

## SHORT FORM PROSPECTUS DATED JULY 10, 2000

*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 commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. The securities offered under this short form prospectus have not been registered under the United States Securities Act of 1933, as amended, and except pursuant to an exemption from registration, may not be offered or sold within the United States or to U.S. Persons.*

*Information has been incorporated by reference in this short form 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 Chief Financial Officer of Cominar Real Estate Investment Trust, 455, rue Marais, Ville De Vanier, Québec, J1M 3A2 (Telephone: (418) 681-8151) or by accessing the disclosure documents available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com). 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 permanent information record may be obtained from the Chief Financial Officer of Cominar Real Estate Investment Trust at the above mentioned address and telephone number.*

### New Issue



## COMINAR REAL ESTATE INVESTMENT TRUST

**\$20,425,000**

**2,150,000 Units**

This prospectus relates to the distribution of 2,150,000 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 July 10, 2000, the closing price of the Units on the TSE was \$9.75.

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 approximately 100,000 of the Units offered hereby, 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".

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### PRICE: \$ 9.50 Per Unit

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	<u>Price</u>	<u>Underwriters Fees</u>	<u>Net proceeds to the REIT(1)(2)</u>
Per Unit:			
- to the public	\$9.50	\$0.475	\$9.025
- to AM Total Investments	\$9.50	—	\$9.50
Total Offering	\$20,425,000	\$973,750	\$19,451,250

(1) Before deducting expenses of this offering estimated to be \$200,000.

(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 322,500 Units on the same terms as set forth above solely to cover over allotments, if any. If the Over-Allotment Option is exercised in full, the total offering will be \$23,488,750, the total Underwriters' fee will be \$1,126,937.50 and the total net proceeds to the REIT will \$22,361,812.50. This prospectus also qualifies the distribution of the Over-Allotment Option to the Underwriters and the Units issuable on the exercise of the Over-Allotment Option. See "Plan of Distribution".

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 Goodman Phillips & Vineberg, Montréal, a general partnership, 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 July 18, 2000, but in any event no later than August 3, 2000.

**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 of July 7, 2000, the actual indebtedness of the REIT to such financial institutions amounted to approximately \$40.5 million in the aggregate. See "Plan of Distribution".**

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## DOCUMENTS INCORPORATED BY REFERENCE

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 into and form an integral part of this short form prospectus:

1. the annual information form of the REIT dated May 19, 2000;
2. 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";
3. 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;
4. 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
5. the unaudited interim consolidated financial statements of the REIT for the three months ended March 31, 2000.

Any documents of the type referred to in the preceding paragraph 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.

" **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 TD Securities Inc., National Bank Financial Inc., Desjardins Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc. and Dlouhy Investments Inc.

" **Underwriting Agreement** " means the agreement dated July 10, 2000 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 Montréal 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 70 office, retail, industrial and mixed-use properties, of which 64 are in the Greater Québec City area, with six industrial properties being in the Greater Montréal area. The portfolio comprises approximately 1.1 million square

feet of office space, 1.1 million square feet of retail space and 2.4 million square feet of industrial and mixed-use space, representing, in aggregate, approximately 4.6 million square feet of leasable area. As at May 31, 2000, the REIT's portfolio was approximately 94.6 % 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, and in the case of the Greater Montréal area properties, are mostly situated in close proximity to the Montréal International Airport – Dorval.

In expanding into the Montréal 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. The REIT's initial plan is to focus on industrial and mixed-use properties that are in close proximity to one another, all in keeping with the REIT's strategic objectives. This local concentration on industrial and mixed-use properties allows 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 aggregate, approximately 3.1 million square feet of leasable area. Without accounting for any additional 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 6,532,520 Units (representing approximately 45.1% of the number of Units outstanding) which includes all of the Units acquired by the Dallaire Family upon 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 85 full-time employees. The head office of the REIT is located at 455, rue Marais, Ville de Vanier, Québec, J1M 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 100% undivided interest in a 91,200 square foot industrial property located at 1670, rue Semple in Québec City, Québec, for a total consideration of approximately \$2 million, paid in cash. This property is currently being refurbished for an additional \$500,000, bringing the approximate aggregate cost to \$2.5 million, and it is expected that, upon substantial lease-up at the end of September 2000, the property will have a Capitalization Rate of approximately 11%.
2. On May 5, 2000, the REIT completed the acquisition of a 100% undivided interest in a 9,425 square foot industrial property located at 1540, rue Jean-Talon nord in Sainte-Foy, Québec, for a total consideration of approximately \$970,000, paid in cash. The Capitalization Rate for the property was 9.9%.
3. On May 5, 2000, the REIT completed the acquisition of a 100% undivided interest in a 122,600 square foot industrial property located at 9100, boulevard du Parcours in Anjou, Québec, for a total consideration of approximately \$6.5 million, paid in cash. The Capitalization Rate for the property was 10.8%.
4. On May 10, 2000, the REIT released its results for the three months ended March 31, 2000. These results included the REIT's comparative quarterly results, showing an increase of 12.7% in Distributable Income 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 100% undivided interest in a 44,869 square foot industrial property located at 450, St-Jean-Baptiste, in Québec City, Québec, for a total consideration of approximately \$1.75 million, paid in cash. The Capitalization Rate for the property was 11.2%.

6. On June 22, 2000, the REIT completed the acquisition of a 100% undivided interest in a 77,859 square foot industrial property located at 2500, Jean-Perrin, in Québec City, Québec for a total consideration of approximately \$2.53 million, paid in cash. The Capitalization Rate for the property was 10.3%.

7. On July 10, 2000, the REIT entered into an agreement with the Underwriters to the effect that it will make a distribution of \$0.051 per outstanding Unit to Unitholders of record on July 18, 2000 for the period from July 1, 2000 up to and including July 18, 2000, the expected date of closing of this offering, such distribution to be payable on August 15, 2000. See "Distribution Policy – Proportional Distribution".

### **Description of Properties**

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

#### **1670, rue Semple, Québec City**

A 91,200 square foot industrial and mixed-use property situated on 271,354 square feet of land (6.2 acres) in a major industrial area adjacent to a concentration of existing 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 currently being refurbished, and has 225 parking spaces. It is expected that the building will be substantially leased-up (approximately 83%) by the end of September 2000. The property was appraised by Dorion, Noël et Hallissey inc. at \$3,070,000 as of December 16, 1999.

<b>Tenant</b>	<b>Leasable Area (Square Feet )</b>	<b>Expiration Date</b>	<b>% of Leasable Area</b>
BJP Gaz & Diesel inc.	6,000	September 2001	6.6%

#### **1540, rue Jean-Talon Nord, Sainte-Foy**

A 9,425 square foot industrial property in the Greater Québec City area in a major industrial park situated on 100,003 square feet of land (2.3 acres) adjacent to a concentration of existing 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.

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

#### **9100, boul. du Parcours, Anjou**

A 122,600 square foot industrial and mixed-use property situated on 351,633 square feet of land (8.1 acres) located in a major industrial area. This location is in reasonable proximity to Highway 40, Montréal's principal east-west artery with easy access to Montréal International Airport-Dorval. 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.

<b>Tenant</b>	<b>Leasable Area (Square Feet )</b>	<b>Expiration Date</b>	<b>% of Leasable Area</b>
Ventrol Air Handling Systems	122,600	April 2015	100%

#### **450, St-Jean-Baptiste, Québec City**

A 44,869 square foot industrial and mixed-use property situated on 111,035 square feet of land (2.5 acres) located in a major industrial park adjacent to a concentration 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 74.6% 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.

<b>Tenants</b>	<b>Leasable Area (Square Feet )</b>	<b>Expiration Date</b>	<b>% of Leasable Area</b>
Banque Nationale du Canada	22,000	August 2010	49.0%
Gecko Électronique Inc.	11,484	July 2002	25.6%

#### **2500, Jean-Perrin, Québec City**

A 77,859 square foot industrial and mixed-use property situated on 155,666 square feet of land (3.6 acres) located in a major industrial area. This location is 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 71.8% leased to twenty-one 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.

<b>Tenants</b>	<b>Leasable Area (Square Feet )</b>	<b>Expiration Date</b>	<b>% of Leasable Area</b>
Familiprix Inc.	12,288	June 2001	16.19%
Patterson Dentaire Canada	6,540	November 2004	8.62%
Glenayre Communications	4,654	May 2003	6.14%
G. Gagné Transport Inc.	4,120	February 2001	5.43%
Proludik Inc.	3,384	April 2001	4.46%
La Clé de Sol	3,000	July 2000	3.95%
Mobilair	2,917	May 2003	3.85%
J.-C. Johnson et D. Johnson	2,347	March 2002	3.09%
Les Formules d'Affaires	2,040	May 2004	2.69%
L.V.E.B. Inc.	1,908	March 2003	2.52%

### **USE OF PROCEEDS**

The estimated net proceeds to be received by the REIT from this offering will amount to approximately \$19,251,250 (\$22,161,812.50 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 approximately \$19,251,250 of the \$33.2 million currently outstanding under the REIT's revolving credit facilities, which indebtedness was incurred primarily to fund property acquisitions.

## **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. There are currently 14,501,655 Units outstanding. Upon the closing of this offering (without giving effect to the exercise of the Over-Allotment Option), there will be 16,651,655 Units outstanding. A further 1,450,000 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 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 CAPITALIZATION**

The only changes in the capitalization of the REIT which occurred subsequent to the fiscal year ended December 31, 1999 resulted from the issuance of 1,257 Units pursuant to the distribution reinvestment plan of the REIT.

To date, the REIT has made monthly distributions of \$0.088 per Unit for each of January, February, March, April and May 2000.

### **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.

### **Proportional Distribution**

On July 10, 2000, the REIT entered into an agreement with the Underwriters to the effect that it will make a distribution of \$0.051 per outstanding Unit to Unitholders of record on July 18, 2000 for the period from July 1, 2000 up to and including July 18, 2000, the expected date of closing of this offering, such distribution to be payable on August 15, 2000. Purchasers of Units offered hereby will not be entitled to participate in that distribution. A distribution of \$0.037 per outstanding Unit in respect of the period from July 19, 2000 up to and including July 31, 2000, will be made to Unitholders of record on July 31, 2000. Purchasers of Units offered hereby holding Units on July 31, 2000 will be entitled to participate in such latter distribution.

### **Tax Deferral on 2000 and 2001 Distributions**

Management estimates that approximately 68% of the distributions to be made by the REIT to Unitholders in 2000, and 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**

Pursuant to the Underwriting Agreement, the REIT has agreed to sell and the Underwriters have agreed to purchase on or about July 18, 2000, but in any event not later than August 3, 2000, the 2,150,000 Units offered

hereby at a price of \$9.50 per Unit for a total consideration of \$20,425,000 payable in cash against delivery of certificates representing 2,150,000 Units. AM Total Investments has agreed to subscribe for approximately 100,000 of the Units offered hereby at a price of \$9.50 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. The Underwriting Agreement provides for the REIT to pay the Underwriters a fee of \$0.475 per Unit, other than in respect of the approximately 100,000 Units to be subscribed for by AM Total Investments.

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 322,500 Units on the same terms as set forth above solely to cover over-allotments, if any. The REIT has agreed to pay the Underwriters a fee of \$0.475 per Unit in respect of Units purchased pursuant to the exercise of the Over-Allotment Option. This prospectus qualifies the distribution of the Over-Allotment Option and the Units issuable upon the exercise of the Over-Allotment Option.

Without the prior written consent of the TD Securities Inc. and National Bank Financial Inc., the REIT has agreed, for a period of 180 days following the closing of the present offering, not to 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, 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 such Units, including: (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.

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 (the "U.S. Securities Act"). The Underwriting Agreement, however, permits the Underwriters to reoffer and resell Units purchased by them pursuant to the U.S. Securities Act to certain qualified institutional buyers in the United States, provided that such reoffers and resales are made only in accordance with Rule 144A under the United States federal securities laws (which Rule provides an exemption from registration under such laws in connection with such reoffers and resales). The Underwriting Agreement provides further that the Underwriters will not take any actions that would make the safe harbour provided under Regulation S of the United States federal securities laws unavailable in connection with the offering and sale of the Units; such Regulation provides an exemption from registration under such laws in connection with the initial offer and sales of such Units. The units will be restricted securities within the meaning of Rule 144(a)(3) of the U.S. Securities Act.

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 of July 7, 2000, the actual indebtedness of the REIT to such financial institutions amounted to approximately \$40.5 million in the aggregate. The decision of each Underwriter which is a subsidiary of a 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 Dlouhy Investments 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 \$40.5million of the REIT's outstanding indebtedness to such financial institutions. See "Use of Proceeds".

### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Goodman Phillips & Vineberg, Montréal, a general partnership, 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 Goodman Phillips & Vineberg, Montréal, a general partnership, 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 Goodman Phillips & Vineberg, Montréal, a general partnership, 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 a 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.

The portion of capital gains to be included in computing a Unitholder's income ("taxable capital gains"), whether realized through the REIT or on a disposition of Units, and the portion of capital losses deductible from taxable capital gains ("allowable capital losses") is 66⅔%. (Under the February 28, 2000 federal budget it is proposed that the inclusion and deduction rate for capital gains and capital losses, respectively, be reduced from three-quarters to two-thirds for capital gains and capital losses realized after February 27, 2000 subject to transitional rules for dispositions that occur during a taxation year which includes February 27 and February 28, 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.

### **Eligibility of Units**

Provided that the REIT qualifies at all times as a "mutual fund trust" for purposes of the Tax Act (see "Qualification as a Mutual Fund Trust"), the Units will be qualified investments for a trust governed by a registered retirement savings plan, a registered retirement income fund or a deferred profit sharing plan (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 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.

## **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 Goodman Phillips & Vineberg, Montréal, a general partnership, and on behalf of the Underwriters by Desjardins Ducharme Stein Monast, a general partnership. As at July 7, 2000 partners and associates of Goodman Phillips & Vineberg, Montréal, a general partnership, 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 Montréal and Toronto.

## **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in several of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities within two (2) business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such 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: July 10, 2000

The foregoing, 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 Part 7 of the *Securities Act* (British Columbia), by Part 8 of the *Securities Act* (Alberta), by Part XI of *The Securities Act, 1988* (Saskatchewan), by Part VII of the *Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by the *Securities Act* (Nova Scotia), by Section 13 of the *Security Frauds Prevention Act* (New Brunswick), by Part II of the *Securities Act* (Prince Edward Island) and by Part XIV of *The Securities Act* (Newfoundland) and the respective regulations thereunder. This prospectus, as supplemented by the permanent information record, as required by the *Securities Act* (Québec) and the regulations thereunder, does not contain any 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: July 10, 2000

To the best of our knowledge, information and belief, the foregoing, 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 Part 7 of the *Securities Act* (British Columbia), by Part 8 of the *Securities Act* (Alberta), by Part XI of *The Securities Act, 1988* (Saskatchewan), by Part 7 of the *Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by the *Securities Act* (Nova Scotia), by Section XIII of the *Security Frauds Prevention Act* (New Brunswick), by Part II of the *Securities Act* (Prince Edward Island) and by Part XIV of *The Securities Act* (Newfoundland) and the respective regulations thereunder. To the best of our knowledge, this prospectus, as supplemented by the permanent information record, as required by the *Securities Act* (Québec) and the regulations thereunder, does not contain any misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

TD SECURITIES INC.

By: (signed) Allan D. Strathdee

NATIONAL BANK FINANCIAL INC.

By: (signed) Craig J. Shannon

DESJARDINS SECURITIES INC.

By: (signed) Éric Désormeaux

BMO NESBITT BURNS INC.

By: (signed) Darryl Squires

CIBC WORLD MARKETS INC.

By: (signed) David Robins

DLOUHY INVESTMENTS INC.

By: (signed) Peter Dlouhy

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:

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

NATIONAL BANK FINANCIAL INC.: an indirect 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 Quebec 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

DLOUHY INVESTMENTS INC.: Dominik Dlouhy.