Press Release
For Immediate Release

Cominar pursues its strong growth and expansion in the second quarter

- **Increases of 39.0% in distributable income and 24.6% in distributions to unitholders**
- **Acquisition of three properties in Montreal and Quebec City — an investment of $33.5 million**

- ***Subsequent events:* one acquisition completed in the Montreal region and one other under way — an investment of $19.8 million**

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Quebec City, August 4, 2004 — Cominar achieved a most satisfactory performance for its second quarter ended June 30, 2004, which was its 25th consecutive quarter of solid growth. **Rental revenues** increased by 13.4% or $3.3 million to total $27.8 million, compared with $24.5 million for the same period in 2003. **Net operating income** grew by 19.5% to reach $17.0 million. **Distributable income** jumped 39.0% to $11.5 million. **Distributable income per unit** amounted to $0.363, up 15.4%.

It should be noted that effective in the first quarter of 2004, Cominar started to apply new accounting policies for the depreciation of income properties, acquisition of income properties, revenue recognition, and stock-based compensation and other stock-based payments, thereby complying with the CICA's new recommendations. These changes had a direct impact on net income, but no effect on distributable income for the period. **Considering these changes, net income** stood at $8.8 million or $0.276 per unit, up 21.4% over the corresponding period of 2003. **Without the impact of these changes, net income** totalled $10.3 million or $0.325 per unit, an increase of 18.2% over net income per unit for the same period of the previous year.

"Our strategy in today's market of high real estate prices is focused on developing some of our properties and construction projects, while making acquisitions matching our criteria of quality and profitability over the short and long term. This successful strategy is reflected in our financial performance. Our excellent second-quarter results allowed us to pay a total of $9.3 million in **distributions to unitholders**, up 24.6% over $7.5 million or $0.283 per unit paid for the second quarter of 2003," indicated Jules Dallaire, Chairman of the Board and Chief Executive Officer.

Cash flows from operating activities totalled $13.2 million or $0.417 per unit, up 41.3% over the same quarter in 2003. Excluding the impact of the above-mentioned changes in accounting policies, operating cash flows would have increased by 37.8% or $0.407 per unit.

During the six-month period ended June 30, 2004, **rental revenues** grew by 14.5% or $7.0 million to reach $55.2 million, compared with $48.2 million for the first half of 2003. **Net operating income** rose 18.0% to $32.2 million. **Distributable income** jumped 32.4% to $20.9 million or $0.657 per unit.

As at June 30, 2004, Cominar had a property occupancy rate of 94.7%, comparable to the average obtained since 1998. **The annual renewal rate of expiring leases since 1998** stands at an average of about 79%, attesting to the dynamism of the REIT's team of leasing consultants and the quality of its properties. As at June 30, 2004, 61.1% of the leases expiring in 2004 had already been renewed. **New leases** had also been signed for some 390,000 square feet of leasable space.

The REIT showed a **debt to gross book value ratio** of 45.5% at the end of the first half, whereas a rate of 60% is authorized by its Contract of Trust. To respect its conservative debt management policy, Cominar prefers to keep this ratio below 55%, which leaves it an acquisition capacity of $137.5 million as at June 30, 2004.

Three acquisitions completed in the second quarter

While pursuing the development work on several of its properties, Cominar completed three acquisitions in the second quarter, at an average capitalization rate of 9.7%, which is very satisfactory in today's market. These transactions represent an investment of $33.5 million. Two of these are industrial and mixed-use properties located in Montreal and Quebec City; they cover a total area of 102,000 square feet and have an average capitalization rate of 10.3%. The third is a 157,000-square-foot office tower purchased at a cost of $28.0 million in the Montreal region. It has a capitalization rate of 9.2% and is fully leased to the federal government on a long-term basis.

Acquisitions subsequent to the first half

In July 2004, Cominar acquired an industrial and mixed-use property covering a leasable area of 101,000 square feet in the Montreal region, for an investment of $8.5 million. This building is fully leased and has a capitalization rate of 10.0%. The REIT also concluded one agreement to purchase an industrial and mixed-use building of 169,000 square feet at a cost of $11.3 million. This property is fully leased and has an average capitalization rate of about 9.2%.

Six development projects under way on eleven properties

At the end of the first half, six development projects were under way on eleven properties. They cover an area of 770,000 square feet and include eight construction projects, two renovations and one expansion. The work is on schedule and should be completed by the summer of 2005. It represents a total investment of $60.0 million.

On completion of these acquisitions and developments, Cominar's portfolio will include 124 properties and cover more than 9.4 million square feet, of which over 3.3 million square feet in the Montreal region.

Outlook

Cominar is confident its solid growth will continue in the second half of the current fiscal year. The acquisitions and developments completed in 2003 and 2004 have high occupancy rates and are making the expected contribution to distributable income. These recent developments and acquisitions will help to drive the portfolio's future growth while increasing its value.

PROFILE *as at August 4, 2004*

As one of the largest real estate property owners in the Quebec City Area, Cominar Real Estate Investment Trust enjoys a dominant presence and economies of scale. The REIT currently owns a diversified portfolio of **115 properties consisting of 13 office buildings, 25 retail buildings and 77 industrial and mixed-use buildings which cover about 8.4 million square feet of leasable space in the Montreal and Quebec City regions.** As Cominar's asset and property management is fully internalized and fully integrated, the REIT is an entirely self-administered and self-directed real estate investment trust.

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COMINAR REAL ESTATE INVESTMENT TRUST
Consolidated Statements of Income

	Trimestrial		Cumulative	
Period ended June 30	**2004**	2003	**2004**	2003
(unaudited, in thousands of dollars except per unit amounts)	**$**	$	**$**	$
Operating revenues				
Property rental revenue	**27,814**	24,534	**55,233**	48,234
Operating expenses				
Property operating costs	**5,152**	5,207	**11,766**	11,098
Realty taxes and services	**5,437**	4,798	**10,647**	9,146
Property management expenses	**268**	336	**600**	684
	10,857	10,341	**23,013**	20,928
Operating income before the undernoted	**16,957**	14,193	**32,220**	27,306
Interest on mortgages and bank indebtedness	**4,074**	4,343	**8,044**	8,429
Depreciation of income properties	**2,994**	1,056	**5,766**	2,098
Amortization of deferred expenses and other assets	**1,383**	1,254	**2,766**	2,424
	8,451	6,653	**16,576**	12,951
Operating income from real estate assets	**8,506**	7,540	**15,644**	14,355
Trust administrative expenses	**513**	355	**974**	755
Other income	**795**	55	**939**	55
Net income for the period	**8,788**	7,240	**15,609**	13,655
Basic net income per unit *(note 9)*	**0.276**	0.275	**0.492**	0.520
Diluted net income per unit *(note 9)*	**0.274**	0.273	**0.488**	0.518

See accompanying notes to consolidated financial statements.

COMINAR REAL ESTATE INVESTMENT TRUST
Consolidated Balance Sheets

(in thousands of dollars)	**As at June 30, 2004 (unaudited) $**	As at December 31, 2003 (audited) $
Assets		
Income properties *(note 4)*	**564,140**	518,770
Properties under development	**29,919**	21,486
Deferred expenses and other assets *(note 5)*	**20,775**	21,540
Prepaid expenses	**8,491**	1,901
Accounts receivable	**6,742**	5,525
Cash and cash equivalents	**0**	33,660
	630,067	602,882
Liabilities and Unitholders' Equity		
Liabilities		
Mortgages payable *(note 6)*	**276,902**	270,715
Bank indebtedness *(note 7)*	**19,754**	0
Accounts payable and accrued liabilities	**10,729**	12,570
Distributions payable to Unitholders	**3,150**	0
	310,535	283,285
Unitholders' Equity		
Unitholders contributions *(note 8)*	**323,190**	320,604
Cumulative net earnings	**137,210**	121,640
Cumulative distributions	**(141,052)**	(122,647)
Contributed surplus *(note 8)*	**184**	0
	319,532	319,597
	630,067	602,882

COMINAR REAL ESTATE INVESTMENT TRUST
Consolidated Statements of Unitholders' Equity

	Trimestrial		Cumulative	
Period ended June 30 (unaudited, in thousands of dollars)	**2004 $**	2003 $	**2004 $**	2003 $
Unitholders contributions				
Balance, beginning of period	**321,381**	250,518	**320,604**	248,874
Issue of units	**1,809**	1,200	**2,586**	2,844
Balance, end of period	**323,190**	251,718	**323,190**	251,718
Cumulative net earnings				
Balance, beginning of period	**128,422**	97,033	**121,640**	90,618
Change in accounting policy *(note 3)*	**0**	0	**(39)**	0
Net income	**8,788**	7,240	**15,609**	13,655
Balance, end of period	**137,210**	104,273	**137,210**	104,273
Cumulative distributions				
Balance, beginning of period	**(131,730)**	(98,576)	**(122,647)**	(91,245)
Distributions to Unitholders	**(9,322)**	(7,484)	**(18,405)**	(14,815)
Balance, end of period	**(141,052)**	(106,060)	**(141,052)**	(106,060)
Contributed surplus *(note 8)*				
Change in accounting policy *(note 3)*	**111**	0	**39**	0
Stock-based compensation plan	**73**	0	**145**	0
Balance, end of period	**184**	0	**184**	0
Unitholders' Equity	**319,532**	249,931	**319,532**	249,931

See accompanying notes to consolidated financial statements.

COMINAR REAL ESTATE INVESTMENT TRUST
Consolidated Statements of Cash Flows

	Trimestrial		Cumulative	
Period ended June 30	**2004**	2003	**2004**	2003
(unaudited, in thousands of dollars)	**$**	$	**$**	$
Operating activities				
Net income for the period	**8,788**	7,240	**15,609**	13,655
Items not affecting cash:				
Depreciation of income properties	**2,994**	1,056	**5,766**	2,098
Amortization of deferred expenses & other assets	**1,383**	1,254	**2,766**	2,424
Amortization of above-market leases	**3**	0	**3**	0
Leasing costs	**0**	(178)	**0**	(652)
Stock-based compensation costs *(note 8)*	**73**	0	**145**	0
Funds from operations	**13,241**	9,372	**24,289**	17,525
Leasing costs	**(1,083)**	(2,327)	**(2,050)**	(3,633)
Change in non-cash working capital items	**(1,703)**	(3,245)	**(12,646)**	(6,478)
	10,455	3,800	**9,593**	7,414
Financing activities				
Mortgages payable	**0**	30,806	**0**	52,806
Repayments of mortgages payable	**(3,017)**	(1,960)	**(5,150)**	(7,386)
Bank indebtedness	**19,754**	(19,342)	**19,754**	(23,907)
Distributions to Unitholders	**(9,202)**	(7,419)	**(15,255)**	(12,305)
Net proceeds from issue of units *(note 8)*	**1,809**	1,200	**2,586**	2,844
	9,344	3,285	**1,935**	12,052
Investing activities				
Acquisitions of income properties	**(31,259)**	(3,301)	**(36,032)**	(13,058)
Acquisitions of properties under development	**(3,134)**	(3,738)	**(9,205)**	(6,162)
Other assets	**28**	(46)	**49**	(246)
	(34,365)	(7,085)	**(45,188)**	(19,466)
Net change in cash and cash equivalents	**(14,566)**	0	**(33,660)**	0
Cash and cash equivalents, beginning of period	**14,566**	0	**33,660**	0
Cash and cash equivalents, end of period	**0**	0	**0**	0
Change in non-cash operating working capital items				
Prepaid expenses	**(2,939)**	(2,404)	**(6,590)**	(5,911)
Accounts receivable	**873**	(1,060)	**(1,217)**	(1,865)
Accounts payable and accrued liabilities	**363**	219	**(4,839)**	1,298
	(1,703)	(3,245)	**(12,646)**	(6,478)
Additional information				
Interest paid	**4,038**	4,176	**7,974**	8,113
Leasing costs unpaid	**(287)**	202	**0**	710
Acquisition of an income property by assumption of a mortgage payable	**11,337**	2,558	**11,337**	4,991
Acquisitions of income properties and properties under development unpaid	**1,103**	825	**2,998**	1,018
Properties under development transferred to income properties	**0**	0	**3,284**	838

See accompanying notes to consolidated financial statements.

COMINAR REAL ESTATE INVESTMENT TRUST
Notes to the consolidated financial statements

Period ended June 30, 2004
(unaudited, in thousands of dollars except per unit amounts)

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 unaudited interim consolidated financial statements are prepared in conformity with Canadian generally accepted accounting principles (GAAP) and the accounting policies and methods of their application follow the ones used in the annual audited consolidated financial statements as at December 31, 2003, except for the adoption of the new recommendations described below. These financial statements do not include all the informations required by GAAP for annual financial statements, and should be read in conjunction with the annual financial statements as at December 31, 2003.

3. Changes in accounting policies

Revenues recognition
On January 1st, 2004, in conformity with Section 1100 of the Canadian Institute of Chartered Accountants (CICA) handbook, "Generally Accepted Accounting Principles", rentals from leases with contractual rent increases are recognized based on the straight-line method. Previously, rentals from leases were recognized as they became due. The prospective adoption of this accounting policy resulted in an increase in the operating income from real estate assets of $669 for the period of six months ended June 30, 2004. We expect the impact of this change in accounting policy to be approximately $1.25 million in 2004, but it will have no effect on the distributable income, since the reported rentals are added back to net income.

Depreciation of income properties
On January 1st, 2004, in conformity with Section 1100 of the CICA handbook, "Generally Accepted Accounting Principles", income properties are depreciated using the straight-line method over forty years so as their residual value will be fully depreciated. Previously, income properties were depreciated using the 5% 40 years sinking fund basis. The prospective adoption of this accounting policy had the impact to increase depreciation of income properties of $3.5 million for the period of six months ended June 30, 2004, reducing by the way the net income for the same amount. We expect the impact of this change to be approximately $7.1 million in 2004. Meanwhile there will be no impact on the distributable income since the depreciation of income properties is added back to net income for the purpose of calculating distributable income.

Stock based compensation costs
On January 1st, 2004, Cominar retroactively applied as at January 1st, 2002, Section 3870 of the CICA handbook, "Stock-based Compensation and other Stock-based Payments". CICA requires an expense to be recognized for all forms of employee stock-based compensation using a fair value based method. The fair value of the options granted to Cominar employees and trustees on November 14, 2003, amounts to $607 and the stock-based compensation costs related will be amortized using the graded vesting method. Accordingly, the opening balance of the Cumulative net earnings was adjusted of $39 without restating the published financial statements. The impact of this change in the accounting policy also had the effect to increase the Trust administrative expenses of $145 for the period of six months ended June 30, 2004, and will be 290$ for 2004. Net income will be reduced by the same amount, meanwhile there will be no impact on the Unitholders' Equity.

Income properties acquisitions

Since November 12, 2003, Cominar prospectively applied EIC-140 of the CICA handbook, "Accounting for operating leases acquired in either an asset acquisition or a business combination". In accordance with this Abstract, CICA requires to allocate a portion of the purchase price of an income property to in-place operating leases, based on their fair value and to the value of customer relationships, if any. This allocation is based on management assumptions and estimates. These intangible assets are included in income properties and are amortized on a straight-line basis over the terms of the related leases. Previously, no value was allocated to these intangible assets. The prospective adoption of this Abstract will have the effect to accelerate the depreciation of income properties, but will have no impact on the distributable income.

This accounting policy has been applied to three acquisitions during the three months ended June 30, 2004. Of the total acquisition cost of $33.6 million, Cominar allocated $2.7 million to the estimated fair value of the acquired intangible assets.

4. Income properties

	As at June 30, 2004			As at December 31, 2003
	Cost $	Accumulated depreciation/ amortization $	Net book value $	Net book value $
Leasing costs	81,344	0	81,344	78,611
Other assets	501,857	21,705	480,152	440,159
	583,201	21,705	561,496	518,770
Intangible assets	2,699	55	2,644	0
	585,900	21,760	564,140	518,770

5. Deferred expenses and other assets

	As at June 30, 2004			As at December 31, 2003
	Cost $	Accumulated depreciation/ amortization $	Net book value $	Net book value $
Leasing costs	34,936	14,872	20,064	20,765
Other assets	1,418	707	711	775
	36,354	15,579	20,775	21,540

6. Mortgages payable

Mortgages payable are secured by income properties, bear interest at rates varying from 3.75% to 11.00% per annum (varying from 4.50% to 11.00% as at December 31, 2003) representing a weighted average rate of 6.29% (6.31% as at December 31, 2003) and are renewable between July 2004 and January 2019.

7. Bank indebtedness

Cominar has a number of operating and acquisition lines of credit of up to $35,865. These credit facilities, subject to annual renewal, bear interest at prime rate plus 0.50%. As at June 30, 2004, the prime rate was 3.75%.

8. Issued and outstanding units

The ownership interests in Cominar are represented by a single class of units. The aggregate number of units which Cominar may issue is unlimited. Units represent a Unitholder's proportionate undivided ownership interest in Cominar. Each unit confers the right to one vote at any meeting of Unitholders and to participate equally and rateably in any distributions by Cominar.

During the period of three months, Cominar issued 173,727 units for a net proceeds received of $1,809.

	Period of three months ended June 30, 2004	Period of six months ended June 30, 2004
Units issued and outstanding, beginning of period	31,723,337	31,668,291
Issued from options exercised	117,000	130,500
Issued under distribution reinvestment plan	56,727	98,273
Units issued and outstanding, end of period	31,897,064	31,897,064

Unit option plan
Under a unit option plan, Cominar granted options to purchase units to the trustees and employees of Cominar. The maximum number of units reserved for issuance pursuant to the unit option plan is 3,160,000 units. The options are exercisable on a cumulative basis of 20% of the options after each of the five first anniversary dates of the grant (33 1/3% of the options after each three first anniversary dates of the grant for options granted before November 14, 2003). The exercise price of options equals the market price of the Cominar's units on the date of the grant and the options maximum term is seven years.

	Options	Weighted-average exercise price $
Outstanding - beginning of period	3,042,166	13.58
Exercised	130,500	9.26
Outstanding - end of period	2,911,666	13.78

			As at June 30, 2004	
Date of grant	Maturity date	Exercise price	Outstanding options	Options exercisable
January 14, 2000	January 14, 2005	8.55	11,000	11,000
March 27, 2001	March 27, 2006	10.20	20,333	20,333
August 9, 2001	August 9,2008	11.00	170,333	40,333
November 14, 2003	November 14, 2010	14.00	2,710,000	0
			2,911,666	71,666

Stock-based compensation costs
Stock-based compensation costs related to options granted on November 14, 2003, were calculated using the Black-Scholes model for options valuation, assuming volatility of 11.7% on the underlying units, a fixed exercise price of 14$, a weighted average distribution yield of approximately 8.74% and a weighted average risk free interest rate of approximately 4.21%.

The Black-Scholes options valuation model was developed for use in estimating the fair value of traded options and awards which have no restrictions. In addition, options and award valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Because the Cominar's trustees and employees unit options have characteristics significantly different from those of traded options, and because changes in subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its trustees and employees unit option.

Distribution reinvestment plan
Cominar adopted a distribution reinvestment plan pursuant to which unitholders may elect to have all cash distributions of Cominar automatically reinvested in additional units. During the period, 98,273 units have been issued at a weighted average price of $14.77 pursuant to the distribution reinvestment plan.

9. 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 per unit.

Period of three months ended June 30,	**2004**	2003
Weighted average number of units outstanding – basic	**31,813,867**	26,357,720
Effect of dilutive unit options	**228,082**	118,458
Weighted average number of units outstanding – diluted	**32,041,949**	26,476,178

Period of six months ended June 30,	**2004**	2003
Weighted average number of units outstanding – basic	**31,752,450**	26,260,723
Effect of dilutive unit options	**228,082**	118,458
Weighted average number of units outstanding – diluted	**31,980,532**	26,379,181

10. Distributable income per unit

Cominar is governed by a Contact of Trust that requires it to distribute to unitholders 85% or more of its distributable income. The distributable income generally means the net income determined in accordance with Canadian generally accepted accounting principles including adding back the depreciation, the amortization and the stock-based compensation costs and excluding the reported rentals recognized with the application of the straight line method as follows:

	Trimestrial		Cumulative	
Period ended June 30	**2004**	2003	**2004**	2003
	$	$	**$**	$
Net income for the period	**8,788**	7,240	**15,609**	13,655
Add (deduct)				
Depreciation of income properties	**2,994**	1,056	**5,766**	2,098
Amortization of above-market leases	**3**	0	**3**	0
Stock-based compensation costs	**73**	0	**145**	0
Reported rentals	**(325)**	0	**(669)**	0
Distributable income for the period	**11,533**	8,296	**20,854**	15,753
Retention of the distributable income	**(2,211)**	(812)	**(2,449)**	(938)
Distributions to Unitholders	**9,322**	7,484	**18,405**	14,815
Distributable income per unit	**0.363**	0.315	**0.657**	0.600
Distributions per unit	**0.291**	0.283	**0.576**	0.562

11. Related party transactions

During the period, Cominar entered into transactions with companies controlled by unitholders who are also members of the management of the trust. These transactions, done in the normal course of the business, have been measured at the exchange amounts and have been reflected in the financial statements as follows:

	Trimestrial		Cumulative	
Period ended June 30	**2004**	2003	**2004**	2003
	$	$	**$**	$
Property rental revenue	**263**	275	**658**	558
Other income	**115**	171	**242**	246
Income properties and properties under development	**7,569**	6,429	**15,873**	9,998
Deferred expenses and other assets	**1,217**	1,352	**2,286**	3,579
Balance at at June 30				
Accounts receivable			**627**	688

12. Subsequent events
During July 2004, Cominar acquired an industrial and mixed-use property for a consideration of $8.35 million of which $4.76 million paid cash and $3.59 million by assumption of a mortgage payable.

Also, during July 2004, Cominar has committed itself to acquire an industrial and mixed-use property for a consideration of $11.3 million.

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

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

Period of three months ended June 30, 2004

	Office properties $	Retail properties $	Industrial and mixed-use properties $	Total $
Property rental revenue	9,221	9,716	8,877	27,814
Interest on mortgages payable and bank indebtedness	1,704	1,175	1,195	4,074
Depreciation of income Properties	1,096	1,061	837	2,994
Net operating income (1)	5,814	5,576	5,567	16,957

Period of three months ended June 30, 2003

	Office properties $	Retail properties $	Industrial and mixed-use properties $	Total $
Property rental revenue	7,743	8,842	7,949	24,534
Interest on mortgages payable and bank indebtedness	1,845	1,173	1,325	4,343
Depreciation of income Properties	388	372	296	1,056
Net operating income (1)	4,552	4,842	4,799	14,193

Period of six months ended June 30, 2004

	Office properties $	Retail properties $	Industrial and mixed-use properties $	Total $
Property rental revenue	18,022	19,186	18,025	55,233
Interest on mortgages payable and bank indebtedness	3,247	2,362	2,435	8,044
Depreciation of income Properties	2,026	2,086	1,654	5,766
Net operating income (1)	10,977	10,613	10,630	32,220
Income properties	201,516	197,705	164,919	564,140

Period of six months ended June 30, 2003

	Office properties $	Retail properties $	Industrial and mixed-use properties $	Total $
Property rental revenue	15,097	17,522	15,615	48,234
Interest on mortgages payable and bank indebtedness	3,362	2,505	2,562	8,429
Depreciation of income Properties	735	783	580	2,098
Net operating income (1)	8,667	9,463	9,176	27,306
Income properties	153,632	201,083	148,187	502,902

(1) Net operating income is the operating income before interest, depreciation and amortization.