Financial Statements of

CHARTER REALTY HOLDINGS LTD.

March 31, 2007

(unaudited)

CHARTER REALTY HOLDINGS LTD.
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March 31, 2007 (unaudited)

CHARTER REALTY HOLDINGS LTD.
Balance Sheets

		As at March 31, 2007 (unaudited)		As at December 31, 2006 (audited)
ASSETS				
Cash	**$**	**2,208,104**	$	805,127
Restricted cash (Note 6)		**525,000**		-
Income producing properties (Note 4)		**26,633,482**		-
Intangible assets (Note 5)		**13,348,846**		-
Accounts receivable		**56,520**		12,624
Deferred costs		**-**		34,322
Prepaid expense and other		**198,980**		921
	$	**42,970,932**	$	852,994
LIABILITIES				
Secured debt (Note 6)	**$**	**27,353,579**	$	-
Bridge financing (Notes 7 and 12)		**10,230,562**		-
Intangible liabilities (Note 5)		**179,871**		-
Accounts payable and other liabilities		**2,090,750**		83,858
		39,854,762		83,858
SHAREHOLDERS' EQUITY				
Share capital (Note 8)		**3,804,404**		902,869
Contributed surplus		**60,362**		30,030
Deficit		**(748,596)**		(163,763)
		3,116,170		769,136
	$	**42,970,932**	$	852,994

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

"John F. Driscoll"
…………………………………… Director

"John Nestor"
…………………………………… Director

The accompanying notes are an integral part of these financial statements.

CHARTER REALTY HOLDINGS LTD.
Statements of Operations, Comprehensive Income (Loss) and Deficit
(unaudited)

	Three months ended March 31, 2007		Three months ended March 31, 2006	
REVENUE				
Revenues from rental properties	**$**	**51,454**	$	-
Interest income		**9,752**		3,386
		61,206		3,386
EXPENSES				
Rental property operating costs		**26,554**		-
Interest expense		**19,257**		-
Incentive stock option compensation (Note 9)		**30,732**		-
General and administrative expenses		**209,847**		30,158
Depreciation and amortization (Note 11)		**9,814**		-
Corporate transaction costs (Note 13a)		**349,835**		-
		646,039		30,158
LOSS BEFORE INCOME TAXES		**(584,833)**		(26,772)
PROVISION FOR INCOME TAXES		**-**		-
NET LOSS AND COMPREHENSIVE LOSS		**(584,833)**		(26,772)
DEFICIT, BEGINNING OF PERIOD		**(163,763)**		(25,362)
DEFICIT, END OF PERIOD	**$**	**(748,596)**	$	(52,134)
LOSS PER SHARE (Note 10)				
Basic	**$**	**(0.048)**	$	(0.008)
Diluted	**$**	**(0.048)**	$	(0.008)

The accompanying notes are an integral part of these financial statements.

CHARTER REALTY HOLDINGS LTD.
Statements of Cash Flows
(unaudited)

	Three months ended March 31, 2007	2006
OPERATING ACTIVITIES		
Net loss	**$ (584,833)**	$ (26,772)
Adjusted for non-cash items:		
Depreciation and amortization	**9,814**	-
Amortization of below-market rate leases	**(2,498)**	-
Incentive stock option compensation	**30,732**	-
Net change in non-cash working capital		
Change in other assets and liabilities	**588,114**	28,869
Net cash provided by operating activities	**41,329**	2,097
FINANCING ACTIVITIES		
Proceeds from new mortgage financing (Note 6)	**27,525,000**	-
Proceeds from bridge financing (Note 7)	**10,500,000**	-
Financing costs	**(264,521)**	-
Proceeds from issuance of common shares (Note 8)	**3,000,000**	-
Proceeds from exercise of stock options (Note 8)	**2,000**	-
Cost of issuance of common shares	**(18,490)**	-
Net cash provided by financing activities	**40,743,989**	-
INVESTING ACTIVITIES		
Rental properties acquired (Note 4)	**(39,748,250)**	-
Net change in working capital relating to investing activities	**890,909**	
Net change in restricted cash (Note 6)	**(525,000)**	-
Net cash used in investing activities	**(39,382,341)**	-
NET INCREASE IN CASH DURING THE PERIOD	**1,402,977**	2,097
CASH, BEGINNING OF PERIOD	**805,127**	412,523
CASH, END OF PERIOD	**$ 2,208,104**	$ 414,620

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Income taxes paid	**$ -**	$ -
Interest paid	**$ 8,034**	$ -

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION

Charter Realty Holdings Ltd. (the "Company") was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on March 29, 2005 and was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange. The Company filed its Initial Public Offering on August 8, 2005 for the issuance of 1,500,000 Common Shares at $0.20 per share to the public. The Company successfully completed the offering on August 22, 2005. On September 2, 2005 the Company was listed on the TSX Venture Exchange.

On February 23, 2007, the Company completed its Qualifying Transaction pursuant to Policy 2.4 of the TSX Venture Exchange and the Company now meets the TSX Venture Exchange's tier 2 minimum listing requirements.

The Company trades under the symbol "CRH".

On May 10, 2007, the Company completed a conversion to a trust structure, as further described in Note 13.

2. SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles, except that certain disclosures required for annual financial statements have not been included. Accordingly, the interim financial statements should be read in conjunction with the annual financial statements as at and for the year ended December 31, 2006. These interim financial statements have been prepared on a basis consistent with the accounting policies set out in the annual financial statements, and the following is a summary of significant accounting policies that are new to the Company as a result of having completed its Qualifying Transaction.

(a) Revenue recognition

The Company uses the straight-line method of recognizing rental revenue, whereby the total amount of rental revenue to be received from leases is accounted for on a straight-line basis over the terms of the respective leases. Accordingly, an accrued rent receivable/payable is recorded from the tenants for the current difference between the straight-line rent recorded as rental revenue and the rent that is contractually due from the tenants.

Revenues from rental properties also include realty tax and operating cost recoveries, and other incidental income which are recognized on an accrual basis.

(b) Operating leases acquired in either an asset acquisition or a business combination

In accordance with Emerging Issues Committee Abstract No. 140 "Accounting for Operating Leases Acquired in either an Asset Acquisition or a Business Combination", the Company allocates the purchase price for income producing properties as follows:

a. Land

Land is recorded at its estimated fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Buildings

Buildings are recorded at depreciated replacement cost based on estimates of prevailing construction costs for buildings of a similar class and age.

c. Tenant improvements

Tenant improvements are recorded at depreciated replacement cost based on estimates of prevailing construction costs, taking into account the condition of tenants' premises.

d. Above and below market in-place leases

Values ascribed to above and below market in-place leases are determined based on the present value of the difference between the rents payable under the terms of the in-place leases and estimated market rents.

e. Lease origination costs

Lease origination costs are determined based on estimates of the costs that would be required for the existing leases to be put in place under the same terms and conditions. These costs include leasing commissions, foregone rent and operating cost recoveries during an estimated lease-up period.

f. Tenant relationship values

Tenant relationship values are determined based on the net costs avoided if the tenants were to renew their leases at the end of the existing term, adjusted for the estimated probability that the tenants will renew.

(c) Income producing properties

Income producing properties include land and buildings and improvements, which are carried at cost less accumulated depreciation.

(d) Intangible assets and liabilities

Intangible assets and liabilities include lease origination costs, the value of above and below market in-place leases and the value of tenant relationships.

(e) Deferred costs

Deferred costs include tenant improvements related to rental property acquisitions, and tenant inducements and leasing fees incurred through leasing activities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Depreciation and amortization

Depreciation on buildings and improvements is provided using the straight-line method over their estimated useful lives of up to 40 years.

Tenant improvements, tenant inducements and leasing fees included in deferred costs are amortized on a straight-line basis over the terms of the leases.

Above and below market in-place leases are amortized to revenues over the remaining terms of the associated leases.

Lease origination costs are amortized over the remaining terms of the associated leases.

Tenant relationship values are amortized over the expected term of the relationship.

(g) Financing fees

Commitment fees and other fees incurred in connection with debt financing are netted in the balance sheet against the debt to which they relate. These costs are amortized into interest expense using the effective interest method over the term of the debt.

3. CHANGES IN ACCOUNTING POLICIES

The Company adopted the following new accounting policies, none of which had a material impact on the financial statements of the Company.

(a) Comprehensive income – CICA Section 1530

In January 2005, the CICA issued Handbook Section 1530, “Comprehensive Income”, which is effective for the Company’s 2007 fiscal year. As a result of adopting this standard, a Statement of Comprehensive Income has been included in the Company’s financial statements. Comprehensive income consists of net income and other comprehensive income. Major components of other comprehensive income include unrealized gains and losses on financial assets classified as available-for-sale, unrealized foreign currency translation amounts arising from self-sustaining foreign operations, net of the impact of related hedges, and changes in fair value of the effective portion of cash flow hedging instruments. For the quarter ended March 31, 2007, comprehensive income is the same as net income.

3. CHANGES IN ACCOUNTING POLICIES (continued)

(b) Financial instruments – recognition and measurement – CICA Section 3855

In January 2005, the CICA issued Handbook Section 3855, "Financial Instruments – Recognition and Measurement", which is effective for the Company's 2007 fiscal year. Under this new standard, all financial assets will be classified as one of the following: held-to-maturity; loans and receivables; held-for-trading; or available-for-sale. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables and financial liabilities other than those held-for-trading, will be measured at amortized cost. Available-for-sale instruments will be measured at fair value with unrealized gains and losses recognized in other comprehensive income. The standard also permits designation of any financial instrument as held-for-trading upon initial recognition. The standard also requires any fees and points paid and transaction costs incurred in borrowing money to be netted against the debt to which it relates and amortized generally over the expected life of the debt using an effective interest rate method.

(c) Hedges – CICA Section 3865

In January 2005, the CICA issued Handbook Section 3865, "Hedges", which is effective for the Company's 2007 fiscal year. This new standard specifies the criteria under which hedge accounting can be applied and how hedge accounting can be executed for each of the permitted hedging strategies: fair value hedges; cash flow hedges; and hedges of a foreign currency exposure of a net investment in a self-sustaining foreign operation. In a fair value hedging relationship, the carrying value of the hedged item is adjusted by gains or losses attributable to the hedged risk and recognized in net income. This change in fair value of the hedged item, to the extent that the hedging relationship is effective, is offset by changes in the fair value of the derivative. In a cash flow hedging relationship, the effective portion of the change in the fair value of the hedging derivative will be recognized in other comprehensive income, net of tax. The ineffective portion will be recognized in net income. The amounts recognized in accumulated other comprehensive income will be reclassified to net income in the periods in which net income is affected by the variability in the cash flows of the hedged item. In hedging a foreign currency exposure of a net investment in a self-sustaining foreign operation, foreign exchange gains and losses on the hedging instruments will be recognized in other comprehensive income, net of tax. For the quarter ended March 31, 2007 the Company had no hedges in place.

4. INCOME PRODUCING PROPERTIES

	March 31, 2007	December 31, 2006
Land	**$ 9,152,446**	$ -
Buildings and improvements	**17,482,816**	-
	26,635,262	-
Accumulated depreciation	**(1,780)**	-
	$ 26,633,482	$ -

(a) 2007 acquisitions

a. Rona properties

On February 23, 2007, as part of the Company's Qualifying Transaction, the Company completed the acquisition of three free-standing, single-use retail facilities leased to Rona Ontario Inc. for an aggregate cash purchase price of $2,065,000 (before closing costs). The properties are located in Exeter, Seaforth and Zurich, Ontario and comprise approximately 35,000 square feet of leasable retail space and an additional 52,000 square feet of enclosed warehouse space.

b. Méga Centre

On March 30, 2007, the Company completed the acquisition of the Méga Centre, a shopping centre located in St. Laurent, Quebec for $36,700,000 (before closing costs). The Méga Centre comprises 314,000 square feet of rentable retail space and warehouse space. Approximately 35,000 square feet of basement warehouse space remains vacant. The Méga Centre acquisition was financed with a standard first mortgage loan and advances under two credit facilities (see Notes 6 and 7). The vendor has guaranteed 41/2 months of rent of a tenant that leases 6.5% of the retail area in the shopping centre.

4. INCOME PRODUCING PROPERTIES (continued)

The allocation of the total cost of the acquisitions and consideration given are as follows:

	Rona Properties	Mega Centre	Total
Land	$ 885,250	$ 8,267,196	$ 9,152,446
Building	702,332	16,780,484	17,482,816
Intangible assets			
Lease origination costs	444,819	11,029,343	11,474,162
Tenant relationships	307,422	1,575,296	1,882,718
Intangible liabilities			
Below market in-place leases	(182,369)	-	(182,369)
	2,157,454	37,652,319	39,809,773
Working capital acquired, net	(7,325)	(54,198)	(61,523)
Total purchase price including closing costs	$ 2,150,129	$ 37,598,121	$ 39,748,250
The acquisitions were funded as follows:			
Proceeds from first mortgage, net of reserve fund in restricted cash	$ -	$ 27,000,000	$ 27,000,000
Credit facilities	-	10,500,000	10,500,000
Cash	2,150,129	98,121	2,248,250
Net outlay for acquisitions	$ 2,150,129	$ 37,598,121	$ 39,748,250

The Company is continuing to evaluate the fair value of the net assets acquired, and based on this ongoing evaluation, the purchase price allocation may change in the future.

5. INTANGIBLE ASSETS AND LIABILITIES

	March 31, 2007 Gross Book Value	March 31, 2007 Accumulated Amortization	March 31, 2007 Net Book Value	December 31, 2006 Net Book Value
Intangible assets				
Lease origination costs	$ 11,474,162	$ 5,637	$ 11,468,525	$ -
Tenant relationships	1,882,718	2,397	1,880,321	-
	$ 13,356,880	$ 8,034	$ 13,348,846	$ -
Intangible liabilities				
Below market in-place leases	$ 182,369	$ 2,498	$ 179,871	$ -

6. SECURED DEBT

Secured debt consists of the following:

	March 31, 2007		
	Interest Rate	Term to Maturity	Total
Fixed rate mortgage	5.32%	10 years	$ 27,525,000

The principal repayments are as follows:

	Principal Instalment Payments	Balance Maturing	Total	Interest Rate on Debt Maturing
2007	$ -		$ -	
2008	-		-	
2009	255,626		255,626	
2010	400,586		400,586	
2011	422,209		422,209	
Thereafter	2,668,088	23,778,491	26,446,579	5.32%
	$ 3,746,509	$ 23,778,491	$ 27,525,000	

6. SECURED DEBT (continued)

On the acquisition of the Méga Centre, the Company obtained a standard first mortgage loan from a Canadian chartered bank in the amount of $27,525,000, 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 bears interest at 5.32%. The terms of the first mortgage financing required the Company to set up an initial $525,000 reserve fund with the first mortgage lender to cover future capital expenditures on the property. Future amounts of $9,167 per month will also be made into the reserve fund.

The secured debt has been reduced by commitment fees and other fees of $171,421 associated with the first mortgage financing.

The fair value of the secured debt approximates book value at March 31, 2007.

7. BRIDGE FINANCING

KingSett Capital and C.A. Bancorp Inc. (the Company's majority shareholder) (see Note 12) have each provided the Company with a $10,000,000 acquisition facility, for total facilities available of $20,000,000. Of the $20,000,000 available, a total of $10,500,000 has been drawn in order to finance the Méga Centre acquisition, with $6,000,000 being drawn under the KingSett facility and $4,500,000 being drawn under the C.A. Bancorp facility.

The KingSett facility bears interest at an annual rate of 12% and has a 12-month term. Any principal drawn is repayable without penalty, subject to a minimum 4-month interest payment. The facility is secured by a second mortgage on the Méga Centre, a first mortgage on the Rona properties and a general security agreement with the Company.

The C.A. Bancorp facility bears interest at an annual rate of 12% and has a 2-year term. Any principal drawn is repayable without penalty. The facility is secured by a general security agreement with the Company, which is subordinate to the security held by other lenders.

The bridge financing has been reduced by commitment fees and other fees of $269,438 associated with these facilities.

The fair value of the bridge financing approximates book value at March 31, 2007.

8. SHARE CAPITAL

Authorized:

The authorized share capital of the Company consists of an unlimited number of Common Shares and an unlimited number of First Preferred Shares without nominal or par value.

Issued:

Common Shares	Number of Shares		Gross Proceeds		Issue Costs		Net Proceeds
Balance, December 31, 2005	3,500,000	$	500,000	$	(91,341)	$	408,659
Balance, March 31, 2006	3,500,000	$	500,000	$	(91,341)	$	408,659
Balance, December 31, 2006	6,000,000	$	1,000,000	$	(97,131)	$	902,869
February 23, 2007	15,000,000		3,000,000		(100,865)		2,899,135
March 22, 2007	-		400		-		400
March 22, 2007	10,000		2,000		-		2,000
Balance, March 31, 2007	**21,010,000**	**$**	**4,002,400**	**$**	**(197,996)**	**$**	**3,804,404**

On February 23, 2007, as part of the Company's Qualifying Transaction, the Company completed a private placement of 15,000,000 shares at $0.20 per share for gross proceeds of $3,000,000.

On March 22, 2007, 10,000 agent's options were exercised at $0.20 per share. The fair value of the options exercised of $400 previously booked to contributed surplus was released from contributed surplus and booked to share capital.

9. INCENTIVE STOCK OPTIONS

On February 26, 2007, the Company granted, to certain of its Directors and Officers, an aggregate of 1,000,000 options to purchase Common Shares at a price of $0.20 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: February 26, 2007, February 26, 2008 and February 26, 2009. The estimated fair value of these options on the date of grant was $64,180 and the amortization of this fair value for the quarter ended March 31, 2007 was $24,382 and was charged to incentive stock option compensation on the statement of operations.

On February 28, 2007 the Company granted to certain of its Officers, an aggregate of 150,000 options to purchase Common Shares at a price of $0.20 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: February 28, 2007, February 28, 2008 and February 28, 2009. The estimated fair value of these options on the date of grant was $9,599 and the amortization of this fair value was $3,620 for the quarter ended March 31, 2007 and was charged to incentive stock option compensation on the statement of operations.

9. INCENTIVE STOCK OPTIONS (continued)

The amortization of the fair value of previously granted stock options amounted to $2,730 for the quarter ended March 31, 2007.

The fair value of the incentive stock options granted during the quarter ended March 31, 2007 was estimated on the date of grant using a Black-Scholes option pricing model. In determining the fair value of options, management is required to make assumptions that could have a material impact on the valuation. The following are the assumptions: dividend yield of 0%; expected volatility of 25% to 30%; risk-free interest rate of 4.0%; and expected life of five years.

A summary of the status of the stock options as of March 31, 2007 and change during the period is presented below:

Employees incentive stock options

	Number of Shares	Exercise Price
Outstanding, as at December 31, 2005	215,000	
Outstanding, as at March 31, 2006	215,000	
Outstanding, as at December 31, 2006	**550,000**	
Granted February 26, 2007	**1,000,000**	**$ 0.20**
Granted February 28, 2007	**150,000**	**$ 0.20**
Outstanding, as at March 31, 2007	**1,700,000**	

Non-employees incentive stock options

	Number of Shares	Exercise Price
Outstanding, as at December 31, 2005	150,000	
Outstanding, as at March 31, 2006	150,000	
Outstanding, as at December 31, 2006	**150,000**	
Exercised March 22, 2007	**(10,000)**	**$ 0.20**
Outstanding, as at March 31, 2007	**140,000**	

9. INCENTIVE STOCK OPTIONS (continued)

The following table summarizes the information about the stock options outstanding as of March 31, 2007.

Outstanding Number of Shares	Expiry Date	Exercisable Number of Shares	Exercise Price
215,000	September 15, 2010	215,000	$ 0.20
140,000	September 2, 2007	140,000	$ 0.20
335,000	October 19, 2011	111,667	$ 0.24
1,000,000	February 26, 2012	333,333	$ 0.20
150,000	February 28, 2012	50,000	$ 0.20

10. WEIGHTED AVERAGE NUMBER OF SHARES AND LOSS PER SHARE

The weighted average numbers of shares outstanding and loss per share were as follows:

	March 31, 2007	
	Weighted Average Number of Shares	**Loss per Share**
Basic	**12,167,778**	**$(0.048)**
Diluted*	**12,167,778**	**$(0.048)**

	March 31, 2006	
	Weighted Average Number of Shares	Loss per Share
Basic	3,500,000	$(0.008)
Diluted*	3,500,000	$(0.008)

* The incentive stock options were excluded from the calculations of diluted loss per share because they were anti-dilutive.

11. DEPRECIATION AND AMORTIZATION

	For the Three Months Ended March 31, 2007	For the Three Months Ended March 31, 2006
Buildings and improvements	$ 1,780	$ -
Intangible assets		
Lease origination costs	5,637	-
Tenant relationships	2,397	-
	$ 9,814	$ -

12. RELATED PARTY TRANSACTIONS

(a) C.A. Bancorp facility

In connection with the C.A. Bancorp facility as described in Note 7, interest payable to C.A. Bancorp Inc. for the quarter ended March 31, 2007 amounted to $11,178. As well, in connection with that facility, a commitment fee of $50,000 was payable to C.A. Bancorp Inc.

(b) Management agreement

On March 27, 2007, the Company formalized management arrangements with C.A. Realty Management Inc. (the “Manager”), a wholly-owned subsidiary of C.A. Bancorp Inc. Pursuant to a management agreement, the Manager will provide the Company with strategic, advisory, asset management and administrative services in exchange for an annual management fee equal to 0.30% of the “adjusted book value” of the Company’s assets, paid quarterly in arrears, and an acquisition fee equal to 0.50% of the “property cost” of each property acquired by the Company.

The initial term of the management agreement is five years. Upon expiry of the initial term, the management agreement will renew automatically for successive three year terms. The management agreement provides each party with termination rights, the exercise of which may, in certain situations, require the Company to pay a termination fee equal to three times the annual management fee paid in respect of the last full calendar year prior to the date of termination.

The Manager has agreed to pay all expenses of the employees providing services under the management agreement and the Manager’s overhead incurred in connection with the performance of its duties under the management agreement, excluding any expenses related to securities compensation options granted by the Company.

Under the terms of the management agreement, the Company has accrued an acquisition fee in the amount of $183,500 for the acquisition of the Méga Centre, as well as a management fee of $32,236. The acquisition fee has been capitalized to the purchase of the property.

12. RELATED PARTY TRANSACTIONS (continued)

In connection with entering into the management agreement, the Manager and C.A. Bancorp Inc. (collectively referred to as the "Restricted Parties") entered into a non-competition agreement with the Company. Pursuant to the non-competition agreement, each of the Restricted Parties agreed that it will not, and will cause its affiliates not to, directly or indirectly, (i) create, manage or provide strategic, advisory and asset management services to another person who carries on the primary business of the acquisition, development and/or management of "retail properties" or "mixed-use retail properties" (the retail properties and mixed-use retail properties collectively are referred to as the "Restricted Real Estate Assets"); (ii) purchase any Restricted Real Estate Asset or develop any property that, on completion of development, will be a Restricted Real Estate Asset; or (iii) provide strategic, advisory and asset management services for any Restricted Real Estate Asset. Exceptions from the foregoing include the purchase of properties or the making of investments that have been first offered to the Company and which the Company notified the Restricted Party that it was not interested in pursuing such property.

The non-competition agreement remains in effect until the earlier of (i) one year after the termination of the management agreement; and (ii) the date of termination of the management agreement by Charter or the Manager under specific situations.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

13. SUBSEQUENT EVENTS

(a) REIT conversion

On May 10, 2007, the Company completed its conversion to a trust structure under a Plan of Arrangement (the "Arrangement"). The Arrangement resulted in shareholders of the Company transferring their shares to Charter Real Estate Investment Trust (the "REIT"), in consideration for units of the REIT. Each 10 issued shares of the Company were transferred to the REIT in exchange for 1 unit of the REIT. The REIT was formed pursuant to a Declaration of Trust dated March 27, 2007, specifically for the purposes of the Company converting into the REIT.

In addition, REIT unit options have been issued with similar terms to replace the stock options issued by the Company, except that each 10 stock options of the Company were exchanged for 1 unit option at 10 times the applicable exercise price.

The REIT has acquired the Company on a continuity of business basis, and therefore the REIT directly and indirectly owns all of the assets of the Company including the Rona properties and the Méga Centre.

Corporate transaction costs of $349,835 were recorded in the statements of operations reflecting costs incurred during the three months ended March 31, 2007 for the conversion transaction.

13. SUBSEQUENT EVENTS (continued)

(b) Options exercised

In April 2007, the balance of the 140,000 agent's options were exercised at the exercise price of $0.20 per share.