past five years, each of the non-trustee officers of the REIT has been engaged in his present principal occupation or in other executive capacities of the REIT.

As at December 31, 2004, management of the REIT and the Trustees owned beneficially or exercised control or direction over 7,401,302 Units, or approximately 23% of the issued and outstanding Units.

13.3 AUDIT COMMITTEE

13.3.1 GENERAL

The REIT has an Audit Committee which currently consists of Messrs. Robert Després (president), Yvan Caron and Pierre Gingras. All the members of the Audit Committee are Independent Trustees and “financially literate” within the meaning of Multilateral Instrument 52-110 – Audit Committees.

13.3.2 MANDATE OF THE AUDIT COMMITTEE

The mandate of the Audit Committee is to assist the Board of Trustees of the REIT in fulfilling its oversight responsibilities and as such reviews the financial reporting process, the internal controls, the financial risks and the audit process. In performing its duties, the committee maintains effective working relationships with the Board of Trustees, management and external auditors.

13.3.3 RELEVANT EDUCATION AND EXPERIENCE OF THE AUDIT COMMITTEE MEMBRES

The following is a brief summary of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities.

<u>Name of Audit Committee Member</u>	<u>Relevant Education and Experience</u>
Robert Després, o.c., g.o.q.	Mr. Després is a registered member of the Society of Management Accountants and a member of the Canadian Certified General Accountants Association since 1948. He has held senior positions with several public companies and has chaired many audit

<u>Name of Audit Committee Member</u>	<u>Relevant Education and Experience</u> committees (including the REIT).
Yvan Caron	Mr. Caron held senior positions with Caisses populaires Desjardins de Québec. He is the former President of the Fédération des caisses populaires Desjardins de Québec and senior Vice-President of Place Desjardins inc. He is also the former chair of Groupe-Vie Desjardins Laurentienne.
Pierre Gingras	Mr. Gingras hold a diploma in Business Administration. He has chaired the audit committees of Société de fiducie Desjardins-Laurentienne and the Fédération des caisses populaires Desjardins de Québec.

13.4 EXTERNAL AUDITOR SERVICES FEES

The following table shows fees paid to Ernst & Young LLP in Canadian dollars in the past two fiscal years for various services provided to the REIT.

Ernst & Young	Year ended December 31, 2003	Year ended December 31, 2004
Audit Fees ⁽¹⁾	\$72,750	\$75,000
Audit – Related Fees ⁽²⁾	---	\$5,500
Audit – Operating Expenses ⁽³⁾	\$7,600	\$10,550
Other Fees ⁽⁴⁾	<u>\$24,500</u>	<u>\$30,000</u>
TOTAL :	\$104,850	\$121,050

- Notes:
- (1) Audit fees include professional services rendered by the external auditors for statutory audits of the annual financial statements.
 - (2) Audit – Related Fees include professional services for consultation services during the statutory audits or interim review.
 - (3) Audit – Operating Expenses include professional services for statutory audits of the operating expenses of few properties, in accordance with leases in force in such properties.
 - (4) Other Fees include the total fees paid to the auditors for services other than those presented in the categories of audit fees, audit related fees, audit operating expenses, including the comfort letters, the consents and the remark letters for the due diligence relating to the \$100,000,000 Debenture issue.

14. LEGAL PROCEEDINGS

The REIT's is involved in various claims and litigation as a regular part of its business. Management believes that the resolution of these claims and litigation (which in certain cases are subject to applicable deductibles, covered by insurance) will not have a material adverse effect on its financial position or results of operations.

15. MANAGEMENT AND OTHER INFORMED PERSONS IN MATERIAL TRANSACTIONS

For the financial year ended December 31, 2004, 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. Alain Dallaire, member of Cominar's management team, has ties to Corporation Financière Alpha (CFA) Inc.

During the financial year ended December 31, 20024, the REIT recorded leasing revenues of \$1.3M from Dalcon Inc. and Corporation Financière Alpha (CFA) Inc. The REIT also incurred an expense of \$5.1M for the completion by Dalcon Inc., on its behalf, of tenant improvements for tenants of the REIT and \$33.4M for the construction of a property and development of income-producing properties on its behalf by Dalcon Inc.

16. TRANSFER AGENT AND REGISTRAR

The REIT's transfer agent and registrar is National Bank Trust inc. The register of transfers maintained is located at its offices in Montreal, Quebec, and the co-transfert agent is Natcan Trust in Toronto.

17. ADDITIONAL INFORMATION

Additional information relating to the REIT may be found on SEDAR at www.sedar.com.

Additional information, including Trustees and officers' remuneration, principal holder of the REIT's Units and Units authorized for issuance under the Unit Option Plan, where applicable, is contained in the REIT's information circular for its most recent annual meeting of Unitholders that involved the election of Trustees.

Additional financial information is provided in the REIT's financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations for the financial year ended December 31, 2004.