



Real Estate Investment Trust



Quarterly Report
June 30, 2000



COMINAR REAL ESTATE INVESTMENT TRUST

Message to Unitholders

On behalf of the trustees, management and employees of Cominar Real Investment Trust (REIT), we are pleased to present the REIT's financial results for the second quarter and the six-month period ended June 30, 2000.

We are proud to announce that the REIT continued to grow for a seventh consecutive quarter, with results up significantly over the corresponding quarter and the first half of the previous fiscal year.

This growth can be attributed to our dynamic internal teams of rental consultants, skillful management of our real estate portfolio and our top-quality service which is of utmost and continued importance to us. To these strengths, we add an expansion strategy based on in-depth market knowledge and, consistent with our performance objectives, on criteria of quality and strategic location when purchasing properties, not to mention their potential for improvement. Our goal is to achieve a solid return over the medium and long term.

It should also be pointed out that buoyant economic conditions prevailed during the first half of the year, which benefited our property rental and improvement activities, especially for our latest acquisitions in 1999-2000. We had a building occupancy rate of 94.4% as at June 30, 2000.

Our operating revenues for the second quarter amounted to \$13.4 million, compared with \$12.0 million for the corresponding quarter of the previous fiscal year, an increase of 12.1%. Net operating income rose 17.7% to \$8.0 million, up from \$6.8 million for the second quarter of 1999. Distributable income amounted to \$4.4 million, up 21.8% over \$3.6 million for the same period last year.

These results contributed to an excellent first half of which operating revenues were of \$26.5 million, up 11.4% over the first six months of the previous fiscal year. Net operating income rose from \$13.3 million to \$15.2 million, an increase of 13.6%. Distributable income amounted to \$8.2 million, up 17.4% over \$7.0 million for the first six months of the previous fiscal year.

Our financial position remains good. In April 2000, we converted \$11.8 million in short-term loans into long-term loans bearing interest at 7.97%, maturing in 2005 and secured by income properties.

Our indebtedness was equivalent to 53.4% of the gross book value as at June 30, 2000. In accordance with conservative debt management, we opted for a second public offering in early July 2000. This financing provided us with net proceeds of \$22.0 million and lowered the REIT's indebtedness to a very reasonable 46.3%.

During the second quarter, in May 2000, we further expanded our real estate portfolio with the acquisition of two industrial and mixed-use properties in the Montreal and Quebec City regions. Purchased at capitalization rates varying from 9.90% to 11.2%, the properties added a total of 254,753 square feet to Cominar's portfolio and represented an investment of approximately \$11.8 million.

These acquisitions, which are fully consistent with our criteria, will enable us to generate substantial increases in value over the medium term while contributing to the enhancement of our distributions to unitholders. The four properties are in excellent condition, are all located near major highways and provide tenants with plenty of parking space.

With these latest acquisitions, Cominar's real estate portfolio now covers an area of 4,571,000 square feet, including 4,114,000 square feet in the Greater Quebec City area. We will continue to expand our portfolio in the Montreal and Quebec City regions based on the best opportunities.

The net book value of income properties amounted to \$293.7 million as at June 30, 2000, up 10.9% over June 30, 1999.

The results posted since the REIT's inception attest to the soundness of our growth strategy. Our constant focus in managing the real estate portfolio is to maximize its return. Combined with the favourable economy, this strategy will continue to fuel long-term, sustainable growth.



Jules Dallaire
Chairman of the Board and Chief Executive Officer
August 2000

COMINAR REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF INCOME AND DISTRIBUTABLE INCOME

Period ended June 30 (Unaudited, in thousands of dollars except per unit amounts)	Trimestrial		Cumulative	
	2000 \$	1999 \$	2000 \$	1999 \$
Operating revenues				
Rentals from income properties	13,445	11,989	26,534	23,815
Operating expenses				
Property operating costs	3,106	2,817	6,453	5,880
Realty taxes and services	2,249	2,167	4,598	4,162
Property management expenses	118	230	326	427
	5,473	5,214	11,377	10,469
Net Operating Income	7,972	6,775	15,157	13,346
Interest on hypothecs and bank indebtedness	2,793	2,208	5,521	4,573
Depreciation of income properties	554	478	1,101	967
Amortization of deferred expenses and other assets	365	265	722	399
	3,712	2,951	7,344	5,939
Operating income from real estate assets	4,260	3,824	7,813	7,407
Trust expenses	301	325	603	619
	3,959	3,499	7,210	6,788
Other (revenues) expenses				
Loan interest	79	240	84	659
Instalment receipt interest income (note 3)	-	(200)	-	(565)
Other income	(9)	89	(20)	71
	70	129	64	165
Net income	3,889	3,370	7,146	6,623
Add (deduct)				
Depreciation of income properties	554	478	1,101	967
Instalment receipt interest income (note 3)	-	(200)	-	(565)
Distributable income	4,443	3,648	8,247	7,025
Net income per unit	.268	.233	.493	.457
Distributable income per unit	.306	.252	.569	.484

COMINAR REAL ESTATE INVESTMENT TRUST

CONSOLIDATED BALANCE SHEET

As at June 30
(Unaudited, in thousands of dollars)

	2000	1999
	\$	\$
Assets		
Income properties	293,710	264,810
Income property under development	4,043	-
Hypothec receivable	-	2,548
Deferred expenses and others assets	8,266	3,809
Prepaid expenses	2,441	988
Accounts receivable	2,348	1,360
	310,808	273,515

Liabilities and Unitholders' Equity

Liabilities

Hypothec payable (note 4)	135,069	116,527
Bank indebtedness	33,263	15,730
Accounts payable and accrued liabilities	5,636	3,788
Distributions payable to Unitholders	1,276	1,204
	175,244	137,249

Unitholder's Equity

	135,564	136,266
	310,808	273,515

COMINAR REAL ESTATE INVESTMENT TRUST

STATEMENT OF UNITHOLDERS' EQUITY

	Triestrial		Cumulative	
Period ended June 30 (Unaudited, in thousands of dollars)	2000	1999	2000	1999
	\$	\$	\$	\$
Unitholders' equity, beginning of period	135,498	136,507	136,060	136,734
Issuance of units	7	-	15	-
Net income for the period	3,889	3,370	7,146	6,623
Distributions to Unitholders	(3,830)	(3,611)	(7,657)	(7,091)
	135,564	136,266	135,564	136,266
Unitholders' equity, end of period	135,564	136,266	135,564	136,266

COMINAR REAL ESTATE INVESTMENT TRUST

CONSOLIDATED CASH FLOW STATEMENT

Period ended June 30 (Unaudited, in thousands of dollars)	Trimestrial		Cumulative	
	2000	1999	2000	1999
	\$	\$	\$	\$
Cash flow from operating activities				
Net income for the period	3,889	3,370	7,146	6,623
Adjustments :				
Depreciation of income properties	554	478	1,101	967
Depreciation of deferred expenses and other assets	365	265	722	399
Instalment receipt interest income	-	(200)	-	(565)
	4,808	3,913	8,969	7,424
Change in non-cash working capital				
Change in accounts receivable	(425)	(13)	(310)	(519)
Change in prepaid expenses	73	813	(1,887)	(57)
Change in accounts payable and accrued liabilities	1,621	39	1,552	668
	1,269	839	(645)	92
	6,077	4,752	8,324	7,516
Cash flow from financing activities				
Hypothecs	11,830	-	11,830	-
Hypothecs principal repayments	(1,462)	(1,672)	(2,906)	(2,930)
Loan payable	(391)	1,526	5,272	3,551
Distributions to Unitholders	(3,823)	(3,566)	(6,366)	(5,886)
	6,154	(3,712)	7,830	(5,265)
Cash flow from investing activities				
Proceeds from hypothec loan	-	14	-	29
Acquisitions of income properties	(9,712)	(394)	(9,913)	(397)
Acquisition of an income property under development	(2,007)	-	(4,043)	-
Deferred expenses and other assets	(512)	(660)	(2,198)	(1,883)
Other assets	(12,231)	(1,040)	(16,154)	(2,251)
Net change in cash	-	-	-	-
Cash beginning of period	-	-	-	-
Cash end of period	-	-	-	-
Note : Interests paid	2,793	2,208	5,521	4,573

COMINAR REAL ESTATE INVESTMENT TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

Period of three months ended June 30, 2000

1. Organization of the Trust

Cominar Real Estate Investment Trust ("Cominar") is an unincorporated closed-end real estate investment trust created for the benefit of the Unitholders. The Trust operations began on May 21, 1998 with the acquisition of an initial portfolio of properties.

2. Summary of significant accounting policies

a) Consolidation

The consolidated financial statements include the accounts of Cominar and its wholly-owned subsidiary, Les Services Administratifs Cominar Inc.

b) Income properties

Income properties are stated at the lower of cost less accumulated depreciation and net recoverable amount. Cost includes all amounts related to the acquisition and improvement of the properties.

Depreciation of buildings is recorded on the 5% sinking fund basis to fully amortize the cost of buildings over 40 years. Depreciation of tenant improvements is recorded on a straight-line basis over the terms of the related leases.

c) Income property under development

The income property under development is stated at cost and is not amortized. Cost includes all amounts related to the acquisition and improvement of the property.

d) Deferred expenses and other assets

Deferred expenses and other assets mainly include tenant improvements and leasing expenses, including tenant inducements and commissions. These expenses are deferred and amortized on the straight-line basis over the terms of the related leases. Hypothecs financing expenses are deferred and amortized on the straight-line basis over the terms of the related hypothecs.

3. Instalment Receipts receivable

Under the terms of the public distribution of Receipt Units, an amount of \$4 per unit, totalling \$33,200,000 was fully paid on May 21, 1999. The receivable was non-interest bearing and was secured by the Trust's entitlements under the Final Instalments and the pledge of the Receipt Units sold. Accordingly, the receivable has been discounted for the imputed interest of \$1,460,000.

4. Hypothecs payable

Hypothecs payable are secured by the income properties, bear interest at a weighted average annual rate of 7.32% and are renewable between December 2000 and September 2007.

5. Segment disclosures

The Cominar's activities include three property types. The accounting policies followed by each property type are the same than those disclosed in the summary of accounting policies.

	Office properties \$	Retail properties \$	Industrial and mixed use properties \$	Total \$
Rentals from income properties	9,071	9,489	7,974	26,534
Interest on hypothecs and bank indebtedness	2,215	2,040	1,266	5,521
Depreciation of income properties	390	452	259	1,101
Operating income from real estate assets	2,541	2,482	2,790	7,813
Income properties	96,829	117,583	79,298	293,710

6. Subsequents events

On July 18, 2000, Cominar Real Estate Investment Trust closed a public offering by issuing 2,150,00 units at a price of \$9.50 per unit. On August 18, 2000, the syndicate of underwriters exercised its over-allotment option to purchase 322,500 units at \$9.50 per unit.

The net proceeds of the public offering are estimated at \$22.2 million.

7. Comparatives figures

Certain of the June 30, 1999 comparative figures have been reclassified to conform with the new presentation adopted at the end of 1999.

COMINAR REAL ESTATE INVESTMENT TRUST

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Unit Listing

The Montreal Exchange
The Toronto Stock Exchange

Stock Trading Symbol

CUF.UN



COMINAR