

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended. Accordingly, these securities may not be offered or sold within the United States of America and this short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States of America.

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Cominar Real Estate Investment Trust, 455 rue Marais, Ville de Vanier, Québec, G1M 3A2, Telephone: (418) 681-8151. For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the documents incorporated herein by reference and of the permanent information record may be obtained from the Secretary of Cominar Real Estate Investment Trust at the above-mentioned address and telephone number.

SHORT FORM PROSPECTUS

New Issue

February 7, 2001



COMINAR REAL ESTATE INVESTMENT TRUST

\$30,300,000
3,000,000 Units

This prospectus relates to the distribution of 3,000,000 units (the "Units") of Cominar Real Estate Investment Trust (the "REIT"). The REIT is an unincorporated closed-end investment trust governed by the laws of the Province of Québec. **The REIT is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. The Units are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act (Canada) and are not insured under the provisions of that Act or any other legislation.**

The Units are listed and posted for trading on the Toronto Stock Exchange (the "TSE") under the symbol "CUF.UN". On January 24, 2001, the day prior to the pricing of the Units, and on February 6, 2001, the closing price of the Units on the TSE was \$10.65 and \$10.25, respectively.

In the opinion of counsel, the Units will qualify as eligible investments under certain statutes. See "Eligibility for Investment".

The Dallaire Family has agreed to subscribe for 100,000 of the Units offered hereby at a price of \$10.10 per Unit, such Units to be acquired indirectly through AM Total Investments, a general partnership, controlled by members of the Dallaire Family. No fee will be paid to the Underwriters in connection therewith. See "Plan of Distribution".

Price: \$10.10 per Unit

	Price to the public	Underwriters' fee	Net proceeds to the REIT⁽¹⁾⁽²⁾
Per Unit	\$10.10	\$0.4545	\$9.6455
Total	\$30,300,000	\$1,318,050 ⁽³⁾	\$28,981,950

(1) Before deducting expenses of this offering estimated to be \$250,000.

(2) The REIT has granted to the Underwriters an option (the "Over-Allotment Option") exercisable for a period of 30 days from the closing of this offering, to purchase an aggregate of up to 450,000 Units on the same terms as set forth above solely to cover over-allotments, if any, and effect market stabilization operations. If the Over-Allotment Option is exercised in full, the total offering will be \$34,845,000, the total Underwriters' fee will be \$1,522,575 and the total net proceeds to the REIT will be \$33,322,425. This prospectus also qualifies the distribution of the Units issuable or sold upon the exercise of the Over-Allotment Option. See "Plan of Distribution".

(3) No Underwriters fee will be paid in connection with the 100,000 Units subscribed by AM Total Investments, general partnership.

The Underwriters, as principals, conditionally offer the Units for sale, subject to prior sale, if, as and when issued by the REIT and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the REIT by Davies Ward Phillips & Vineberg LLP, and on behalf of the Underwriters by Desjardins Ducharme Stein Monast, a general partnership.

Subscriptions will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice. Certificates representing the Units will be available for delivery on the closing date, which is expected to be on or about February 15, 2001, but in any event no later than February 28, 2001.

Each of National Bank Financial Inc. and Desjardins Securities Inc., two of the Underwriters, is controlled by financial institutions which are among the REIT's principal lenders. As at February 6, 2001, the actual indebtedness of the REIT to such financial institutions amounted to approximately \$52.2 million in the aggregate. See "Plan of Distribution".

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DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the REIT, 455 rue Marais, Ville de Vanier, Québec, G1M 3A2, Telephone: (418) 681-8151. For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the documents incorporated herein by reference and of the permanent information record may be obtained from the Secretary of the REIT at the above-mentioned address and telephone number.

The following documents, filed with the various securities commissions or similar regulatory authorities in each of the provinces of Canada, are specifically incorporated by reference in and form an integral part of this short form prospectus:

- (i) the annual information form of the REIT dated May 19, 2000;
- (ii) the management's discussion and analysis of operating results and financial position of the REIT for the period ended December 31, 1999, which is set forth at pages 14-20 of the REIT's 1999 annual report in the section entitled "Management's Discussion and Analysis";
- (iii) the audited consolidated financial statements of the REIT for the period ended December 31, 1999, together with the notes thereto and the auditors' report thereon;
- (iv) the management information circular of the REIT dated March 15, 2000 in connection with the annual meeting of Unitholders of the REIT held on May 10, 2000, other than the section entitled "Corporate Governance – Compensation and Governance Committee"; and
- (v) the unaudited interim consolidated financial statements of the REIT for the nine months ended September 30, 2000.

Any documents of the type referred to above and any material change reports (excluding confidential material change reports) filed by the REIT with the securities commissions or similar regulatory authorities in each of the provinces of Canada subsequent to the date of this short form prospectus and prior to the termination of this distribution shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or replaces such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute part of this short form prospectus.

GLOSSARY

The following terms used in this prospectus have the meanings set out below:

"AM Total Investments " means AM Total Investments, a general partnership created under the laws of the Province of Québec, which is controlled by the children of Mr. Jules Dallaire.

"affiliate" has the meaning ascribed thereto in the *Securities Act* (Québec), as amended.

"associate" has the meaning ascribed thereto in the CBCA.

"Capitalization Rate" means for any given property, a "going in" capitalization rate calculated by dividing (i) the net revenue of the property based on in-place leases, less (a) a vacancy reserve, when appropriate, (b) non-recoverable operating expenses, (c) an adjustment for above-market rents, (d) an appropriate reserve for above-market debt assumed and (e) a structural reserve, when appropriate, by (ii) all acquisition costs of the property, which include (a) the purchase price, (b) land transfer duties, (c) legal and due diligence costs, including the costs of appraisals, environmental studies and structural surveys, if required and (d) brokerage fees, when applicable.

"CBCA" means the *Canada Business Corporations Act*, as amended.

"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 from time to time.

"Dallaire Family" means Jules Dallaire, his wife, their children and the spouses of such children.

"Dallaire Group", as at the time of the REIT's initial public offering on May 21, 1998 means, collectively, Immeubles Cominar inc., Société en commandite Cominar, Société en nom collectif Cominar and Société en commandite Desroches, and, as of the date of this prospectus, means, collectively, Corporation Financière Alpha (CFA) Inc., Société en Commandite Alpha-Québec and AM Total Investments, general partnership.

"Dallaire Group Trustee" means a nominee of the Dallaire Group appointed as Trustee as described under "Contract of Trust and Description of Units – Dallaire Group Trustees".

"Distribution Date" means the fifteenth day of each calendar month (other than January) and December 31 in each calendar year.

"Distributable Income" means the amount of cash available to be distributed by the REIT, calculated as set out under "Distribution Policy" in the annual information form of the REIT dated May 19, 2000 which is incorporated by reference into this prospectus.

"Flip-in Event" shall have the meaning ascribed thereto in the Unitholders' Rights Plan.

"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.

"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 *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 or 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 Dallaire Group Trustee shall be deemed not to be an Independent Trustee.

"Independent Trustee Matters" means those decisions which require the approval of the majority of the Independent Trustees only, as set out in "Contract of Trust and Description of Units – Independent Trustee Matters".

"Over-Allotment Option" means the over-allotment option granted to the Underwriters as described under "Plan of Distribution".

"REIT" means Cominar Real Estate Investment Trust.

"Rights" has the meaning ascribed thereto in the Unitholders' Rights Plan.

"Tax Act" means the *Income Tax Act* (Canada), as amended.

"Trustee" means a trustee of the REIT.

"Underwriters" means National Bank Financial Inc., TD Securities Inc., Desjardins Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc. and Scotia Capital Inc.

"Underwriting Agreement" means the agreement dated January 26, 2001 among the REIT and the Underwriters.

"Unit" means a unit of interest in the REIT.

"Unit Option Plan" means the unit option plan of the REIT described under "Management of the REIT – Unit Option Plan" in the annual information form of the REIT dated May 19, 2000 which is incorporated by reference into this prospectus.

"Unitholder" means a holder of Units.

"Unitholders' Rights Plan" means the unitholders' rights plan of the REIT described under "Unitholder's Right Plan" in the annual information form of the REIT dated May 19, 2000 which is incorporated by reference into this prospectus.

THE REIT

The REIT is an unincorporated closed-end investment trust created by the Contract of Trust on March 31, 1998 and is governed by the laws of the Province of Québec.

The objectives of the REIT are (i) to provide Unitholders with stable and growing monthly cash distributions which are, to the extent practicable, tax deferred, from investments in a diversified portfolio of income producing office, retail, industrial and mixed-use properties located in the greater Québec City and Montreal areas, and (ii) to improve and maximize Unit value through the ongoing active management of the REIT's properties and the acquisition of additional income producing properties.

As one of the largest property owners in the greater Québec City area commercial real estate market, the REIT has a dominant presence and enjoys significant economies of scale. It currently owns a diversified portfolio of 78 office, retail, industrial and mixed-use properties, of which 67 are located in the greater Québec City area and 11

are located in the greater Montreal area. The portfolio comprises approximately 1.3 million square feet of office space, 1.6 million square feet of retail space and 2.4 million square feet of industrial and mixed-use space, representing, in the aggregate, approximately 5.3 million square feet of leasable area. As at December 31, 2000, the REIT's portfolio was approximately 95.1 % leased. The properties are mostly situated in prime locations along major traffic arteries and benefit from high-visibility and easy access by both tenants and tenants' customers.

In expanding into the greater Montreal area, the REIT's strategy is to own and operate a diversified portfolio of well-located office, retail, industrial and mixed-use properties concentrated within this regional market. This expansion strategy was initiated with the assembly of a core portfolio of industrial and mixed-use properties that are in close proximity to one another. The REIT has since increased its presence in the greater Montreal area with the recent acquisition of its first retail property and its first office property, all in keeping with the REIT's strategic objectives. The REIT will continue to pursue opportunities that allow for economies of scale benefiting both tenants and the REIT in terms of significant operating cost savings and efficient property management operations.

On May 21, 1998, immediately prior to the completion of its initial public offering of Units, the REIT acquired from the Dallaire Group a portfolio composed of 51 office, retail, industrial and mixed-use properties in the greater Québec City area, representing, in the aggregate, approximately 3.1 million square feet of leasable area.

Without accounting for the 100,000 Units to be subscribed for by AM Total Investments pursuant to this offering, AM Total Investments, together with other members of the Dallaire Family, indirectly own 6,632,520 Units (representing approximately 39.1% of the Units issued and outstanding as at February 6, 2001) which includes all of the Units acquired by the Dallaire Family upon the completion of the REIT's initial public offering.

The REIT's asset and property management is fully internalized and the REIT is a fully integrated, self-managed real estate investment operation. The REIT currently employs 88 full-time employees. The head office of the REIT is located at 455, rue Marais, Ville de Vanier, Québec, G1M 3A2.

RECENT DEVELOPMENTS

The following is a summary of significant developments in the operations and affairs of the REIT which have occurred since January 1, 2000:

1. On March 3, 2000, the REIT completed the acquisition of a 91,200 square foot industrial and mixed-use property located at 1670, rue Semple in Québec City, Québec, for a total consideration of approximately \$2 million paid in cash. The building was refurbished for an additional amount of approximately \$500,000, bringing the total cost to approximately \$2.5 million. The property was substantially leased-up by the end of September 2000. At the end of September 2000, the property had a Capitalization Rate of 11.2%.
2. On May 3, 2000, the REIT completed the acquisition of a 9,425 square foot industrial and mixed-use property located at 1540, rue Jean-Talon nord in Sainte-Foy, Québec, for a total consideration of approximately \$970,000 paid in cash. The property had a Capitalization Rate of 9.9%.
3. On May 5, 2000, the REIT completed the acquisition of a 122,600 square foot industrial and mixed-use property located at 9100, boulevard du Parcours in Anjou, Québec, for a total consideration of approximately \$6.5 million paid in cash. The property had a Capitalization Rate of 10.8%.
4. On May 10, 2000, the REIT released its results for the three months ended March 31, 2000. Distributable Income increased by approximately 12.7% in the first quarter of 2000 as compared to the first quarter of 1999. As at March 31, 2000, the outstanding hypothecs charging properties owned by the REIT had a weighted average rate of interest of 7.31% and a weighted average term to maturity of 3.1 years.

5. On May 25, 2000, the REIT completed the acquisition of a 44,869 square foot industrial and mixed-use property located at 450, St-Jean-Baptiste, in Québec City, Québec, for a total consideration of approximately \$1.75 million paid in cash. The property had a Capitalization Rate of 11.2%.
6. On June 22, 2000, the REIT completed the acquisition of a 77,859 square foot industrial and mixed-use property located at 2500, Jean-Perrin, in Québec City, Québec for a total consideration of approximately \$2.53 million paid in cash. The property had a Capitalization Rate of 10.3%.
7. On July 18, 2000, the REIT completed a public offering of 2,150,000 Units at a price of \$9.50 per Unit for total gross proceeds to the REIT of \$20,425,000. As part of the public offering, the underwriters who led the public offering were also granted an option to acquire up to 322,500 additional Units at a price of \$9.50 per Unit to cover over-allotments.
8. On August 18, 2000, the REIT issued and sold to the underwriters who led the aforesaid public offering 322,500 additional Units at a price of \$9.50 per Unit for total gross proceeds of \$3,063,750 in connection with the exercise by the underwriters of the aforesaid over-allotment option.
9. On August 22, 2000, the REIT released its results for the six months ended June 30, 2000. Distributable Income increased by approximately 21.8% in the second quarter of 2000 as compared to the second quarter of 1999. As at June 30, 2000, the outstanding hypothecs charging properties owned by the REIT had a weighted average rate of interest of 7.32% and a weighted average term to maturity of 3 years.
10. On November 28, 2000, the REIT released its results for the nine months ended September 30, 2000. Distributable Income increased by approximately 9.9% in the third quarter of 2000 as compared to the third quarter of 1999. As at September 30, 2000, the outstanding hypothecs charging properties owned by the REIT had a weighted average rate of interest of 7.24% and a weighted average term to maturity of 4.2 years.
11. On November 28, 2000, the REIT announced that it had undertaken the construction of a 40,000 square foot industrial and mixed-use property located at 2600, rue Jean-Perrin, Québec, Québec, for a total cost of approximately \$2.1 million. It is expected that the property will have a Capitalization Rate of approximately 11%.
12. On November 29, 2000, the REIT completed the acquisition of a retail power centre located in Saint-Bruno, in the greater Montreal area, Québec, comprised of four properties: (i) a 26,093 square foot retail property located at 1465, boulevard Saint-Bruno, Saint-Bruno-de-Montarville, (ii) a 129,638 square foot retail property located at 1475, boulevard Saint-Bruno, Saint-Bruno-de-Montarville, (iii) a 12,971 square foot retail property located at 1485, boulevard Saint-Bruno, Saint-Bruno-de-Montarville, and (iv) a 34,808 square foot retail property located at 1495, boulevard Saint-Bruno, Saint-Bruno-de-Montarville. These properties were acquired for a total consideration of approximately \$21 million, of which approximately \$5.8 million was paid in cash and approximately \$15.2 million was paid by way of assumption of hypothecs charging these properties. These properties had a combined Capitalization Rate of 10.3%.
13. On December 15, 2000, the REIT entered into an agreement to acquire a 243,687 square foot industrial and mixed-use property located at 5750, boulevard des Rossignols, Laval, Québec, for a total consideration of approximately \$9.9 million, payable as to approximately \$4.85 million in cash and approximately \$5.05 million by the assumption of a hypothec charging the property. It is expected that the property will have a Capitalization Rate of approximately 11.1%.
14. On December 15, 2000, the REIT entered into an agreement to acquire a 110,000 square foot industrial and mixed-use property located at 10550, Parkway Boulevard, Anjou, Québec, for a total consideration of approximately \$3.5 million, payable as to approximately \$840,000 in cash and approximately \$2.66 million by the assumption of a hypothec charging the property. It is expected that the property will have a Capitalization Rate of approximately 11%.

15. On December 15, 2000, the REIT completed the acquisition of a 22,920 square foot industrial and mixed-use property located at 470, avenue Godin, Vanier, Québec, for a total consideration of approximately \$500,000 paid in cash. The property had a Capitalization Rate of 11.2%.

16. On December 15, 2000, the REIT entered into a \$17.7 million hypothecary loan facility with a Canadian financial institution. As at February 6, 2001, \$10 million was drawn down under this facility. The amounts drawn thereunder bear interest at prime and the term of the loan is seven years.

17. On December 22, 2000, the REIT completed the acquisition of a 280,000 square foot retail property located at 3333, rue du Carrefour, Beauport, Québec, for a total consideration of approximately \$14.75 million, paid as to \$7.5 million in cash and approximately \$7.25 million by the assumption of a hypothec charging the property. The property had a Capitalization Rate of 10.5%.

18. On January 19, 2001, the REIT proposed to acquire Place Lévis, a 224,642 square foot retail property located at 50, route du Président-Kennedy, Lévis, Québec, for a total consideration of approximately \$12 million, payable in cash, approximately \$8 million of which is to come from a hypothecary loan to be provided by the Canadian chartered bank which controls National Bank Financial Inc., and which total purchase price is less than what is owed to the bank under the hypothec currently charging the property. The property is currently indirectly owned in equal proportion by the Dallaire Group and by the Canadian chartered bank which controls National Bank Financial Inc. The bank also is the current hypothecary creditor of the property. Notwithstanding its equity position, the Dallaire Group will not be receiving any proceeds or benefits, financial or otherwise, from this transaction. This transaction has been approved by the Independent Trustees, who continue however to have the right to refuse to authorize or approve this transaction at their discretion. The acquisition by the REIT of this property remains subject to the preparation of an acceptable independent third-party appraisal and the approval of the bank. The acquisition of this property had been considered at the time of the REIT's initial public offering and the creation of the REIT's initial portfolio in May of 1998. At such time the REIT decided to defer the acquisition of this property until such time as the REIT's investment criteria could be satisfied. This property has however been managed by the REIT since May of 1998. It is also a condition to this transaction that the bank remain as a hypothecary lender for approximately \$8 million on terms and conditions mutually satisfactory. There is no assurance that this transaction will be completed. It is expected that the property will have a Capitalization Rate of approximately 11.1%.

19. On January 22, 2001, the REIT entered into an agreement to acquire a 19,405 square foot industrial and mixed-use property located at 765, avenue Godin, Vanier, Québec, for a total consideration of approximately \$450,000, payable in cash. It is expected that the property will have a Capitalization Rate of approximately 13.1%.

20. On January 26, 2001, the REIT completed the acquisition of a 12 storey 232,414 square foot office property located at 255, boulevard Crémazie, Montreal, Québec, for a total consideration of approximately \$7.6 million, payable as to approximately \$2.6 million in cash and approximately \$5 million by the assumption of a hypothec charging the property. The property will be refurbished for approximately \$5.1 million, bringing the total cost to approximately \$12.7 million. It is expected that the property will have a Capitalization Rate of approximately 13% upon substantial lease-up at the end of the year 2001.

21. On January 26, 2001, the REIT entered into an agreement with the Underwriters to the effect that it will make a distribution of \$0.044 per outstanding Unit to Unitholders of record at the close of business on February 14, 2001 for the period from February 1, 2001 up to and including February 14, 2001, being the period immediately preceding the expected date of closing of this offering, such distribution to be payable on March 15, 2001. Purchasers of Units offered hereby will not be entitled to participate in the aforesaid distribution. A distribution of \$0.044 per outstanding Unit in respect of the period from February 15, 2001 up to and including February 28, 2001, will be made to Unitholders of record on February 28, 2001. Purchasers of Units offered hereby holding Units on February 28, 2001 will be entitled to participate in such latter distribution. See "Distribution Policy – Proportional Distribution".

22. On January 30, 2001, the REIT entered into a commitment letter with a Canadian financial institution for a five year \$12,000,000 hypothecary loan, to be secured by Place de la Capitale, a property located at 150, boulevard René-Lévesque est, Québec City, Québec. This loan is subject to the satisfaction of certain conditions, which are usual and customary for similar loans.

Description of Properties

The following is a detailed description of the properties referred to above. Summary leasing information is as at the date hereof.

1670, rue Simple, Québec City

A 91,200 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. The building was built in 1972 and is used for warehousing and offices. The warehouse has a 22 foot clear ceiling height. The building is 89.5% leased to five tenants, was refurbished in 2000 and has 225 parking spaces. The property was appraised by Dorion, Noël et Hallissey inc. at \$3,070,000 as of December 16, 1999.

Tenants	Leasable Area (Square Feet)	Expiration Date	% of Leasable Area
BJP Gaz & Diesel Inc.	6,000	September 2001	6.6%
Société Immobilière du Québec	70,283	September 2010	78.3%

1540, rue Jean-Talon Nord, Sainte-Foy

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 Québec City area in a major industrial park and is adjacent to a group of industrial and mixed-use properties owned by the REIT. The building 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 a single tenant and has 110 parking spaces. The property was appraised by Dorion, Noël et Hallissey inc. at \$950,000 as of May 15, 2000.

Tenant	Leasable Area (Square Feet)	Expiration Date	% of Leasable Area
Administration Marco Inc.	9,425	January 2020	100%

9100, boul. du Parcours, Anjou

A 122,600 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 principal east-west artery. The building 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 a single tenant and has 180 parking spaces. The property was appraised by Dorion, Noël et Hallissey inc. at \$6,850,000 as of April 28, 2000.

Tenant	Leasable Area (Square Feet)	Expiration Date	% of Leasable Area
Ventrol Air Handling Systems Inc.	122,600	April 2015	100%

450, St-Jean-Baptiste, Québec City

A 44,869 square foot industrial and mixed-use building situated on 111,035 square feet of land (2.5 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. The building was built in 1988 and is used for warehousing and offices. The warehouse has a 20

foot clear ceiling height. The building is 82.4% leased to two tenants and has 170 parking spaces. The property was appraised by Dorion, Noël et Hallissey inc. at \$1,720,000 as of May 10, 2000.

Tenants	Leasable Area (Square Feet)	Expiration Date	% of Leasable Area
Banque Nationale du Canada	23,746	August 2010	52.9%
Gecko Électronique Inc.	13,237	July 2002	29.5%

2500, Jean-Perrin, Québec City

A 77,859 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's principal east-west artery. The building was built in 1998 and is used for warehousing and offices. The warehouse has a 20 foot clear ceiling height. The building is 74.3% leased to 22 tenants and has 160 parking spaces. The property was appraised by Dorion, Noël et Hallissey inc. at \$2,800,000 as of June 9, 2000.

Tenants	Leasable Area (Square Feet)	Expiration Date	% of Leasable Area
Familiprix Inc.	12,288	June 2001	16.19%
Patterson Dentaire Canada Inc.	6,540	November 2004	8.62%
G. Gagné Transport Inc.	4,120	February 2001	5.43%
Proludik Inc.	3,384	April 2001	4.46%
La Clé de Sol Inc.	3,000	July 2001	3.95%
J.-C. Johnson et D. Johnson	2,347	March 2002	3.09%
Datamark (1989) Inc.	2,040	May 2004	2.69%
L.V.E.B. Inc.	1,908	March 2003	2.52%
Dartagnan Communications Inc.	2,212	July 2005	2.8%
9039-8041 Québec Inc. (Plan Est Québec)	2,290	August 2003	2.9%

2600, rue Jean-Perrin, Québec

A 40,000 square foot industrial and mixed-use building currently under construction on 197,375 square feet of land (4.5 acres). The property is located in a major industrial park adjacent to Highway 40, Québec's principal east-west artery. Located between two properties already owned by the REIT, the property is in a geographically desirable location. The building contains warehouse and office space. The warehouse has a 22 foot clear ceiling height. The building is vacant, will be ready for occupation in March of 2001 and will have 201 parking spaces. The REIT is presently in discussion with potential tenants and it is expected that the building will be substantially leased-up by the end of June 2001.

1465 to 1495, boulevard Saint-Bruno, Saint-Bruno-de-Montarville

A 203,510 square foot retail power centre comprised of four 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. The buildings are 100% leased to five tenants and have 1,600 parking spaces. The properties were appraised at \$21.39 million by Dorion, Noël et Hallissey inc. as of October 6, 2000.

Tenants	Leasable Area (Square Feet)	Expiration Date	% of Leasable Area
Wal-Mart Canada Inc.	129,638	June 2017	63.7%
The Business Depot Ltd.	26,093	November 2013	12.8%
Cinéplex Odeon Corporation	34,808	January 2018	17.1%
Groupe Yellow Inc.	7,500	July 2009	3.7%
Reitmans (Canada) Ltd.	5,471	August 2009	2.7%

5750, boulevard des Rossignols, Laval

A 243,687 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 in reasonable proximity to Autoroute 440 with easy access to Montreal International Airport-Dorval. The building was built in 1999 and contains warehouse space and office space. The warehouse has a 24 foot clear ceiling height. The building is 100% leased to one tenant and has 253 parking spaces. The property will be appraised by Dorion, Noël et Hallissey inc.

Tenant	Leasable Area (Square Feet)	Expiration Date	% of Leasable Area
Gusdorf of Canada Ltée	243,687	March 2014	100%

10550, Parkway Boulevard, Anjou

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 is 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 clear ceiling height. The building is 100% leased to one tenant and has 170 parking spaces. The property will be appraised by Dorion, Noël et Hallissey inc.

Tenant	Leasable Area (Square Feet)	Expiration Date	% of Leasable Area
Arkon Safety Equipment Inc.	110,000	November 2011	100%

470, avenue Godin, Vanier

A 22,920 square foot industrial and mixed-use building situated on a 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. The building was built in 1980 and contains warehouse and office space. The warehouse has a 24 foot clear ceiling height. The building is 100% leased to one tenant and has 28 parking spaces. The property was appraised by Dorion, Noël et Hallissey inc. at \$685,000 as of December 6, 2000.

Tenant	Leasable Area (Square Feet)	Expiration Date	% of Leasable Area
Provigo Distribution Inc.	22,920	October 2001	100%

Carrefour Beauport, Beauport

A 280,000 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, Québec's principal east-west artery. The building was built in 1978 and renovated in 1990. The REIT foresees redeveloping the property for approximately \$14 million, which will add a gross leasable area of 222,000 square feet to the REIT's portfolio, 160,000 of which will be retail space and 62,000 of which will be office space. Upon completion of the development plan, the property will have a leasable area of 502,000 square feet. The building is 93.3% leased to 63 tenants and has 1,583 parking spaces. The property was appraised at \$15,360,000 by Dorion, Noël et Hallissey inc. as of December 7, 2000.

Tenants	Leasable Area (Square Feet)	Expiration Date	% of Leasable Area
Zellers Inc.	83,073	September 2006	30.6%
Métro-Richelieu Inc.	62,370	January 2008	23.0%
Salon de Quilles et Billard Beauport Inc.	19,500	December 2007	7.2%
Groupe Jean-Coutu (PJC) Inc.	7,680	May 2002	2.8%
Groupe Yellow Inc.	6,788	February 2008	2.5%

Place Lévis, 50, route du Président-Kennedy, Lévis, Québec

A 224,642 square foot retail building situated on 5,596,568 square feet of land (13.7 acres). The property is located on route du Président-Kennedy (corner Route 132), one of the principal arteries of Lévis, the largest municipality on the south shore of the greater Québec City area. The building was built in 1970 and renovated in 1995, and has a large outside parking area for more than 1,000 parking spaces. The building is 70% leased. The property will be appraised by Dorion, Noël et Hallissey inc.

Tenants	Leasable Area (Square Feet)	Expiration Date	% of Leasable Area
Provigo Distribution Inc.	54,423	November 2015	24.23%
Nautilus Plus Inc.	10,000	August 2005	4.45%
Société Immobilière du Québec	7,073	April 2002	3.15%
Concept Instant Lunette Inc.	7,000	December 2010	3.12%
Cage aux Sports	5,616	March 2004	2.50%
Super Club Vidéotron	5,128	December 2001	2.28%
Piscine Pro Patio NV Inc.	5,000	February 2005	2.23%

765, avenue Godin, Vanier

A 19,405 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. The building was built in 1976, expanded in 1989 and contains warehouse and office space. The warehouse has a 23 foot clear ceiling height. The building is 100% leased to one tenant and has 38 parking spaces. The property will be appraised by Dorion, Noël et Hallissey inc.

Tenant	Leasable Area (Square Feet)	Expiration Date	% of Leasable Area
Distribution A.M.J. Inc.	19,405	March 2002	100%

255, boulevard Crémazie Est, Montreal

A 232,414 square foot office building situated on 49,766 square feet of land (1.1 acres) located on a site adjacent to Highway 40, Montreal's principal east-west artery. Built in 1967, the building houses 12 floors of office space and two underground floors of parking space. The building will be refurbished and is expected to be substantially leased-up (approximately 85%) by the end of the year 2001. The property has 248 indoor and 70 outside parking spaces. The property was appraised by Dorion, Noël et Hallissey inc. at \$10,600,000 as of November 27, 2000.

Tenants	Leasable Area (Square Feet)	Expiration Date	% of Leasable Area
Société Immobilière du Québec	43,057	July 2005	18.5%
Communauté Urbaine de Montréal	27,147	February 2011	11.7%
Fonds de Solidarité des Travailleurs du Québec	24,763	October 2005	10.7%

USE OF PROCEEDS

The estimated net proceeds to be received by the REIT from this offering will amount to approximately \$28,731,950 (\$33,072,425 if the Over-Allotment Option is fully exercised), after deducting the Underwriters' fee and the estimated expenses of issue. Such net proceeds will be used to fund the repayment of indebtedness outstanding under the REIT's revolving credit facilities, which indebtedness was incurred primarily to fund property acquisitions.

After giving effect to this offering (excluding the Over-Allotment Option) and the proposed use of net proceeds therefrom, indebtedness of the REIT expressed as a percentage of the pro-forma Gross Book Value as at January 26, 2001 is estimated by Management to decrease from approximately 53.8%⁽¹⁾ to 45.9%⁽²⁾.

CONTRACT OF TRUST AND DESCRIPTION OF UNITS

General

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

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 February 6, 2001, there were 17,006,684 Units outstanding. Upon the closing of this offering (and without giving effect to the exercise of the Over-Allotment Option), there will be 20,006,684 Units outstanding. A further 1,371,000 Units are issuable on exercise of options granted under the Unit Option Plan. 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 rateably 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 are issued and fractional Units do 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 holders of Units. By acceptance of a certificate representing Units, the holder thereof agrees to be bound by the Contract of Trust.

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 will constitute an "issuer bid" under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof. A Unitholder does not have the right at any time to require the REIT to purchase such Unitholder's Units.

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

(1) Management estimates current Gross Book Value by adding the \$45.3 million of acquisitions and development since September 30, 2000 to the Gross Book Value of \$318.7 million as at September 30, 2000. Management estimates current indebtedness of the REIT by adding the \$45.9 million of new hypothec debt and advances under the REIT's revolving credit facilities used to fund acquisitions and development since September 30, 2000 to the indebtedness of the REIT of \$149.8 million as at September 30, 2000. The result is an estimate of current indebtedness of the REIT equal to 53.8% of current Gross Book Value.

(2) Deducting the net proceeds of this offering of \$28.7 million from the estimated current indebtedness of the REIT of \$195.7 million results in an estimated post-closing indebtedness equal to 45.9% of post-closing Gross Book Value.

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.

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 Dallaire Group Trustees for so 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 "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 Dallaire Group Trustees for so 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 whether in person or by proxy and a proxy need not be a Unitholder.

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, through rights offerings to existing Unitholders (i.e., in which Unitholders receive rights to subscribe for new Units in proportion to their existing holdings of the Units, which rights may be exercised or sold to other investors) or through 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 the value of the consideration for which Units may be issued will 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.

Limitation on Non-Resident Ownership

At no time may non-residents of Canada (within the meaning of the 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.

Information and Reports

The REIT furnishes 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 Tax Act or equivalent provincial legislation.

Prior to each annual and special meeting of Unitholders, the Trustees will provide to 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.

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 the 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 11 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 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 as a result of changes in taxation laws;
- (v) 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
- (vi) 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.

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.

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.

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 Matters" as used herein 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; or
- (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 interests of one of the foregoing differs from the interests of the REIT.

Dallaire Group Trustees

Pursuant to the Contract of Trust, Groupe Financier Alpha (GFA) Inc. (an affiliate of the Dallaire Group) is entitled to appoint four Trustees on behalf of the Dallaire Group, provided that the Dallaire Group holds at least 10% of the Units then outstanding.

Determination of Trustees

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 Tax Act, or such other fund or plan registered under the 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.

CHANGES IN UNITS OUTSTANDING

The only changes in the number of outstanding Units since the most recent audited fiscal year of the REIT ended December 31, 1999 resulted from (i) the issuance of 3,786 Units pursuant to the REIT's distribution reinvestment plan, (ii) the issuance of 2,472,500 Units pursuant to the public offering completed by the REIT in July of 2000, including the 322,500 Units issued and sold in connection with the over-allotment option relating thereto exercised by the Underwriters (see "Recent Developments") and (iii) the issuance of 30,000 Units in connection with the exercise of options granted under the Unit Option Plan.

DISTRIBUTION POLICY

The REIT will distribute to Unitholders monthly, on or about the fifteenth day in each calendar month (other than January) and on December 31 in each calendar year, 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 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 Tax Act over distributions otherwise made for that year. Distributions are made in cash. Distributions are 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.

It is the REIT's current intention to progressively amend its percentage of Distributable Income from 95% to 90% of Distributable Income. It is also the REIT's current intention to complete this amendment progressively without diminishing the distribution per Unit. Monthly distributions will be based on the Trustees' estimate of yearly Distributable Income, subject to adjustment from time to time throughout the year. See the section entitled "Distribution Policy" in the annual information form of the REIT dated May 19, 2000, which is incorporated by reference into this prospectus.

For the year 2000, the REIT made monthly distributions of \$0.088 per Unit for each of January, February, March, April, May, June, July, August, September, October and November 2000 and of \$0.093 per Unit for the month of December 2000.

Proportional Distribution

Pursuant to the Underwriting Agreement, the REIT has agreed to make a distribution of \$0.044 per outstanding Unit to Unitholders of record on the close of business on February 14, 2001 for the period from February 1, 2001 up to and including February 14, 2001, being the period immediately preceding the expected date of closing of this offering, such distribution to be payable on March 15, 2001. Purchasers of Units offered hereby will not be entitled to participate in the aforesaid distribution. In addition, pursuant to the Underwriting Agreement, the REIT has also agreed to make a distribution of \$0.044 per outstanding Unit in respect of the period from

February 15, 2001 up to and including February 28, 2001, to Unitholders of record on February 28, 2001, such contribution to be payable on March 15, 2001. Purchasers of Units offered hereby holding Units on February 28, 2001 will be entitled to participate in such latter distribution.

Tax Deferral on 2001 Distributions

Management estimates that approximately 66% of the distributions to be made by the REIT to Unitholders in 2001 will be tax deferred by reason of the REIT's ability to claim capital cost allowance and certain other deductions.

PLAN OF DISTRIBUTION

Under an agreement (the "Underwriting Agreement") dated January 26, 2001 between the REIT and National Bank Financial Inc., TD Securities Inc., Desjardins Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc. and Scotia Capital Inc. (collectively, the "Underwriters") as underwriters, the REIT has agreed to sell and the Underwriters have agreed to purchase on February 15, 2001, or on such later date as the REIT and the Underwriters may agree, but in any event not later than February 28, 2001, 3,000,000 Units at a price of \$10.10 per Unit payable in cash to the REIT against delivery, for total gross proceeds to the REIT of \$30,300,000. The obligations of the Underwriters under the Underwriting Agreement may be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Units if any of the Units are purchased under the Underwriting Agreement. The obligations of the Underwriters to purchase the Units are joint and not solidary. The offering price of the Units has been determined by negotiation between the REIT and the Underwriters.

AM Total Investments has agreed to subscribe for 100,000 of the Units offered hereby at a price of \$10.10 per Unit, being the price at which the Units are offered to the public. The Underwriters will not be paid a fee in connection therewith. Under the Underwriting Agreement, the REIT has agreed to pay the Underwriters a fee of \$0.4545 per Unit, other than in respect of the 100,000 Units to be subscribed for by AM Total Investments.

Under the Underwriting Agreement, the REIT has also granted to the Underwriters an option (the "Over-Allotment Option") exercisable for a period of 30 days from the closing of this offering, to purchase an aggregate of up to 450,000 Units on the same terms as set forth above solely to cover over-allotments, if any, and effect market stabilization operations. The REIT has agreed to pay the Underwriters a fee of \$0.4545 per Unit in respect of Units purchased pursuant to the exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the total gross proceeds to the REIT will be \$34,845,000, the Underwriters' fee will be \$1,522,575 and the net proceeds to the REIT (before deducting the expenses of the issue) will be \$33,322,425. This prospectus qualifies the distribution of the Units issuable or sold upon the exercise of the Over-Allotment Option.

The Toronto Stock Exchange (the "TSE") has conditionally approved the listing of the Units subject to the REIT fulfilling all of the requirements of the TSE on or before May 3, 2001.

Under the Underwriting Agreement, the REIT has further agreed that, without the prior written consent of National Bank Financial Inc., in consultation with TD Securities Inc., for a period of 180 days following the Closing Date, it will not issue, sell or offer for sale, directly or indirectly, any Units or securities convertible into or exchangeable for Units other than pursuant to the exercise of options outstanding under the Unit Option Plan or any other similar plan of the REIT, Units issuable upon exercise of the Unitholders' Rights Plan, Units issuable in accordance with the REIT's distribution reinvestment plan and Units issuable upon exercise of the Over-Allotment Option.

Pursuant to policy statements of the Ontario Securities Commission and the Commission des valeurs mobilières du Québec, the Underwriters may not, throughout the period of distribution, bid for or purchase Units. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in

for the purpose of creating actual or apparent active trading in, or raising the price of the Units. These exceptions include (i) a bid or purchase permitted under the by-laws and rules of the Toronto Stock Exchange relating to market stabilization and passive market making activities, and (ii) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of such securities. Such transactions, if commenced, may be discontinued at any time.

The Units offered by this short form prospectus have not been and will not be registered under the United States *Securities Act of 1933*, as amended, or the securities laws of any state, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Accordingly, these securities may not be offered or sold within the United States of America and this short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States of America.

Each of National Bank Financial Inc. and Desjardins Securities Inc. are subsidiaries of financial institutions which are lenders to the REIT. As a result, under certain circumstances, the REIT may be considered to be a “connected issuer” of those Underwriters under applicable Canadian securities legislation. As at February 6, 2001, the actual indebtedness of the REIT to such financial institutions amounted to approximately \$52.2 million in the aggregate. In addition, the Canadian chartered bank which controls National Bank Financial Inc. is an indirect owner of Place Lévis, a property proposed to be acquired by the REIT. See “Recent Developments”. The decision of each Underwriter which is a subsidiary of an aforesaid financial institution to underwrite this offering was made independently of such lenders. In addition, the Underwriters having no “connected user” or “related issuer” relationship with the REIT, being TD Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc. and Scotia Capital Inc., took part in the due diligence process and the decision to proceed with this offering. None of the Underwriters will receive any benefit from this offering, other than its respective portion of the fee payable by the REIT. Such financial institutions will benefit from the offering in that the net proceeds therefrom will be used to reduce the approximately \$52.2 million of the REIT’s outstanding indebtedness to such financial institutions. See “Use of Proceeds”.

ELIGIBILITY FOR INVESTMENT

In the opinion of Davies Ward Phillips & Vineberg LLP, counsel to the REIT, and Desjardins Ducharme Stein Monast, a general partnership, counsel to the Underwriters, based on legislation in effect at the date hereof and subject to compliance with the prudent investment standards and general investment provisions and restrictions of the statutes referred to below (and, where applicable, the regulations thereunder) and, where applicable, subject to the satisfaction of additional requirements relating to investment policies, procedures and goals and the filing thereof, investment in the Units issued hereunder will not, at the date of issue, be precluded under the following statutes:

Insurance Companies Act (Canada);

Trust and Loan Companies Act (Canada);

Pension Benefits Standards Act, 1985 (Canada);

Pension Benefits Act (Ontario);

Supplemental Pension Plans Act (Québec) for a plan governed thereby;

An Act respecting insurance (Québec) for an insurer, as defined therein, constituted under the laws of the Province of Québec, other than a guarantee fund;

An Act respecting trust companies and savings companies (Québec) for a trust company, as defined therein, investing its own funds and deposits it receives and a savings company, as defined therein, investing its funds;

Financial Institutions Act (British Columbia);

The Pension Benefits Act, 1992 (Saskatchewan);

Pension Benefits Act (New Brunswick);

Loan and Trust Corporations Act (Alberta);
The Trustee Act (Manitoba);
The Insurance Act (Manitoba); and
The Pension Benefits Act (Manitoba).

It is the opinion of Davies Ward Phillips & Vineberg LLP, counsel to the REIT, and Desjardins Ducharme Stein Monast, a general partnership, counsel to the Underwriters, provided that the REIT qualifies at all times as a “mutual fund trust” for purposes of the Tax Act, the Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds and deferred profit sharing plans (collectively, “Plans”), subject to the specific provisions of any particular Plan. Plans will generally not be liable for tax in respect of any distributions received from the REIT or any capital gain arising on the disposition of Units.

Provided that the REIT meets the requirements to be and, at all times remains, a “registered investment” within the meaning of the Tax Act, Units of the REIT will not constitute foreign property for Plans, registered pension funds or plans or other persons subject to tax under Part XI of the Tax Act. The Contract of Trust provides that the REIT will not make any investment that would result in the REIT being liable under the Tax Act to pay a tax imposed as a result of holdings by the REIT in foreign property.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Davies Ward Phillips & Vineberg LLP, counsel to the REIT, and of Desjardins Ducharme Stein Monast, a general partnership, counsel to the Underwriters, the following summary fairly presents the principal Canadian federal income tax considerations generally applicable to prospective purchasers of Units pursuant to this short form prospectus who, for the purposes of the Tax Act, are resident in Canada, deal at arm’s length with the REIT and will hold their Units as capital property. Provided that a Unitholder does not hold Units in the course of carrying on a business or as an adventure in the nature of trade, Units will generally be considered to be capital property to such Unitholder.

This summary is of a general nature only and is based upon the facts set out in this prospectus, the current provisions of the Tax Act, the Regulations thereunder, counsel’s understanding of the current administrative practices published by the Canada Customs and Revenue Agency (which have been statutorily carried over from Revenue Canada) and the specific proposals to amend the Tax Act and Regulations thereunder (“Tax Proposals”) announced by the Minister of Finance (Canada) prior to the date hereof. This summary is not exhaustive of all possible Canadian federal income tax consequences and, except for the Tax Proposals, does not take into account or anticipate any changes in the law, whether by legislative, governmental or judicial action, nor does it take into account provincial or foreign tax considerations. With respect to opinions and views based on representations and statements as to matters of fact, counsel have assumed the accuracy of such representations and statements in giving such opinions and views.

THIS SUMMARY IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PROSPECTIVE UNITHOLDER. ACCORDINGLY, PROSPECTIVE UNITHOLDERS SHOULD CONSULT WITH THEIR TAX ADVISERS FOR ADVICE WITH RESPECT TO THE TAX CONSEQUENCES TO THEM HAVING REGARD TO THEIR OWN PARTICULAR CIRCUMSTANCES.

Qualification as a Mutual Fund Trust

Based upon the information provided to counsel, the REIT qualifies as a “unit trust” and a “mutual fund trust” under the provisions of the Tax Act. To qualify as a “mutual fund trust”, the REIT must be a “unit trust” and must, among other matters, restrict its undertaking to: (i) the investing of its funds in property (other than real property or an interest in real property); and (ii) the acquiring, holding, maintaining, improving, leasing or managing

of any real property (or interest in real property) that is capital property of the REIT; or (iii) any combination of the activities described in (i) and (ii) and must have at least 150 Unitholders holding not less than one block of Units (100 Units if the fair market value of a Unit is less than \$25) of the REIT which are qualified for distribution to the public and each of such Unitholders must hold Units which have an aggregate fair market value of not less than \$500.

It should be noted that although the REIT qualifies as a "mutual fund trust" under the provisions of the Tax Act, the REIT is not a "mutual fund" as defined by applicable securities legislation.

Taxation of the REIT

The REIT is generally subject to tax under the Tax Act in respect of its taxable income and net realized capital gains in each taxation year except to the extent such taxable income and net realized capital gains are paid or payable in such year to Unitholders and deducted by the REIT for tax purposes.

The Contract of Trust provides that as of the last Distribution Date for a taxation year, all the income (other than net taxable capital gains and net recapture income) of the REIT less distributions of the REIT's income for that year made by the REIT shall be paid to Unitholders and its net taxable capital gains and net recapture income shall be paid on the last Distribution Date in the taxation year. The Contract of Trust further provides that the REIT will deduct for tax purposes the maximum amount available to it as deductions unless the Trustees determine otherwise prior to the end of the relevant taxation year. Given that the foregoing amounts paid to Unitholders for the year can be deducted in computing the REIT's income, the REIT generally should not be subject to income tax on its income and its net taxable capital gains under Part I of the Tax Act in any year.

Losses incurred by the REIT, if any, cannot be allocated to Unitholders but may be deducted by the REIT in future years in accordance with the Tax Act.

Taxation of Unitholders

A Unitholder is required to include in computing income for tax purposes in each year the portion of the amount of net income and net taxable capital gains of the REIT, determined for the purposes of the Tax Act, paid or payable to such Unitholder in the year that the REIT deducts in computing its income for tax purposes.

The Contract of Trust provides that income and net taxable capital gains for purposes of the Tax Act will be allocated to Unitholders in the same proportion as distributions received by Unitholders, subject to the discretion of the Trustees to adopt an allocation method which the Trustees consider to be more reasonable in the circumstances.

The Contract of Trust generally requires the REIT to claim the maximum amount of capital cost allowance available to it in computing its income for tax purposes. Based on the distribution policy, the amount distributed to Unitholders in a year may exceed the income of the REIT for tax purposes for that year. Distributions in excess of the REIT's taxable income in a year will not be included in computing the income of the Unitholders from the REIT for tax purposes. However, a Unitholder is required to reduce the adjusted cost base to him of his Units by the portion of any amount paid or payable to him by the REIT (other than the non-taxable portion of certain capital gains) that was not included in computing his income and will realize a capital gain in the year to the extent the adjusted cost base of his Units would otherwise be a negative amount.

The REIT will designate to the extent permitted by the Tax Act the portion of the taxable income distributed to Unitholders as may reasonably be considered to consist of net taxable capital gains of the REIT. Any such designated amount will be deemed for tax purposes to be received by Unitholders in the year as a taxable capital gain.

Upon the disposition or deemed disposition by a Unitholder of a Unit, a capital gain (or a capital loss) will generally be realized to the extent that the proceeds of disposition of the Unit exceed (or are exceeded by) the

aggregate of the adjusted cost base to the Unitholder of the Unit immediately before the disposition and any costs of the disposition. The adjusted cost base to a Unitholder of a Unit will be determined by averaging the adjusted cost base of all Units owned by a Unitholder at a particular time.

Under the current provisions of the Tax Act, three-quarters of any capital gain (the “taxable capital gain”) is required to be included in the Unitholder’s income for the taxation year of disposition, and three-quarters of any capital loss (the “allowable capital loss”) may generally be deducted against the Unitholder’s “taxable capital gains” for the taxation year of disposition. On February 28, 2000, the Minister of Finance (Canada) announced a proposal to reduce the portion of capital gains included as “taxable capital gains” and capital losses included as “allowable capital losses” from three-quarters to two-thirds, effective for dispositions occurring after February 27, 2000. On October 18, 2000, the Minister of Finance (Canada) announced a proposal to further reduce the portion of capital gains included as “taxable capital gains” and capital losses included as “allowable capital losses” from two-thirds to one-half, effective for dispositions occurring after October 17, 2000.

In general terms, income of the REIT paid or payable or deemed paid or payable in the year to an individual Unitholder should not increase the Unitholder's liability under the Tax Act for minimum tax for that year. Net realized capital gains paid or payable to the Unitholder by the REIT or realized on a disposition of Units may increase his liability for such tax.

The REIT is of the view that, having regard to the remoteness of the possibility that a Flip-in Event under the Unitholders' Rights Plan will occur such that the Rights will ever become exercisable, the Rights will have no value at the time of their acquisition. If a holder of a Unit is considered to have acquired the Unit and the Right as two separate properties, the holder will be required to allocate the purchase price between the Unit and the Right attached thereto to determine their respective costs for purposes of the Tax Act. If a holder of a Unit is considered to have acquired the Unit and to have received the Right from the REIT as a benefit, the holder may be required to include in computing his income for the year of acquisition the value of the benefit received from the REIT in the year. On the assumption that the fair market value of a Right received on the acquisition of a Unit is of no value, it would be reasonable to allocate the full amount of the purchase price to the Unit and nothing to the Right and not to include any amount in computing his income for the year from the REIT in respect of the Right.

Although a holder of Rights may be required to recognize income if the Rights were to become exercisable or be exercised, the occurrence of such an event is considered by the REIT to be a remote possibility.

In the unlikely event that Rights are disposed of separately for proceeds of disposition greater than zero, a holder thereof may realize a capital gain.

RISK FACTORS

There are certain risks inherent in an investment in the Units and in the activities of the REIT, including the following, which investors should carefully consider before investing in the Units.

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 appraisal.

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. 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.

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 one geographical area.

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.

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 will 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.

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.

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. It is the REIT's operating policy to obtain a Phase I environmental assessment, conducted by an independent and experienced environmental consultant, prior to acquiring a property.

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 mortgages 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 will be such that most of its obligations will 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.

Dependence on Key Personnel

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

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.

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.

Status For Tax Purposes and Investment Eligibility

There can be no assurance that income tax laws and the treatment of mutual fund trusts will not be changed in a manner which adversely affects Unitholders. Although the REIT intends to qualify as a "mutual fund trust" under the Tax Act, if the REIT fails or ceases to so qualify, the Units will not be qualified investments or will cease to be qualified investments for registered retirement savings plans, deferred profit sharing plans and registered retirement income funds. In addition, the REIT will then be required to pay a tax under Part XII.2 of the Tax Act. The payment of Part XII.2 tax by the REIT may have adverse income tax consequences for certain Unitholders including non-resident persons and registered retirement savings plans, registered retirement income tax funds and deferred profit sharing plans that acquired an interest in the REIT directly or indirectly from another Unitholder. If the REIT fails or ceases to qualify as a "mutual trust fund" and a "registered investment" under the Tax Act, the Units will not be or will cease to be qualified investments for registered retirement savings plans, deferred profit sharing plans and registered retirement income funds. The REIT will endeavour to ensure that the Units constitute and continue to be qualified investments for registered retirement savings plans, deferred profit sharing plans and registered retirement income funds. The Tax Act imposes penalties 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.

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, including under the Unit Option Plan. Additional Units may also be issued pursuant to the REIT's distribution reinvestment plan or the Unitholders' Rights Plan. Any issuance of Units may have a dilutive effect on the purchasers of Units offered hereby.

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Units offered hereby will be passed upon on behalf of the REIT by Davies Ward Phillips & Vineberg LLP, and on behalf of the Underwriters by Desjardins Ducharme Stein Monast, a general partnership. As at February 6, 2001 partners and associates of Davies Ward Phillips & Vineberg LLP, as a group, and partners and associates of Desjardins Ducharme Stein Monast, a general partnership, as a group, each owned, beneficially or of record, less than 1% of the outstanding Units.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the REIT are PricewaterhouseCoopers LLP. The registrar and transfer agent for the Units is General Trust of Canada, at its principal offices in Montreal and Toronto.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. The right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF THE REIT

Dated: February 7, 2001

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. For the purpose of the Province of Québec, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

COMINAR REAL ESTATE INVESTMENT TRUST

(Signed) Jules Dallaire

President and Chief Executive Officer

(Signed) Michel Berthelot

Executive Vice-President and Chief Financial Officer

On behalf of the Trustees

(Signed) Yvan Caron

Trustee

(Signed) Pierre Gingras

Trustee

CERTIFICATE OF THE UNDERWRITERS

Dated: February 7, 2001

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. For the purpose of the Province of Québec, to our knowledge, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

NATIONAL BANK FINANCIAL INC.

By: (Signed) Craig J. Shannon

TD SECURITIES INC.

By: (Signed) Paul C. Douglas

DESJARDINS SECURITIES INC.

By: (Signed) Louis Wermenlinger

BMO NESBITT BURNS INC.

By: (Signed) Line Rivard

CIBC WORLD MARKETS INC.

By: (Signed) David Robins

SCOTIA CAPITAL INC.

By: (Signed) Daniel F. Sullivan

The following includes the name of every person or company having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of:

NATIONAL BANK FINANCIAL INC.: an indirect wholly-owned subsidiary of a Canadian chartered bank;

TD SECURITIES INC.: a wholly-owned subsidiary of a Canadian chartered bank;

DESJARDINS SECURITIES INC.: a wholly-owned subsidiary of Desjardins-Laurentian Financial Corporation, a majority-owned subsidiary of a Québec financial institution;

BMO NESBITT BURNS INC.: a wholly-owned subsidiary of BMO Nesbitt Burns Corporation Limited, an indirect majority-owned subsidiary of a Canadian chartered bank;

CIBC WORLD MARKETS INC.: a wholly-owned subsidiary of a Canadian chartered bank; and

SCOTIA CAPITAL INC.: a wholly-owned subsidiary of a Canadian chartered bank.