



Real Estate Investment Trust



Quarterly Report
September 30, 2000



COMINAR REAL ESTATE INVESTMENT TRUST

Message to Unitholders

On behalf of the trustees, management and employees of Cominar Real Investment Trust, we are pleased to present the REIT's financial results for the three-month period ended September 30, 2000. We are proud to point out that the last quarter was marked by strong growth and a successful second public offering.

Upon the inception of the Cominar REIT, we made a commitment to enhance the value of our unitholders' investment through proactive management of the real estate portfolio and the acquisition of high-quality income properties. We have met this commitment with the cooperation and enthusiasm of our entire team, fuelled by a favourable economy, as attested to by results for the first nine months of the fiscal year.

Excellent growth in third quarter

Results for the third quarter show distributable income of \$4.8 million, up nearly 10% over the corresponding quarter of the previous fiscal year. Net operating income rose 11.4% to \$8.1 million, compared with \$7.2 million for the third quarter of fiscal 1999. Operating revenues grew by 13.3% to total \$13.7 million, up from \$12.1 million for the comparable period of the previous fiscal year.

During the third quarter, we issued 2,472,500 units at a price of \$9.50 per unit, for net proceeds of \$22.1 million. Subsequent to the issue, our acquisition capacity exceeded \$100 million. The financial community gave this second public offering a favourable reception, and the price per unit has remained since at a higher rate.

We used the offering proceeds to repay the bank loans contracted for various acquisitions. As a result, our indebtedness was 47.1% as at September 30, 2000, compared with 53.4% prior to the issue.

Results for the first nine months of the fiscal year also show very satisfactory growth. Distributable income amounted to \$13.1 million and net operating income to \$23.2 million, reflecting increases of \$1.7 million or 14.5% and \$2.6 million or 12.8% respectively over the corresponding period of the previous fiscal year. Operating revenues totalled \$40.2 million, compared with \$35.9 million as at September 30, 1999, an increase of 12.1% or \$4.3 million. Distributions to unitholders amounted to \$12.0 million for the first nine months of

the fiscal year, up from \$10.8 million for the corresponding period of 1999.

Continuous expansion of the real estate portfolio

We have identified several opportunities to expand and enhance the value of our portfolio in recent months. In the Greater Quebec City area, we have launched the construction work on a 40,000-square-foot industrial and mixed-use property at a cost of \$2 million on De la Capitale Boulevard. Situated between two properties already owned by Cominar, this building enjoys an enviable geographical location. With the two others, it is part of the Metrobec Centre which will cover a total leasable area of 250,000 square feet. We expect it to be ready for occupancy in March 2001. This new building's capitalization rate is expected to reach 11% once it is fully developed.

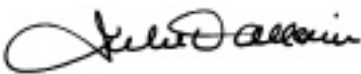
In addition, we plan to carry out a 65,000-square-foot expansion at the Carrefour Charlesbourg shopping centre in Quebec City. Undertaken at a cost of \$5.5 million for expansion purposes to relocate an existing tenant who needs more space, these modifications will increase the property's value as well.

Finally, we have purchase offers that have been accepted for six properties, five in the Greater Montreal region and one in Quebec City. Together they represent a total leasable area of some 740,000 square feet, not including the 160,000-square-foot developments to be carried out on one of the buildings.

The net value of income properties, being the amortized value of the underlying assets, totalled \$295.4 million as at September 30, 2000, up 9.8% over September 30, 1999.

The Cominar REIT's portfolio of properties now consists of 13 retail buildings, nine office buildings, and 49 industrial and mixed-use buildings, covering a total of 4.61 million square feet.

We remain committed to make every effort to maximize our unitholders' investment in the short, medium and long terms. We are confident that we will bring the year to a strong close, with excellent growth over the previous fiscal year.



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

COMINAR REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF INCOME AND DISTRIBUTABLE INCOME

Period ended September 30 (Unaudited, in thousands of dollars except per unit amounts)	Trimestrial		Cumulative	
	2000 \$	1999 \$	2000 \$	1999 \$
Operating revenues				
Rentals from income properties	13,677	12,071	40,212	35,886
Operating expenses				
Property operating costs	2,996	2,582	9,449	8,462
Realty taxes and services	2,394	2,058	6,992	6,220
Property management expenses	222	189	549	616
	5,612	4,829	16,990	15,298
Net Operating Income	8,065	7,242	23,222	20,588
Interest on hypothecs and bank indebtedness	2,587	2,478	8,108	7,051
Depreciation of income properties	563	506	1,665	1,473
Amortization of deferred expenses and other assets	394	183	1,115	582
	3,544	3,167	10,888	9,106
Operating income from real estate assets	4,521	4,075	12,334	11,482
Trust expenses	214	244	817	863
	4,307	3,831	11,517	10,619
Other (revenues) expenses				
Loan interest	50	-	135	659
Instalment receipt interest income (note 3)	-	-	-	(565)
Other income	-	(49)	(21)	22
	50	(49)	114	116
Net income	4,257	3,880	11,403	10,503
Add (deduct)				
Depreciation of income properties	563	506	1,665	1,473
Instalment receipt interest income (note 3)	-	-	-	(565)
Distributable income	4,820	4,386	13,068	11,411
Net income per unit (note 6)	0.259	0.267	0.754	0.724
Distributable income per unit (note 6)	0.294	0.302	0.864	0.787

COMINAR REAL ESTATE INVESTMENT TRUST

CONSOLIDATED BALANCE SHEET

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

	2000	1999
	\$	\$
Assets		
Income properties	295,364	269,002
Income properties under development	3,867	-
Deferred expenses and other assets	8,808	6,461
Prepaid expenses	2,664	1,952
Accounts receivable	2,725	1,465
	313,428	278,880

Liabilities and Unitholders' Equity

Liabilities

Hypothecs payable (note 4)	133,571	124,713
Bank indebtedness	16,207	12,925
Accounts payable and accrued liabilities	4,583	3,575
Distributions payable to Unitholders	1,494	1,204
	155,855	142,417

Unitholders' Equity	157,573	136,463
	313,428	278,880

COMINAR REAL ESTATE INVESTMENT TRUST

STATEMENT OF UNITHOLDERS' EQUITY

Period ended September 30 (Unaudited, in thousands of dollars)	Triestrial		Cumulative	
	2000	1999	2000	1999
	\$	\$	\$	\$
Unitholders' equity, beginning of period	135,564	136,266	136,060	136,734
Issuance of units	23,496	-	23,511	-
Underwriters' fees and offering costs	(1,401)	-	(1,401)	-
Net income for the period	4,257	3,880	11,403	10,503
Distributions to Unitholders	(4,343)	(3,683)	(12,000)	(10,774)
Unitholders' equity, end of period	157,573	136,463	157,573	136,463

COMINAR REAL ESTATE INVESTMENT TRUST

CONSOLIDATED CASH FLOW STATEMENT

Period ended September 30 (Unaudited, in thousands of dollars)	Trimestrial		Cumulative	
	2000	1999	2000	1999
	\$	\$	\$	\$
Cash flow from operating activities				
Net income for the period	4,257	3,880	11,403	10,503
Adjustments :				
Depreciation of income properties	563	506	1,665	1,473
Depreciation of deferred expenses and other assets	394	183	1,115	582
Instalment receipt interest income (note 3)	-	-	-	(565)
	5,214	4,569	14,183	11,993
Change in non-cash working capital				
Change in accounts receivable	(377)	(105)	(688)	(621)
Change in prepaid expenses	(223)	(964)	(2,110)	(759)
Change in accounts payable and accrued liabilities	(1,053)	(213)	499	190
	(1,653)	(1,282)	(2,299)	(1,190)
	3,561	3,287	11,884	10, 803
Cash flow from financing activities				
Loan payable	-	-	-	(33,200)
Proceeds of instalment receipts	-	-	-	33,200
Variation of hypothecs	(1,498)	6,007	7,427	5,259
Bank indebtedness	(17,056)	(2,805)	(11,784)	746
Distributions to Unitholders	(4,118)	(3,683)	(10,483)	(9,570)
Net proceeds of offering	22,362	-	22,362	-
Underwriter's fees and offering costs	(274)	-	(274)	-
	(584)	(481)	7,248	(3,565)
Cash flow from investing activities				
Acquisitions of income properties	(2,218)	(2,702)	(12,131)	(5,095)
Acquisitions of income properties under development	176	-	(3,867)	-
Proceeds from hypothec loan	-	2,548	-	2,577
Deferred expenses and other assets	(935)	(2,652)	(3,134)	(4,720)
	(2,977)	(2,806)	(19,132)	(7,238)
Net change in cash	-	-	-	-
Cash beginning of period	-	-	-	-
Cash end of period	-	-	-	-
Note : Interests paid	2,587	2,478	8,108	7,051

COMINAR REAL ESTATE INVESTMENT TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

Period of three months ended September 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 properties under development

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

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. Public offering

On the quarter, the Trust issued 2,472,500 units for net proceeds of \$ 22,087,425 pursuant to the prospectus dated July 10, 2000. The units were sold at \$9.50 per unit.

6. Income per unit

Net income per unit and distributable income per unit has been computed based on the weighted average number of units outstanding during the period, as follows :

	(000)	
	2000	1999
Three months ended September 30	16,386	14,500
Nine months ended September 30	15,134	14,500

As at September 30, 2000 there were 16,975,338 units issued and outstanding (14,500,000 as at September 30, 1999).

7. 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. The following table shows the financial information related to these property types:

	Office properties \$	Retail properties \$	Industrial and mixed use properties \$	Total \$
Rentals from income properties	13,488	14,367	12,357	40,212
Interest on hypothecs and bank indebtedness	3,188	2,934	1,986	8,108
Depreciation of income properties	585	678	402	1 665
Operating income from real estate assets	3,854	4,090	4,390	12,334
Income properties	96,774	117,455	81,135	295,364

7. Comparatives figures

Certain of the September 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 Toronto Stock Exchange

Stock Trading Symbol

CUF.UN



COMINAR