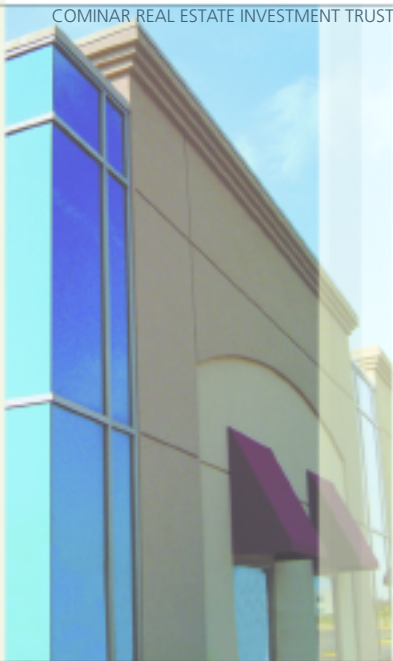


QUARTERLY REPORT

September 30, 2003

COMINAR REAL ESTATE INVESTMENT TRUST



COMINAR
www.cominar.com

COMINAR REAL ESTATE INVESTMENT TRUST

Message to Unitholders

We are pleased to present our financial results for the third quarter and the first nine months of the current fiscal year, as well as our financial position highlights as at September 30, 2003. The third quarter yielded solid growth with increases of 15.5% in operating revenues, of 11.6% in net operating income and of 3.4% in distributable income over the corresponding quarter of the previous fiscal year. As for our financial position, it remains healthy and strong. The real estate portfolio's net book value has increased by \$46.1 million since the beginning of the fiscal year, to stand at \$559.1 million. In the third quarter, we further expanded with the acquisition of a retail property as well as the scheduled progress of our development projects.

Acquisitions and Developments

At the end of August 2003, we acquired a 65,000-square-foot retail building located in Laval, near Montreal, at a cost of \$9.2 million. The property has a capitalization rate of 9.8%. This acquisition adds to the three others made since the beginning of the current fiscal year, for a total investment of \$21.1 million and a leasable area of about 231,400 square feet.

As announced in our previous quarterly reports, in a real estate environment marked by rising property prices, we consider it is strategic to step up our development projects, while staying on the lookout for acquisition opportunities truly matching our growth and return objectives. Short and long-term profitability remain a determinant factor in our investment decisions, and today's context is keeping us prudent and disciplined in expanding our portfolio. Thus, we are focusing on growth through the construction of new properties or the development of some of our buildings, rather than acquisitions not fully matching our investment criteria. Since the beginning of the year, the development projects we have undertaken or are about to start represent more than \$58 million. We believe these projects should yield a higher future return for unitholders.

More specifically, we have eight projects in development, representing an investment of about \$30.5 million and a leasable area of 381,000 square feet. The largest of these is the construction of the Place de la Cité office tower at a cost of some \$22 million. The work is on schedule and the property's lease rate already stands at 59.0%. Other developments consist in the construction of four industrial and mixed-use properties and the expansion of three others, for a total of 191,000 square feet. The cost of this work is estimated at \$8.5 million and the capitalization rates range between 10.3% and 10.6%. Four of these buildings will be fully occupied on completion of the work, while the pre-lease rate for the other three is already more than 50%.

In addition, over the past few weeks, we have acquired two vacant lots totalling some 1,255,000 square feet. One of them is located in Quebec City and covers an area of 555,000 square feet, while the other covers 700,000 square feet in Laval. On the first, we plan to build three industrial and mixed-use properties totalling over 182,000 square feet. This investment is estimated at \$10.0 million and its capitalization rate at 10.7%. As for the other lot, we intend to erect four buildings at a cost of \$18.0 million, for 305,000 square feet of leasable space. Its capitalization rate is estimated at 10.2%.

Occupancy Rate and Lease Renewal

Cominar had an occupancy rate of 95.6% as at September 30, 2003, which compares favourably with the rates posted for prior periods. At that date, of the leases expiring in 2003, more than 61.0% of the leasable space had been renewed. In addition, an area of 540,000 square feet had been leased to new tenants.

Management's Discussion and Analysis of Operating Results and Financial Position

Operating results

For the third quarter, operating revenues totalled \$24.1 million, compared with \$20.9 million for the corresponding period of 2002, an increase of 15.5%. It should be noted that in the third quarter, real estate taxes were down by more than \$1.0 million from the second quarter. This decrease led to a slight decline in revenues as this expense is billed to customers when it is incurred. On the other hand, basic rental income increased by \$750,000 compared with the second quarter of 2003.

Net operating income rose from \$13.4 million to \$14.9 million, up 11.6% over the same quarter of 2002. Distributable income grew by \$299,000 to total \$9.0 million. That works out to \$0.342 per unit, up from \$0.338.

Distributions to unitholders amounted to \$7.57 million for the third quarter, compared with \$7.0 million for the same period of 2002, an increase of \$573,000 or 8.2%.

Cash flows from operating activities grew by 5.8% to total \$10.0 million or \$0.378 per unit, compared with \$9.5 million or \$0.366 per unit for the same quarter of 2002.

For the first nine months of fiscal 2003, operating revenues grew by 20.1% to total \$72.4 million, compared with \$60.2 million for the corresponding period of 2002. Net operating income amounted to \$42.2 million, up 15.5% over the same nine months a year earlier. Distributable income totalled \$24.8 million or \$0.944 per unit, up from \$23.6 million or \$0.919 per unit.

Distributions to unitholders stood at \$22.4 million for the first nine months of the fiscal year, an increase of \$1.6 million or 8.0% over the corresponding period of 2002.

Cash flows from operating activities rose 7.8% to \$27.5 million or \$1.05 per unit, up from \$25.5 million or \$1.993 per unit for the first nine months of 2002.

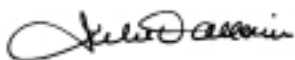
Financial Position

Cominar's financial position remains healthy and solid, showing a debt to gross book value ratio of 51.9% as at September 30, 2003, which is still consistent with our financial objectives. Furthermore, on November 12, 2003, we closed an offering of 5 million units for net proceeds of \$66.2 million. These funds will be used to repay bank loans and to finance acquisitions, the development work in progress and construction projects.

Since December 31, 2002, the net book value of Cominar's portfolio has increased by \$46.1 million to total \$559.1 million. This growth is attributable mainly to the acquisitions and development work we have completed since the beginning of the year.

Outlook

Since Cominar Real Estate Investment Trust's inception, our discipline and prudent approach to investment have enabled us to withstand different economic cycles while steadily increasing the portfolio's value and our distributions to unitholders. We remain focused on our successful ways of doing business, while adapting our expansion strategy to the real estate context in order to optimize our financial results and performance. We expect to close the fiscal year ending December 31, 2003 with solid growth over last year.



Jules Dallaire

Chairman of the Board and Chief Executive Officer
November 2003

COMINAR REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENTS OF INCOME AND DISTRIBUTABLE INCOME

Period ended September 30 (unaudited in thousands of dollars except per unit amounts)	Trimestrial		Cumulative	
	2003	2002	2003	2002
	\$	\$	\$	\$
Operating Revenues				
Property rental revenue	24,119	20,891	72,353	60,246
Operating expenses				
Property operating costs	5,141	4,124	16,239	13,071
Realty taxes & services	3,785	3,170	12,931	9,936
Property management expenses	270	223	954	676
	9,196	7,517	30,124	23,683
Operating income before the following	14,923	13,374	42,229	36,563
Interest on mortgages & bank indebtedness	4,372	3,589	12,801	10,036
Depreciation of income properties	1,081	953	3,179	2,619
Amortization of deferred expenses & other assets	1,131	893	3,555	2,565
	6,584	5,435	19,535	15,220
Operating income from real estate assets	8,339	7,939	22,694	21,343
Trust administrative expenses	411	396	1,166	1,047
	7,928	7,543	21,528	20,296
Other income	23	237	78	712
Net income for the period	7,951	7,780	21,606	21,008
Add				
Depreciation of income properties	1,081	953	3,179	2,619
Distributable income	9,032	8,733	24,785	23,627
Basic net income per unit (note 6)	0.301	0.301	0.821	0.817
Diluted net income per unit (note 6)	0.299	0.301	0.817	0.817
Distributable income per weighted average unit (note 6)	0.342	0.338	0.942	0.919

See accompanying notes to consolidated financial statements.

COMINAR REAL ESTATE INVESTMENT TRUST

CONSOLIDATED BALANCE SHEETS

	As at September 30, 2003 (unaudited)	As at December 31, 2002 (audited)
(In thousands of dollars)	\$	\$
Assets		
Income properties	515,255	485,695
Properties under development	11,113	2,798
Deferred expenses and other assets	21,290	18,479
Prepaid expenses	5,741	1,571
Accounts receivable	5,748	4,449
	559,147	512,992

Liabilities and Unitholders' Equity

Liabilities		
Mortgages payable (note 3)	278,424	223,991
Bank indebtedness (note 4)	19,298	33,332
Accounts payable and accrued liabilities	7,368	7,422
Distributions payable to Unitholders	2,525	-
	307,615	264,745
Unitholder's Equity	251,532	248,247
	559,147	512,992

COMINAR REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

Period ended September 30, (unaudited, in thousands of dollars)	Trimestrial		Cumulative	
	2003	2002	2003	2002
	\$	\$	\$	\$
Unitholders' Equity –				
Beginning of period	249,931	244,270	248,247	240,849
Issue of units (note 5)	1,217	689	4,061	4,622
Net income for the period	7,951	7,780	21,606	21,008
Distributions to Unitholders	(7,567)	(6,994)	(22,382)	(20,734)
Unitholders' Equity –				
End of period	251,532	245,745	251,532	245,745

See accompanying notes to consolidated financial statements.

COMINAR REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENTS OF CASH FLOWS

Period ended September 30, (unaudited, in thousands of dollars, except per unit amounts)	Trimestrial		Cumulative	
	2003	2002	2003	2002
	\$	\$	\$	\$
Operating activities				
Net income for the period	7,951	7,780	21,606	21,008
Items not affecting cash				
Depreciation of income properties	1,081	953	3,179	2,619
Amortization of deferred expenses & other assets	1,131	893	3,555	2,565
Leasing costs	(158)	(169)	(810)	(649)
Funds from operations	10,005	9,457	27,530	25,543
Leasing costs	(1,814)	(830)	(5,447)	(3,635)
Change in non-cash operating working capital items				
Prepaid expenses	1,741	1,639	(4,170)	(2,599)
Accounts receivable	566	(666)	(1,299)	(651)
Accounts payable & accrued liabilities	59	(1,636)	1,357	(1,112)
	552	(1,493)	(9,559)	(7,997)
	10,557	7,964	17,971	17,546
Financing activities				
Mortgages payable	—	—	52,806	30,500
Repayments of mortgages payable	(2,121)	(2,413)	(9,507)	(27,022)
Bank indebtedness	9,873	14,436	(14,034)	20,699
Distributions to Unitholders	(7,552)	(6,860)	(19,857)	(18,064)
Net proceeds from issue of units (note 5)	1,217	557	4,061	4,282
	1,417	5,720	13,469	10,395
Investing activities				
Acquisitions of income properties	(8,191)	(12,778)	(21,249)	(26,682)
Acquisitions of properties under development	(3,752)	(911)	(9,914)	(989)
Other assets	(31)	5	(277)	(270)
	(11,974)	(13,684)	(31,440)	(27,941)
Net change in cash	—	—	—	—
Cash beginning and end of period	—	—	—	—
Additional information				
Interest paid	4,158	3,467	12,271	9,373
Leasing costs unpaid	(542)	—	168	—
Acquisitions of income properties by assumption of mortgages payable	6,143	—	11,134	1,906
Acquisitions of income properties & properties under development unpaid	225	149	1,243	282
Properties under development transferred to income properties	111	21,428	949	15,582

See accompanying notes to consolidated financial statements.

COMINAR REAL ESTATE INVESTMENT TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended September 30, 2003

1. Description of the Fund

Cominar Real Estate Investment Trust ("Cominar") is an unincorporated closed-end real estate investment trust created by the Contract of Trust on March 31, 1998, under the law of the Province of Quebec.

2. Accounting policies

Cominar consolidated financial statements are prepared in conformity with Canadian generally accepted accounting principles and are substantially in accordance with the recommendations of the Canadian Institute of Public and Private Real Estate Companies. These accounting policies and methods of their application follow the ones used in the annual financial statements as at December 31, 2002.

3. Mortgages payable

Mortgages payable are secured by income properties, bear interest at rates varying from 4.50% to 11.00% per annum representing a weighted average year-end rate of 6.26% and are renewable between October 2003 and January 2019.

4. Bank indebtedness

Cominar has a number of operating and acquisition lines of credit of up to \$35,700. These credit facilities, subject to annual renewal, bear interest at prime rate plus 0.50%. As at September 30, 2003, the prime rate was 4.50%.

5. Issued and outstanding units

	Period of three months ended September 30, 2003	Period of nine months ended September 30, 2003
Units issued and outstanding, beginning of period	26,407,400	26,121,419
Issued from options exercised	85,500	336,200
Issued under distribution reinvestment plan	25,261	60,542
Units issued and outstanding, end of period	26,518,161	26,518,161

6. Per-unit results

The following table provides a reconciliation of the weighted average number of units outstanding used to calculate basic and diluted net income and funds from operations per unit.

	Period of three months ended September 30, 2003	Period of nine months ended September 30, 2003
Weighted average number of units outstanding – basic	26,438,851	26,320,751
Effect of dilutive unit options	110,715	110,715
Weighted average number of units outstanding – diluted	26,549,566	26,431,466

7. Distributable income

The distributable income has been calculated pursuant to Cominar's Contract of Trust that requires to distribute to unitholders 85% or more of the distributable income.

8. Segment disclosures (in thousands of dollars)

Cominar's activities include three property types located entirely in the Province of Quebec.

The following tables show the financial information related to these property types:

Period of three months ended September 30, 2003

	Office Properties \$	Retail Properties \$	Industrial & Mixed-Use Properties \$	Total \$
Property rental revenue	7,872	8,946	7,301	24,119
Interest on mortgages payable and bank indebtedness	1,760	1,339	1,273	4,372
Depreciation of income properties	368	422	291	1,081
Net operating income	4,729	5,276	4,918	14,923

COMINAR REAL ESTATE INVESTMENT TRUST

Period of three months ended September 30, 2002

	Office Properties \$	Retail Properties \$	Industrial & Mixed-Use Properties \$	Total \$
Property rental revenue	6,656	8,285	5,950	20,891
Interest on mortgages payable and bank indebtedness	1,326	1,416	847	3,589
Depreciation of income properties	307	397	249	953
Net operating income	4,390	5,075	3,909	13,374

Period of nine months ended September 30, 2003

	Office Properties \$	Retail Properties \$	Industrial & Mixed-Use Properties \$	Total \$
Property rental revenue	22,969	26,468	22,916	72,353
Interest on mortgages payable and bank indebtedness	5,122	3,843	3,836	12,801
Depreciation of income properties	1,103	1,206	870	3,179
Net operating income	13,396	14,738	14,095	42,229
Income properties	162,082	202,185	150,988	515,255

Period of nine months ended September 30, 2002

	Office Properties \$	Retail Properties \$	Industrial & Mixed-Use Properties \$	Total \$
Property rental revenue	19,627	23,425	17,194	60,246
Interest on mortgages payable and bank indebtedness	3,608	3,687	2,741	10,036
Depreciation of income properties	906	1,065	648	2,619
Net operating income	12,649	13,522	10,392	36,563
Income properties	138,211	189,858	119,750	447,819

9. Subsequent Events

As at November 2003, Cominar issued 5,000,000 units for net proceeds of \$66,295,000 pursuant to the prospectus dated November 5, 2003. The units were sold at \$13.80 per unit.

Furthermore, as at November 2003, Cominar acquired a building site for a consideration of 2,376,000\$ paid in cash.

INFORMATION

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STOCK TRADING SYMBOL: CUF.UN

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