CHARTER REALTY HOLDINGS LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2006

This *Management's Discussion and Analysis* ("MD&A") presents an analysis of the financial condition of Charter Realty Holdings Ltd. (the "Company") for the year ended December 31, 2006. The following information should be read in conjunction with the audited financial statements of the Company as at and for the year ended December 31, 2006.

References to the period ended December 31, 2005 relate to the period from incorporation of March 29, 2005 to December 31, 2005.

This MD&A is dated March 13, 2007 and presents material information up to this date.

Additional information relating to the Company, including the Company's interim financial statements and MD&As can be found on SEDAR at www.sedar.com.

OVERVIEW AND BUSINESS

The Company was incorporated on March 29, 2005 pursuant to the *Business Corporations Act* (Alberta). The Company initially issued 2,000,000 shares at $0.10 per share for total gross proceeds of $200,000. The Company was formed as a Capital Pool Corporation.

On August 8, 2005, the Company filed a prospectus for an Initial Public Offering (the "Offering") of 1,500,000 common shares at $0.20 per share. This Offering was successfully completed on August 22, 2005, raising additional capital of $300,000. The costs of the public offering were $91,341 and were charged against share capital.

On September 2, 2005, the Company began trading on the TSX Venture Exchange ("TSXV") under the symbol "CRH.P".

On September 14, 2006 the Company completed a private placement financing transaction with C.A. Bancorp Inc. – a publicly traded company controlled by the Chairman and CEO of the Company – raising $500,000 in gross proceeds by issuing 2,500,000 common shares from treasury at a price of $0.20 per share. As a result of this transaction the Company had 6,000,000 common shares outstanding as at December 31, 2006.

On October 19, 2006 the Company announced (via news release) the appointment of Mark Gardhouse to the Board of Directors of the Company and Ari Silverberg as Chief Operating Officer of the Company.

On February 28, 2007, the Company announced the promotion of Ari Silverberg to President and Chief Operating Officer and the appointments of Floriana Cipollone as Chief Financial Officer and Ryan Caughey as Corporate Secretary (see "Subsequent Events" below).

The Company did not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction pursuant to

Policy 2.4 (the “Policy”) of the TSXV. Such Qualifying Transaction was identified and approved by the TSXV in 2007 (see “Subsequent Events” below).

SUBSEQUENT EVENTS

Qualifying Transaction

On February 7, 2007, the Company filed a Filing Statement with the TSXV and on SEDAR for the purpose of completing its Qualifying Transaction. The Qualifying Transaction consisted of a private placement of 15,000,000 Common Shares at a price of $0.20 per share for net proceeds of $2,935,000 (after estimated closing costs of $65,000), as well as the purchase (the “QT Acquisition”) of three free-standing commercial retail properties pursuant to an offer to purchase between the Company and Hensall District Co-operative, Inc. (“Hensall”). Pursuant to the QT Acquisition, the Company acquired the properties, which are located in Exeter, Seaforth and Zurich, Ontario, from Hensall for an aggregate cash purchase price of $2,065,000 (subject to customary adjustment).

Each of the properties purchased as part of the QT Acquisition is currently leased to Rona Ontario Inc. Collectively the properties comprise more than 34,000 square feet of finished retail space, with an additional 52,000 square feet of enclosed warehouse space. Collectively, the properties generated annual revenues of $267,417 (audited) and annual net income of $134,954 (audited) for the year ended July 31, 2006. The properties are leased on a net lease basis to Rona Ontario Inc. for an initial term of 15 years, expiring on March 12, 2015. Pursuant to the terms of the lease, the rent payable will increase by as much as 10% as of March 13, 2010 – based on a formula linked to the Consumer Price Index. Rona Ontario Inc. has one 5-year renewal option on each property at fair market rents, with 6 months written notice required to exercise the option. Under the lease, Rona Ontario Inc. pays all common area charges associated with the properties and is obligated to maintain and repair the premises. The landlord is not responsible for any costs, charges, expenses or outlays of any nature, other than relating to structural issues, and realty taxes are paid by the landlord and recovered from the tenant.

The net proceeds from the private placement have been used to complete the QT Acquisition, with the remaining proceeds to be used to identify and pay deposits on further real estate properties and to finance general corporate expenditures.

The Qualifying Transaction closed on February 23, 2007. The Company now meets the TSXV’s tier 2 minimum listing requirements and as a result, certain of the Company’s Common Shares in escrow pursuant to the Escrow Agreement have begun to be released in stages.

As part of the Qualifying Transaction, 1,000,000 options were granted to certain of the Company’s directors, officers and employees. The options will vest in equal proportions over three years, and upon vesting, each option shall entitle the holder thereof to purchase one Common Share at a price of $0.20 until five years of the date of grant.

After the private placement, C.A. Bancorp Inc. owns approximately 57% of the outstanding Common Shares of the Company and the CEO and Chairman of the Company indirectly or directly controls and/or beneficially owns approximately 14% of the outstanding Common Shares of the Company.

Appointments and Options Granted

On February 28, 2007, the Company announced the promotion of Ari Silverberg to President and Chief Operating Officer and the appointments of Floriana Cipollone as Chief Financial Officer and Ryan Caughey as Corporate Secretary.

In connection with these appointments, the Company granted an aggregate of 150,000 options. The options shall vest in equal proportions on each of the following three dates: February 28, 2007, February 28, 2008 and February 28, 2009. Upon vesting, each option shall entitle the holder thereof to purchase one common share at a price of $0.20 until February 28, 2012.

Méga Centre Acquisition

On March 9, 2007, the Company announced that it unconditionally agreed to acquire (the "Méga Centre Acquisition") Méga Centre Côte-Vertu (the "Méga Centre"), a shopping centre in St. Laurent, Quebec from RRVP Côte -Vertu Inc. ("RRVP"). The Company also announced that KingSett Capital and C.A. Bancorp Inc. have agreed to provide the Company with acquisition facilities totaling $20 million (the "Acquisition Facilities").

On February 28, 2007, the Company was assigned (the "Assignment") the non-binding right to acquire Méga Centre by C.A. Bancorp Inc., which C.A. Bancorp Inc. held pursuant to a non-binding purchase and sale agreement between C.A. Bancorp Inc. and RRVP on January 26, 2007 (the "Agreement"). Pursuant to the Assignment, the Company agreed to pay to C.A. Bancorp Inc. on the closing date of the Méga Centre Acquisition, a fee in the amount of 0.5% of the Méga Centre purchase price (approximately $183,500) for identifying, negotiating and carrying out due diligence in respect of the Méga Centre Acquisition. RRVP is at arm's length to the Company and to C.A. Bancorp Inc.

On March 9, 2007, the Company waived all purchase conditions in its favour under the Agreement. The Company will acquire the Méga Centre, which is located at the intersection of Côte -Vertu Boulevard and Rue Begin in St. Laurent, Quebec for an aggregate cash purchase price of $36.7 million (subject to customary adjustments). The acquisition of the Méga Centre is expected to close on March 30, 2007.

Total non-refundable deposits of $1.5 million have been paid, of which $1.25 million was financed through the C.A. Bancorp Inc. facility.

The Company signed a term sheet with a Canadian chartered bank to obtain a standard first mortgage loan in the amount of $27.525 million, secured by the property. The loan is for a 10-year term and is interest-only for the first two years. Thereafter, the loan will be amortized over a 30-year term. The loan will bear interest at a rate of 118 basis points over the 10-year Government of Canada bond rate, which would fix the interest rate at approximately 5.16% as of March 8, 2007.

The remainder of the purchase price will be financed through advances under the Acquisition Facilities, with approximately $6 million being drawn on the KingSett Capital facility and approximately $4.5 million being drawn on the C.A. Bancorp Inc. facility. Subsequent to the completion of the Méga Centre Acquisition, the Company intends to raise additional equity which will be used both for the repayment of the outstanding amounts under the Acquisition Facilities and for the identification and acquisition of further commercial real estate properties.

The total size of the Méga Centre property is approximately 19.0 acres, including 313,597 square feet of rentable retail space, warehouse space and surrounding lands. Méga Centre was built in 1973 and was substantially renovated in 1993, 1999, 2000 and 2004. Currently, the retail space in the Méga Centre 100% leased to a total of 16 tenants. Approximately 85% of the current rent is received from national and regional tenants, including Brault & Martineau (77,000 square-feet), Winners (34,000 square-feet), Business Depot (25,000 square-feet), Future Shop (30,000 square-feet), L'Oreal (23,500 square-feet) and L'Aubainerie (30,000 square-feet). Approximately 35,000 square-feet of basement warehouse space remains vacant. A 110,000 square-foot Rona owned home improvement store is located adjacent to the property and acts as a secondary anchor, drawing customers to Méga Centre.

The average term to maturity of existing leases is 6.2 years. In the next five years leases representing the percentage of total leasable square-feet set out below will expire:

Year		**% of square-feet**
2007		0.00%
2008		0.00%
2009		10.87%
2010		2.23%
2011		1.47%

Méga Centre generated annual revenue of $3,931,580 (unaudited) and incurred total operating expenses of $1,130,470 (unaudited), resulting in earnings from operations of $2,801,110 (unaudited) for the year ended December 31, 2006.

To the best knowledge of the Company, there are no legal proceedings of which the Méga Centre is the subject matter.

Upon the closing of the Méga Centre Acquisition, the material contracts relating to Méga Centre which will be assigned to, or entered into by the Company include (i) the lease agreements with current Méga Centre tenants, and (ii) mortgage and loan documentation related to the financing of the Méga Centre.

Pursuant to the policies of the TSXV, the Acquisition represents a fundamental acquisition by the Company and is subject to review by and approval of the TSXV.

KingSett Capital and C.A. Bancorp Inc. have each agreed to provide the Company with a $10 million acquisition facility. Approximately $10.5 million of the combined $20 million will be used to fund the Méga Centre Acquisition.

The KingSett Capital acquisition facility (the "KingSett Facility") bears interest at an annual rate of 12% and has a 12-month term. Any principal amount drawn on the KingSett Facility is repayable without penalty, subject to a minimum four month interest payment. The KingSett Facility will be secured by a second mortgage on the Méga Centre, a first mortgage on the Company's QT Acquisition properties, and a general security agreement with the Company.

The C.A. Bancorp Inc. acquisition facility (the "C.A. Bancorp Facility") bears interest at an annual rate of 12% and has a 2 year term. Any principal amount drawn on the C.A. Bancorp

Facility is repayable at any time without penalty. The C.A. Bancorp Facility will be secured by a general security agreement with the Company, which is subordinate to the security held by other lenders. The Company has determined that the C.A. Bancorp Facility is on reasonable commercial terms and confirms that neither the principal of the C.A. Bancorp Facility nor the interest payable thereon is convertible, directly or indirectly, into equity or voting securities of the Company.

SELECTED ANNUAL INFORMATION

The following is a summary of selected financial information for 2006 and 2005 (since incorporation on March 29, 2005).

				2006	**2005***
Total revenues				$20,562	$5,329
Expenses				$158,963	$30,691
Net loss				$138,401	$25,362
Net loss per share-basic				$0.033	$0.012
Net loss per share – diluted				$0.033	$0.012
Total assets (at December 31)				$852,994	$417,615

* Represents the period from March 29, 2005 (the Company's date of incorporation) to December 31, 2005.

RESULTS OF OPERATIONS

For the year ended December 31, 2006, the Company had a net loss of $138,401 or $0.033 per share basic and diluted, compared with a net loss of $25,362 or $0.012 basic and diluted for the period ended December 31, 2005. The Company's only source of revenue was interest income earned on its cash deposits. Revenue for the year ended December 31, 2006 was $20,562, compared to $5,329 for the period ended December 31, 2005. The increase in revenue relates to a longer time period of 12 months in 2006 compared with 9 months in 2005 as well as higher cash balances in 2006 as a result of the private placement of $500,000 on September 14, 2006.

The Company incurred incentive stock option compensation of $9,625 for the year ended December 31, 2006, compared with $14,405 for the period ended December 31, 2005. The amount recorded for 2006 relates to the 335,000 options granted on October 19, 2006. These options to purchase common shares at $0.24 per share vest in equal proportions over a three-year period until October 19, 2008. They expire on October 19, 2011. The incentive stock option compensation recorded represents the amortization of the fair value of the options at the date of grant. The amount recorded for 2005 relates to the 215,000 options granted on September 15, 2005. These options to purchase common shares at $0.20 per share vested immediately and expire on September 15, 2010. The amount recorded as incentive stock option compensation represents the fair value of these options at the date of grant.

General and administrative expenses for the year ended December 31, 2006 were $149,338, compared to $16,286 for the period ended December 31, 2005. General and administrative expenses for 2006 were comprised of audit fees of $43,085, director fees of $50,000, legal fees of $23,751and other general and administrative fees of $32,502. For 2005, general and administrative expenses were comprised of audit fees of $5,000, professional fees of $9,000, and other general and administrative fees of $2,286. The increase in general and administrative expenses reflects a full year of operations of the Company versus only 9 months in the prior year, as well as more activity occurring during the year.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2006, the Company had total assets of $852,994, compared to total assets at December 31, 2005 of $417,615. Total assets were comprised primarily of cash deposits of $805,127 compared to December 31, 2005 of $412,523. On September 14, 2006 the Company completed a private placement financing transaction with C.A. Bancorp Inc. raising $500,000 in gross proceeds by issuing 2,500,000 common shares from treasury at a price of $0.20 per share.

Deferred costs in the amount of $34,322 were recorded relating to the Company's Qualifying Transaction.

Accounts payable and accrued liabilities totalled $83,858, compared to $13,913 at December 31, 2005.

The Company has maintained a significant portion of its initial proceeds and private placement proceeds in cash. The Company has no long-term debt, no capital lease obligations and no other long-term obligations. Net proceeds of $2,935,000 from the Qualifying Transaction private placement in February 2007 have been used to complete the QT Acquisition, with the remainder to be used to identify and pay deposits on further real estate properties and to finance general corporate expenditures.

Shareholders' Equity and Incentive Stock Options

On September 14, 2006 the Company completed a private placement financing transaction with C.A. Bancorp Inc. raising $500,000 in gross proceeds by issuing 2,500,000 common shares from treasury at a price of $0.20 per share. Costs of the issue amounted to $5,790 and have been booked to share capital. As a result of this transaction the Company had 6,000,000 common shares outstanding as at December 31, 2006.

All the 2,000,000 issued and outstanding common shares issued upon incorporation on March 29, 2005 as well as the 2,500,000 shares issued under the September 14, 2006 private placement, were in escrow pursuant to the terms of an Escrow Agreement and have now been released from escrow in stages over a period of three years from February 23, 2007, the date of acceptance by the TSXV. Of the 15,000,000 common shares issued pursuant to the Qualifying Transaction private placement, 11,725,000 were placed in escrow pursuant to the Escrow Agreement. At the date of this MD&A, and after taking into account the Qualifying Transaction private placement, 1,622,500 shares have been released from escrow.

On October 19, 2006 the Company granted to certain of its Directors, Officers and employees, an aggregate of 335,000 options to purchase Common Shares at a price of $0.24 per share for a period of five years from the date of grant. The options vest in equal proportions on each of the following three dates: October 19, 2006, October 19, 2007 and October 19, 2008. As a result, at December 31, 2006 there were incentive stock options outstanding and exercisable to acquire 700,000 common shares at an exercise price ranging from $0.20 to $0.24 per share. Of these options, 476,667 are vested.

Upon completion of the Qualifying Transaction in February 2007, the Company has 21,000,000 shares outstanding and 1,700,000 options outstanding.

The following is a summary of the interim results for each of the last six quarterly periods (except for the first period which is from March 29, 2005 to September 30, 2005).

	Q3-2005	**Q4-2005**	**Q1-2006**	**Q2-2006**	**Q3-2006**	**Q4-2006**
Total revenues	$2,282	$3,047	$3,386	$3,829	$4,789	$8,558
Expenses	$15,747	$14,944	$30,158	$24,912	$36,488	$67,405
Net loss	$13,465	$11,897	$26,772	$21,083	$31,699	$58,847
Net loss per share-basic	$0.005	$0.003	$0.008	$0.006	$0.008	$0.010
Net loss per share – diluted	$0.005	$0.003	$0.008	$0.006	$0.008	$0.010

CORPORATE STRATEGY AND OUTLOOK

The Company will focus on strategic acquisitions, ownership and management of well-located retail properties throughout Canada. It will be the Company's principal goal to generate a reliable and growing yield from a retail real estate portfolio comprised of stable cash flow and value-add properties from both the primary and secondary real estate markets throughout Canada.

In addition to its growth ambitions, the Company intends to reorganize into a REIT, subject to receipt of all necessary approvals. However, there can be no assurances that the Company will convert to a REIT. If the Company does not reorganize into a REIT prior to the end of 2007, the Company will consider adopting a dividend policy, pursuant to which the Company would distribute its available cash after maintaining reasonable reserves for items such as capital improvements and future capital acquisitions.

FACTORS THAT MAY AFFECT FUTURE RESULTS

Future financial performance will be influenced by successful evaluation and acquisitions of retail real estate properties The Company will also be subject to certain risks relating to the business of acquiring and owning real property including: government regulation and environmental matters; illiquidity; uninsured losses; investment concentration; competition; acquisition strategy; occupancy rates; reliance on key personnel; integration of additional properties; debt financing and interest rates; litigation; restrictive covenants; joint venture investments; potential undisclosed liabilities associated with acquisitions; and reliance on external sources of capital.

RISK MANAGEMENT

Currently, the Company has assets invested in cash and cash equivalents and therefore interest rates will affect income derived from these investments. It is the Company's policy to invest any short-term reserves in securities highly rated by well recognized rating agencies.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS

Management maintains appropriate information systems, procedures and controls to ensure that information that is publicly disclosed is complete, reliable and timely. The Chief Executive Officer and Chief Financial Officer evaluated the design and effectiveness of the Company's disclosure controls and procedures (as defined in *Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings)* as at December 31, 2006 and have concluded that such disclosure controls and procedures are operating effectively.

Management is responsible for establishing adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Chief Executive Officer and Chief Financial Officer assessed the design of the Company's internal controls over financial reporting (as defined in *Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings)* as at December 31, 2006 and, based on that assessment, determined that the Company's internal controls over financial reporting were appropriately designed.

There has been no change in internal controls over financial reporting in the fourth quarter of 2006 that has materially affected, or is reasonably likely to materially affect the Company's internal control over financial reporting.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A and other public announcements by the Company may contain information that is forward-looking and is subject to risks and uncertainties. Forward-looking information includes information concerning the Company's future financial performance, business strategy, plans, goals, and objectives.

These statements involve known and unknown risks, uncertainties and other factors that could cause actual results or events to differ materially from those anticipated in such forward-looking statements, including, among other things: the ability of the Company to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits; competitive conditions in the businesses in which the Company participates; the outcome of pending legal proceedings, if any exist; general economic conditions and normal business uncertainty; interest rate fluctuations and other changes in borrowing costs; and changes to the laws, rules, and regulations applicable to the Company or the markets in which the Company operates. The Company intends the forward-looking information to speak only as of the first time made and does not undertake to update or revise it whether as a result of new information, future events or otherwise, except as required by law.