

**CHARTER REAL ESTATE INVESTMENT TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2007**

OVERVIEW

On May 10, 2007, Charter Realty Holdings Ltd. (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 ("Charter" or 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 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. As well, any comparative figures are presented as if the Company had converted to a trust structure upon incorporation.

The REIT is focused on acquiring a portfolio of retail and mixed-use retail real estate, generally in the mid-market deal size range of \$10 to \$40 million, comprised of stable cash flow and value-add properties from both primary and secondary markets throughout Canada, with the principal goal of generating a reliable and growing yield for investors. The REIT currently owns five commercial retail properties located in Ontario and Quebec.

Charter's units are traded on the TSX Venture Exchange (the "TSXV") under the symbol CRH.UN.

Charter's major unitholder is C.A. Bancorp Inc., which currently owns approximately 33.2% of the outstanding units of Charter.

ADVISORY

This *Management's Discussion and Analysis* ("MD&A") presents an analysis of the financial condition of Charter for the quarter ended September 30, 2007. The MD&A should be read in conjunction with the interim unaudited consolidated financial statements of the REIT as at and for the quarter ended September 30, 2007 as well as the audited financial statements of the Company as at and for the year ended December 31, 2006 and the related MD&A. Historical results, including trends which might appear, should not be taken as indicative of future operations or results.

Additional information relating to the REIT, including the REIT's or the Company's (as applicable) interim and annual financial statements and MD&As can be found on SEDAR at www.sedar.com.

This MD&A and other public announcements by the REIT may contain information that is forward-looking and is subject to risks and uncertainties. Forward-looking information includes information concerning the REIT'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 REIT to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits; competitive conditions in the businesses in which the REIT 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 REIT or the markets in which the REIT operates. The REIT 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.

This MD&A is dated November 8, 2007 and presents material information up to this date.

CHARTER'S BUSINESS

Charter is focused on acquiring retail and mixed-use retail real estate assets in the mid-market deal size range of \$10 to \$40 million from both primary and secondary markets throughout Canada. Management is of the view that retail and mixed-use retail real estate are attractive investments because they offer stable cash flow. Additionally, management believes that retail centres that are well-located in their respective markets present an attractive long-term investment opportunity given their characteristics, which include multi-year leases and the stable cash flow provided by such arrangements. Such retail centres typically provide growth opportunities through the lease-up of vacant space, the upward trend in rental rates through contractual escalations and through management's active re-merchandising and re-development of the properties. The REIT's external growth strategy will consist of acquiring retail and mixed-use retail properties. The REIT may also acquire portfolios of properties consisting primarily of retail properties. The REIT will look to create a base of retail assets that provide both a reliable, stable cash flow and an opportunity for yield growth through re-leasing, re-development and/or development of assets.

Management will focus on acquiring assets with a community centre focus. Management believes that it can obtain high quality, retail properties with the potential for value-add opportunities by focusing on both enclosed and open-air community shopping centres. These centres would typically be anchored by department stores, discount retailers and/or supermarkets. In particular, management believes that enclosed centres frequently present undervalued opportunities in terms of the risk/reward ratio that they offer. These centres will always have a place in a cold weather climate such as Canada. Furthermore, management believes that the cost of building these centres today is high and the ability to obtain municipal approval for these centres continues to be difficult. Charter intends to maximize the value of both enclosed and open-air centres by executing the appropriate re-merchandising and re-development strategy wherever possible.

By focusing on secondary markets, management believes that there are opportunities to obtain well-tenanted retail properties at attractive capitalization rates. By combining assets in the secondary market with high-yielding primary market real estate assets, management believes that the REIT will generate higher returns at lower risk than if the REIT was to focus exclusively in primary markets.

The REIT will also focus on acquiring retail properties with strong national and regional retail tenants, increasing the likelihood of those tenants fulfilling their lease terms and thereby providing the REIT with stable cash flows.

Finally, by focusing on acquiring retail assets in the \$10 to \$40 million range, it will allow the REIT to differentiate itself from small public and private real estate investors, who management believes, generally look for smaller investments, while acquiring properties that are small enough to minimize competition from large real estate investment trusts, corporations and institutions. The REIT will also look at larger acquisitions that do not fall into the investment parameters of larger entities but still provide good investment opportunities.

CHARTER'S CAPITAL HISTORY

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 of 1,500,000 common shares at \$0.20 per share. This Initial Public Offering was successfully completed on August 22, 2005, raising additional capital of \$300,000.

On September 2, 2005, the Company began trading on the TSXV.

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.

Prior to the first quarter of 2007, the Company did not carry on any business other than the identification and evaluation of real estate assets with a view to completing a potential Qualifying Transaction pursuant to Policy 2.4 of the TSXV. On February 23, 2007, the Company completed its Qualifying Transaction, which consisted of a private placement of 15,000,000 common shares at a price of \$0.20 per share, as well as the purchase of three free-standing commercial retail properties. As a result of the Qualifying Transaction, the Company met the TSXV's tier 2 minimum listing requirements.

On May 10, 2007, the Company completed its conversion to a trust structure under the Arrangement. The Arrangement resulted in shareholders of the Company transferring their shares to 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 Arrangement. After the Arrangement, the Company is a wholly-owned subsidiary of 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.

REAL ESTATE PORTFOLIO AND ACQUISITIONS

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 gross proceeds of \$3,000,000, 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 (before closing costs). The estimated going-in yield for the acquisitions on an unlevered basis was expected to be approximately 10.4% before closing costs.

Each of the properties purchased as part of the QT Acquisition are currently leased to Rona Ontario Inc. (“Rona”). 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. The properties are leased on a net lease basis to Rona 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 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 pays all 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, except for repairs and replacements resulting from reasonable wear and tear. Realty taxes are paid by the landlord and recovered from the tenant. Property management services are currently provided by the REIT as a result of the relatively simple nature of the lease obligations.

The net proceeds from the private placement were used to complete the QT Acquisition.

The Qualifying Transaction closed on February 23, 2007.

Méga Centre Acquisition

On March 30, 2007, Charter completed the acquisition of the Méga Centre shopping centre (the “Méga Centre”) from RRVP Côte -Vertu Inc. for an aggregate cash purchase price of \$36,700,000 (before closing costs). The Méga Centre is located at the intersection of Côte -Vertu Boulevard and Rue Begin in St. Laurent (Montreal), Quebec. The estimated going-in yield for this acquisition on an unlevered basis before closing costs was expected to be approximately 8.12%.

The total size of the Méga Centre property is approximately 19.0 acres, including 313,558 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 is 95% leased to a total of 15 tenants. When the property was acquired, the retail space was 100% leased. However, one of the weaker local tenants with 12,992 square feet of space has vacated the premises. Approximately 90% of the leased retail space in the centre is leased to 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 36,000

square-foot 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 shadow anchor, drawing customers to Méga Centre. The vendor guaranteed 4.5 months of rent of a tenant that leases 6.5% of the retail area in the shopping centre. The tenant that was the subject of this vendor guarantee is not current with its rental payments and management continues to monitor the situation.

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

Year	Leased sq. ft. expiring	% of square-foot
2007	0	0%
2008	0	0%
2009	34,093	12.89%
2010	5,500	2.08%
2011	6,128	2.32%

Despite the current high occupancy level and the high occupancy level at the time of acquisition, management was always of the view that there are value-add opportunities at Méga Centre through the repositioning of certain weaker retailers, including the tenant that left during the quarter, as well as through the lease-up of the vacant basement space.

Pursuant to a property management agreement between Charter and Crofton Moore Management Inc. (“Crofton”), Crofton provides property management services for Méga Centre. Such services are provided for a management fee of 3% of gross revenues, leasing fees ranging from \$1.00 to \$3.00 per square foot and other customary property management fees on market terms. The property management agreement has a term of three years expiring on March 31, 2010 and is terminable by either party on 60 days’ notice.

A standard first mortgage loan in the amount of \$27.525 million with a Canadian chartered bank was obtained, secured by the property. The remainder of the purchase price was originally financed through advances under two credit facilities – one with KingSett Capital and one with C.A. Bancorp Inc. (the “Bridge Facilities”) (the Bridge Facilities are further described in the “Financial Review” section of this MD&A). These facilities were fully repaid during the quarter.

Cornwall Square Acquisition

On August 9, 2007, the REIT acquired the Cornwall Square Shopping Centre (“Cornwall Square”) for an aggregate purchase price before closing costs of \$41,700,000.

The property comprises 250,503 square feet of commercial retail space and 1,470 square feet of rentable storage space and administration offices. The estimated going-in yield for the acquisition on an unlevered basis was expected to be approximately 8.07% before closing costs.

Cornwall Square is a two-level enclosed shopping centre strategically located next to the Cornwall waterfront in the heart of the city’s downtown retail sector. Adjacent land uses include a number of government offices including Parks Canada, the Cornwall Civic complex and the Department of Justice building. The site encompasses an area of approximately 9.16 acres.

Management believes that the property is the dominant fashion shopping centre in the region and draws from a broad trade area encompassing approximately 109,000 people (the United Counties of Stormont, Dundas and Glengarry).

Cornwall Square was originally built in 1979 and was expanded in 1989 with the addition of a food court. Management believes that it has been maintained to a high standard given the institutional nature of the previous owners. The centre is anchored by a 96,909 square foot Sears store and a 41,058 square foot Loblaws grocery store operating under the “No Frills” banner. There are approximately 58 additional retail tenants, including 6 food court users. Key non-anchor tenants include Shoppers Drug Mart, Le Chateau, Stitches, Cleo, Garage Clothing Company, La Senza, TD Canada Trust, Foot Locker, Athletes World, Tip Top Tailors, Urban Trade and Ardene. As a result of one new lease entered into since the REIT acquired the property, the centre is 98.68% leased including anchor tenants or 97.07% excluding anchor tenants. This is up from 98.33% and 96.29%, respectively, when the REIT acquired the property. Reported sales for 2006 for in-line retail tenants (which excludes anchor and food court tenants) were \$419 per square foot. Minimum rents for 2006 for in-line retail tenants were \$21.44 per square foot, while overall gross rent per square foot was \$40.97. For 2006, the ratio of annual gross rents to annual sales, a common industry metric, was approximately 9.96% for in-line retail tenants.

In the next five years leases representing the percentage of leased retail square-feet set out below will expire:

Year	Leased sq. ft. expiring	% of square-feet
2007	3,064	1.24%
2008	6,627	2.68%
2009	18,043	7.30%
2010	33,039	13.37%
2011	7,381	2.99%

Cornwall Square faces competition from other local shopping complexes; however, the greatest source of competition is from fashion shopping centres located in Montréal and Ottawa, each of which is less than a one hour drive from Cornwall. Locally, Brookdale Centre is an approximately 216,000 square foot power centre located approximately two kilometres from Cornwall Square. Major tenants at Brookdale Centre include Wal-Mart, Food Basics, LCBO and The Beer Store. In addition, Eastcourt Mall, an enclosed mall approximately three kilometres from Cornwall Square, is anchored by a Zellers store but has fewer national tenants.

The REIT has entered into a property management agreement with Redcliff Realty Management Inc. to provide property management and leasing services for Cornwall Square. Such services are provided for a management fee of 3% of gross revenues, leasing fees ranging from \$0.45 to \$3.25 per square foot and other customary property management fees on market terms. The property management agreement is for a term of one year and is terminable by either party on 90 days’ notice.

The purchase price was financed with cash from the equity offering (see “Other 2007 Events – Equity Offering” below), the June private placement (see “Other 2007 Events – Private Placement” below) and existing cash on hand. Concurrent with the closing of the Cornwall Square acquisition, the REIT obtained a \$32,250,000 revolving operating and acquisition facility

(the “Acquisition Facility”) from a Canadian chartered bank for a term of 364 days. The Acquisition Facility is secured by Cornwall Square (the Acquisition Facility is further described in the “Financial Review” section of this MD&A).

OTHER 2007 EVENTS

Asset Management Agreement

On March 27, 2007, the Company (now assigned to the REIT) 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 REIT 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 REIT’s assets, paid quarterly in arrears, and an acquisition fee equal to 0.50% of the “property cost” of each property acquired by the REIT.

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 REIT 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 REIT. The Manager must pay for 8 full-time executives, as well as accounting and administrative personnel.

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 Charter. 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 Assets 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 Charter and which Charter notified the Restricted Party that it was not interested in pursuing.

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.

Private Placement

On June 21, 2007, the REIT completed the private placement of 741,000 units for \$4.05 per unit for gross proceeds of \$3,001,050. The proceeds of the offering were used by the REIT to finance deposits on the Cornwall Square acquisition and for general working capital purposes. The units

were subject to a four-month hold period, which ended October 21, 2007. On October 22, 2007, these units became freely tradeable.

Equity Offering

On July 3, 2007, the REIT filed a preliminary prospectus in each of the provinces and territories of Canada in connection with a marketed offering of trust units (the “Offering”) to raise proceeds of between \$55,000,000 and \$60,000,000. The Offering price was initially \$4.50 per unit.

The REIT engaged TD Securities Inc. as bookrunner and co-lead underwriter and RBC Dominion Securities Inc. as co-lead underwriter, together with a syndicate of underwriters, including CIBC World Markets Inc., BMO Nesbitt Burns Inc., Blackmount Capital Inc., National Bank Financial Inc., Scotia Capital Inc. and HSBC Securities (Canada) Inc.

The final prospectus was filed on August 3, 2007 for a public offering of 13,375,000 units at a price of \$3.45 per unit for gross proceeds of \$46,143,750. The Offering closed on August 9, 2007. The underwriters were granted an over-allotment option to acquire up to an additional 2,006,250 units at a price of \$3.45 per unit for a period of 30 days from closing. The underwriters exercised their over-allotment option on September 5, 2007 to purchase an additional 1,370,912 units, for additional gross proceeds of \$4,729,646. Including the over-allotment, the total gross proceeds of the Offering were \$50,873,396. In connection with the Offering, the underwriters received a fee of \$2,152,404 (including the exercise of the over-allotment option).

The REIT commenced monthly cash distributions to unitholders following completion of the Offering with the first cash distribution for the month of August 2007 in an amount of \$0.02587 per unit which was paid on September 17, 2007 to unitholders of record on August 31, 2007, representing an annualized distribution of \$0.3104 per unit. Distributions are paid on or about the 15th day following the end of each monthly distribution period.

The proceeds of the Offering were used to acquire Cornwall Square, to reduce outstanding indebtedness on the REIT’s Bridge Facilities and for general working capital purposes. The REIT used the proceeds from the exercise of the over-allotment option to further reduce outstanding indebtedness under the Bridge Facilities and for general working capital purposes.

C.A. Bancorp Inc. subscribed for 4,347,826 units under the Offering pursuant to their pre-emptive right.

Western Portfolio

On July 9, 2007, the REIT entered into an agreement to purchase a portfolio of triple net leased properties and development properties located primarily in Western Canada. The purchase price for the portfolio was approximately \$80,000,000 before closing costs and was subject to customary closing adjustments.

On September 26, 2007, the REIT announced that it decided not to move forward with the acquisition. The REIT was not satisfied with certain aspects of the deal and could not come to agreeable revised terms with the vendor. As a result, the REIT decided it would be in the best interest of unitholders not to complete the acquisition.

Options Granted

On September 5, 2007, the REIT granted an aggregate of 1,200,000 incentive unit options to certain of its trustees, officers and consultants. The options have a term of five years and shall vest in equal proportions on each of the following three dates: September 5, 2007, September 5, 2008 and September 5, 2009. Upon vesting, each option shall entitle the holder thereof to purchase one unit of the REIT at a price of \$3.45 until September 5, 2012.

SUBSEQUENT EVENT

On November 8, 2007, the REIT agreed to acquire a shopping centre located at 160 – 180 Anjou Boulevard in Châteauguay (Montréal), Québec for an aggregate purchase price before closing costs of \$14,200,000 (subject to customary adjustments). The acquisition is expected to close on or about November 30, 2007.

The REIT is acquiring a freehold interest in a two storey, 115,758 square foot mixed use retail property. The Châteauguay property is currently 100% leased with a total of 69,137 square feet of ground level space leased to retail tenants, while the remaining 46,621 square feet is leased to primarily government tenants on the second floor. The Châteauguay property is strategically located in the heart of Châteauguay's commercial district on the south shore of Montréal, and is surrounded by Centre Regional Châteauguay to the east (an enclosed shopping centre owned and managed by RioCan REIT) and a free-standing Canadian Tire store to the west. The Châteauguay property is anchored by Business Depot (25,855 s.f.), Cineplex Odeon (15,000 s.f.) and Yellow Group (10,240 s.f.), as well as Société Immobilière du Québec (28,350 s.f.) on the second floor.

The estimated going-in yield for the acquisition on an unlevered basis is approximately 8.05% before closing costs. The REIT has received a commitment letter from a Canadian chartered bank to obtain a standard first mortgage loan in the amount of \$9 million, secured by the Châteauguay property. The loan is for a 5 year term with a 25 year amortization period. The loan will bear interest at a rate of 140 basis points over the 5 year Government of Canada bond rate, which is approximately 5.54% as of November 8, 2007. The remainder of the acquisition will be financed by the REIT drawing down on its Acquisition Facility.

FINANCIAL REVIEW

Financial Results

The following is a summary of selected financial information.

	For the three months ended September 30,		For the nine months ended September 30,	
	2007	2006	2007	2006
Revenues from rental properties	\$2,034,248	\$ -	\$3,228,359	\$ -
Interest income	\$ 13,866	\$ 4,789	\$ 34,399	\$ 12,004
Rental property operating costs	\$ 746,235	\$ -	\$1,093,444	\$ -
Interest expense	\$ 735,180	\$ -	\$1,500,577	\$ -
Incentive unit option compensation	\$ 150,755	\$ -	\$ 193,444	\$ -
General and administrative expenses	\$ 339,477	\$ 36,488	\$ 842,535	\$ 91,558
Depreciation and amortization	\$ 633,548	\$ -	\$1,166,012	\$ -
Corporate transaction costs and other	\$ 464,733	\$ -	\$1,218,800	\$ -
Net loss	\$1,021,814	\$ 31,699	\$2,752,054	\$ 79,554
Net loss per unit-basic & diluted	\$ 0.09	\$ 0.08	\$ 0.57	\$ 0.22

The quarter ended September 30, 2007 reflects the REIT's second full quarter of operations from the Rona properties and Méga Centre, as well as almost two months of operations from Cornwall Square.

Interest expense relates to the debt that was obtained to finance the Méga Centre acquisition as well as drawdowns on the new Acquisition Facility and includes amortization of financing fees of \$180,595 for the nine months ended September 30, 2007.

Incentive unit option compensation expense includes the amortization of the fair value of the September 5, 2007 grant of 1,200,000 options to certain trustees, officers and consultants, as well as the amortization of the fair value of previous grants.

General and administrative expenses were higher for the three and nine months ended September 30, 2007 compared to the prior year, reflecting the fact that the REIT commenced conducting active business in the first quarter of 2007. General and administrative expenses consist of legal and consulting fees of \$215,000, audit fees of \$160,000, directors fees of \$115,000, asset management fees of \$131,000, capital tax of \$44,000, corporate filing, shareholder reports, news releases and transfer fees of \$86,000 and other expenses of \$92,000. The asset management fee is payable to C.A. Bancorp Inc. and is further described under "Asset Management Agreement". The capital tax represents capital taxes of the Company, which after the conversion to the REIT is now a wholly-owned subsidiary of the REIT. Approximately \$42,000 of the capital taxes relate to the period prior to the conversion of the Company into the REIT. For the third quarter 2007 and onward, capital taxes of the Company are minimal.

For the nine months ended September 30, 2007, corporate transaction costs and other consist of: (a) \$790,038, reflecting legal, audit, printing and other costs incurred for the Company's May 10, 2007 conversion to a real estate investment trust; and (b) \$428,762, reflecting due diligence costs incurred on the Western portfolio deal that was terminated.

The REIT realized a net loss of \$2,752,054 for the nine months ended September 30, 2007 or \$0.57 per unit basic and diluted, compared with a net loss of \$79,554 or \$0.22 per unit basic and

diluted for the nine months ended September 30, 2006. Impacting the per unit amounts is the equity issue completed in August 2007.

Net Operating Income

Net operating income (“NOI”) is defined as revenues from rental properties less rental property operating costs. NOI is a non-GAAP (“GAAP” referring to Canadian generally accepted accounting principals) financial measure widely used in the real estate industry. Management considers NOI a meaningful additional measure of the results of the property portfolio and is useful in analyzing the operating performance of the property portfolio.

NOI should not be construed as an alternative to net earnings or cash flow from operating activities determined in accordance with GAAP. Management’s method of calculating NOI may differ from other issuers’ methods of calculating NOI and accordingly, may not be comparable to NOI reported by other issuers.

NOI has only been prepared for the three months ended June 30, 2007 and the three months ended September 30, 2007 since all of the REIT’s real estate assets were purchased late in the first quarter 2007.

Net Operating Income – All Properties

	For the three months ended September 30, 2007	For the three months ended June 30, 2007	Favourable/ (Unfavourable) Variance
Revenues from rental properties	\$2,034,248	\$1,142,657	\$ 891,591
Rental property operating costs	746,235	337,855	(408,380)
Net operating income	\$1,288,013	\$ 804,802	\$ 483,211

Rental property operating costs have been increased by \$17,200 for the three months ended June 30, 2007 to adjust for capital tax originally included in property operating costs during the first three months of March 31, 2007 and reclassified to general and administrative expenses during the three months ended June 30, 2007.

The increase in net operating income is primarily due to the acquisition of Cornwall Square which occurred during the three months ended September 30, 2007.

Net Operating Income – Same Properties

	For the three months ended September 30, 2007	For the three months ended June 30, 2007	Favourable/ (Unfavourable) Variance
Revenues from rental properties	\$1,143,779	\$1,142,657	\$ 1,122
Rental property operating costs	330,750	337,855	7,105
Net operating income	\$813,029	\$ 804,802	\$ 8,227

The same-property comparison includes only the properties that were owned throughout the current and comparative three month periods (namely the Rona properties and the Méga Centre).

Net operating income, on a same-property basis, increased 1% from the prior quarter, predominantly due to maintenance expenditures incurred during the prior quarter of \$56,000 which were substantially offset by bad debt expense of \$44,000 incurred during the current quarter for the tenant which vacated from Méga Centre.

Funds From Operations

Funds from operations (“FFO”) is a non-GAAP financial measure of operating performance widely used by the real estate industry. Charter calculates FFO in accordance with the recommendations of the Real Property Association of Canada (“RealPac”). The definition is meant to standardize the calculation and disclosure of FFO across real estate entities in Canada, and is modeled on the definition adopted by the National Association of Real Estate Investment Trusts (“NAREIT”) in the United States.

Management considers FFO a meaningful additional measure of operating performance for financial analysts, investors and unitholders, as it primarily rejects the assumption that the value of real estate investments diminishes predictably over time and it adjusts for items included in GAAP net income that may not necessarily be the best determinants of operating performance.

FFO should not be construed as an alternative to net earnings or cash flow from operating activities determined in accordance with GAAP. Management’s method of calculating FFO may differ from other issuers’ methods of calculating FFO and accordingly, may not be comparable to FFO reported by other issuers.

FFO has only been prepared for the three months ended June 30, 2007 and the three months ended September 30, 2007, since all of Charter’s real estate assets were purchased late in the first quarter 2007.

A reconciliation of GAAP net income to FFO is as follows:

	For the three months ended September 30, 2007	For the three months ended June 30, 2007
Net (loss) for the period	\$(1,021,814)	\$(1,145,407)
Add amortization of:		
Income producing properties	510,039	187,394
Deferred costs	762	-
Intangible assets	118,897	335,256
Funds from operations (FFO)	\$ (392,116)	\$ (622,757)
Weighted average units – basic and diluted	10,918,792	2,192,429
FFO per unit – basic and diluted	\$ (0.04)	\$ (0.28)

FFO is negative for the three months ended September 30, 2007 due to the small size of the property portfolio, significant general and administrative expenses incurred as a result of the REIT commencing the conducting of active business in the first quarter of 2007 and \$428,762 incurred during the quarter for due diligence costs on the Western portfolio deal that was terminated. FFO did improve in the third quarter 2007 compared to the second quarter 2007, mainly as a result of higher NOI due to the acquisition of Cornwall Square on August 9, 2007. Impacting the per unit amounts is the equity issue completed in August 2007.

Liquidity and Capital Resources

	As at September 30, 2007	As at December 31, 2006
Income producing properties	\$72,931,034	\$ -
Intangible assets	8,908,178	-
Deferred costs	212,531	-
Cash	1,694,333	805,127
Restricted cash	525,000	-
Other assets	1,038,713	47,867
Total assets	\$85,309,789	\$ 852,994
Mortgage payable	\$27,360,921	\$ -
Credit facilities	3,553,525	-
Other liabilities	3,873,783	83,858
Total liabilities	34,788,229	83,858
Unitholders' equity	50,521,560	769,136
Total liabilities and unitholders' equity	\$ 85,309,789	\$ 852,994

At September 30, 2007, the REIT had total assets of \$85,309,789, a significant increase from \$852,994 at December 31, 2006, reflecting the acquisitions of the Rona properties and the Méga Centre during the first quarter of 2007 and Cornwall Square in the third quarter of 2007. Included in the total purchase price allocated for the acquisitions to income producing properties, intangible assets and other liabilities is total acquisition fees of \$392,000 paid to C.A. Bancorp Inc. for the Méga Centre and Cornwall Square pursuant to the terms of the management agreement further described under "Asset Management Agreement". The allocation of the purchase price of the Méga Centre continued to be trued up during the quarter as the REIT continued to evaluate the fair value of the net assets acquired.

Deferred costs of \$212,531 represent leasing costs, tenant improvements and deferred recoverable expenditures incurred for Cornwall Square, net of amortization.

Restricted cash of \$525,000 represents the reserve fund the REIT was required to set up with its first mortgage lender on the Méga Centre in order to fund future capital expenditures at the centre. Subsequent to the quarter end, \$55,995 has been released from restricted cash and reimbursed back to the REIT as a result of the REIT completing some of the required capital expenditures.

Other assets of \$1,038,713 at September 30, 2007 include deposits on properties under option of \$100,000, prepaid expenses of \$697,882 which primarily consist of prepaid property taxes and insurance and accounts receivable of \$240,831 which primarily consist of tenant receivables.

Unitholders' equity has increased by \$49,752,424 during the nine months ended September 30, 2007. The increase is mainly due to the net proceeds from the two private placements which were completed in February and June 2007, as well as the net proceeds from the Offering and related exercise of the over-allotment option which were completed in August and September 2007 (\$5,875,185 and \$47,281,107, respectively). These increases were partially offset by the net

loss recorded for the nine months ended September 30, 2007, as well as \$875,258 in distributions to unitholders. The REIT commenced monthly cash distributions to unitholders following completion of the Offering with the first cash distribution for the month of August 2007 in an amount of \$0.02587 per unit which was paid on September 17, 2007 to unitholders of record on August 31, 2007, representing an annualized distribution of \$0.3104 per unit. Distributions are paid on or about the 15th day following the end of each monthly distribution period.

Mortgages and Other Financing

Mortgage Payable

The REIT has a standard first mortgage loan in the amount of \$27,525,000 with a Canadian chartered bank, secured by the Méga Centre. 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 a rate of 5.32%. The terms of the first mortgage financing required the set up of an initial \$525,000 reserve fund with the first mortgage lender to cover future capital expenditures on the property. Subsequent to the quarter end, \$55,995 has been released from the reserve fund and reimbursed back to the REIT as a result of the REIT completing some of the required capital expenditures.

Future principal repayments on the first mortgage financing are as follow:

Year	Principal Instalment Payments	Balance Maturing	Total	Interest Rate on Debt Maturing
2007	\$ -	\$ -	\$ -	
2008	-		-	
2009	276,007		276,007	
2010	385,549		385,549	
2011	406,596		406,596	
Thereafter	2,528,228	23,928,620	26,456,848	5.32%
Total	\$3,596,380	\$23,928,620	\$27,525,000	

Bridge Financing

KingSett Capital and C.A. Bancorp Inc. have each provided the REIT with credit facilities (collectively referred to as the “Bridge Facilities”), for total facilities available of \$24,000,000. Of the \$24,000,000 available, \$10,500,000 was used to fund the acquisition of the Méga Centre with \$6,000,000 being drawn on the KingSett Capital facility and \$4,500,000 being drawn on the C.A. Bancorp Inc. facility. Both facilities were repaid during the quarter ended September 30, 2007, partly from the proceeds of the Offering and related over-allotment option and partly from drawing down on the REIT’s new Acquisition Facility.

Both the KingSett Capital facility and the C.A. Bancorp Inc. facility can be used to fund future acquisitions subject to lender approval of the particular acquisition and other restrictions.

The KingSett Capital 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 has been

secured by a first mortgage on the Rona properties, and a general security agreement with the REIT.

The C.A. Bancorp Inc. facility (the "C.A. Bancorp Facility") was initially a \$10,000,000 facility and was increased by \$4,000,000 in June 2007 in connection with the waiving of conditions on the purchase of Cornwall Square. 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 has been secured by a general security agreement with the REIT, which is subordinate to the security held by other lenders.

Acquisition Facility

In connection with the acquisition of Cornwall Square, the REIT obtained the Acquisition Facility. The Acquisition Facility is in the amount of \$32,250,000, is for a term of 364 days and is secured by Cornwall Square. The Acquisition Facility may be used to fund the equity portion of future acquisitions (without lender approval of the particular acquisition) and for general working capital purposes. Pursuant to the terms of the Acquisition Facility, from time to time, the amount permitted to be drawn under the Acquisition Facility may be adjusted based on certain financial tests. As of the date of this MD&A, management anticipates that the permitted draw down will be approximately \$30,500,000. Amounts drawn down under the Acquisition Facility will bear interest at a rate equal to the Bank's prime rate plus 0.75% per annum and Banker's Acceptances will bear interest at a rate equal to the Bank's Acceptance stamping fee plus 1.75% per annum. The Acquisition Facility contains financial covenants with respect to maintaining agreed upon debt-to-gross book value ratios and other tests customary for this type of facility.

During the quarter ended September 30, 2007, a net \$4,000,000 was drawn down under the Acquisition Facility, which was used to repay the Bridge Facilities and for general working capital purposes. Subsequent to quarter end, a further \$2,000,000 has been drawn partly for general working capital purposes and partly to fund distributions in excess of operating cash flow.

Financing Costs

The unamortized balance of financing costs of \$610,554 have been netted against the mortgage payable and credit facilities. These costs represent commitment fees and other fees paid in connection with securing these loans and facilities.

Cash Flow

	For the three months ended September 30, 2007		For the nine months ended September 30, 2007	
		2006		2006
Net cash used in operating activities	\$ (29,083)	\$ (29,934)	\$ (920,518)	\$ (70,756)
Net cash provided by financing activities	\$ 41,198,028	\$ 494,635	\$ 84,725,924	\$ 494,210
Net cash used in investing activities	\$ (42,693,160)	\$ -	\$ (82,916,200)	\$ -

Cash provided by operating activities for the three and nine months ended September 30, 2007

was negative mainly as a result of the net losses recorded and deferred recoverable expenditures, partly offset by adjustments for depreciation and amortization and other non-cash items.

Included in cash provided by operating activities is deferred recoverable expenditures of \$165,103 incurred on Cornwall Square, mainly relating to ongoing maintenance of the parking deck, which is recoverable from the tenants.

Cash generated from financing activities for the three and nine months ended September 30, 2007 relates primarily to the net proceeds from the Offering. For the same time periods, cash distributions to unitholders was \$419,896. The REIT commenced monthly distributions effective August 2007. For the three months ended September 30, 2007, there was a net repayment of credit facilities of \$6,500,000, consisting of the repayment of the higher interest Bridge Facilities of \$10,500,000 and the drawdown of \$4,000,000 on the lower interest Acquisition Facility. For the nine months ended September 30, 2007, there was a net drawdown on the Acquisition Facility of \$4,000,000. Cash generated from financing activities for the nine months ended September 30, 2007 also includes the net proceeds from the two private placements as well as the mortgage financing obtained for the Méga Centre property.

Cash used in investing activities for the three months ended September 30, 2007 mainly relates to the acquisition of Cornwall Square. Cash used in investing activities for the nine months ended September 30, 2007 reflects the acquisition of the Rona properties, the Méga Centre and Cornwall Square. During the quarter, \$37,966 was incurred in tenant improvements at Cornwall Square relating to 1,276 square feet of new leasing that has occurred since acquisition, as well as from some leasing that took place prior to acquisition but after the REIT had entered into a purchase and sale agreement with the vendor on Cornwall Square. As well, \$50,586 of additions to building improvements were incurred at the Méga Centre.

Management believes that the Méga Centre will require between \$500,000 and \$750,000 in capital expenditures over the next five years. These expenditures are primarily for roof replacement and parking lot maintenance. Capital expenditures on the Méga Centre are expected to be approximately \$150,000 in 2007. The majority of these capital expenditures will be funded out of restricted cash being held by the first mortgage lender on the Méga Centre.

Over the past four years there has been ongoing parking deck maintenance at Cornwall Square. Capital expenditures for this maintenance have been approximately \$150,000 per year. The REIT expects to continue parking deck maintenance and to spend approximately \$150,000 per year, which amount will be recoverable from the tenants. Additionally, between 1996 and 2001 extensive roof repairs were completed. Capital expenditures during this period amounted to an aggregate of approximately \$800,000. The REIT does not expect to make significant non-recoverable capital expenditures on the property in the next five years.

Related Party Transactions

In connection with the C.A. Bancorp Facility, interest payable to C.A. Bancorp Inc. for the quarter ended September 30, 2007 amounted to \$59,178 and for the nine months ended September 30, 2007 amounted to \$204,986. As well, in connection with that facility, total commitment fees of \$70,000 were paid to C.A. Bancorp Inc.

Pursuant to the management agreement, management fees of \$64,152 for the quarter ended September 30, 2007 and \$130,958 for the year ended September 30, 2007 were paid and payable to C.A. Bancorp Inc. Also pursuant to the management agreement, total acquisition fees of

\$392,000 were paid to C.A. Bancorp Inc. for the acquisitions of the Méga Centre and Cornwall Square.

Quarterly Performance

The following is a summary of the interim results for each of the last eight quarterly periods.

	Q4-2005	Q1-2006	Q2-2006	Q3-2006	Q4-2006	Q1-2007	Q2-2007	Q3-2007
Total revenues	\$ 3,047	\$ 3,386	\$ 3,829	\$ 4,789	\$ 8,558	\$ 61,206	\$1,153,438	\$2,048,114
Expenses	\$14,944	\$30,158	\$24,912	\$36,488	\$67,405	\$646,039	\$2,298,845	\$3,069,928
Net loss	\$11,897	\$26,772	\$21,083	\$31,699	\$58,847	\$584,833	\$1,145,407	\$1,021,814
Net loss per unit – basic & diluted	\$ 0.03	\$ 0.08	\$ 0.06	\$ 0.08	\$ 0.10	\$ 0.48	\$ 0.52	\$ 0.09

Changes in Accounting Policies

Effective January 1, 2007, the REIT adopted several new accounting standards issued by the Canadian Institute of Chartered Accountants (“CICA”), including comprehensive income, financial instruments and hedges. The new standards are described in more detail in Note 3 to the interim financial statements for the quarter ended September 30, 2007. There were no transitional adjustments required for the application of these standards.

Critical Accounting Estimates

The preparation of financial statements requires the REIT to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The REIT’s significant accounting policies are described in Note 2 to the interim financial statements for the quarter ended September 30, 2007 and Note 2 to the financial statements for the year ended December 31, 2006. Management believes that the policies which are most subject to estimation and management’s judgment relate to the following:

Property Acquisitions

In accordance with the CICA Handbook, management is required to allocate the purchase price to land, buildings, tenant improvements, above and below market in-place leases, lease origination costs and tenant relationship values. Management uses estimates and judgments with respect to such things as market rates and discount rates to derive the fair values of these various components. Future depreciation and amortization is impacted by the derived allocations, due to the varying rates of amortization for these different assets.

Impairment of Income Producing Properties

Management must evaluate the recoverability of the net carrying amount of income producing properties. An impairment in the value of income producing properties is recognized when the carrying value exceeds the total undiscounted future cash flows expected from the use and eventual disposal of the asset. In making this evaluation, estimates are made regarding the future cash flows of the property, which involve assumptions on future occupancy, rental rates and residual value.

Depreciation and Amortization

Depreciation and amortization requires estimates of useful lives.

Incentive Unit Options

Incentive unit compensation expense represents the amortization of the fair value of options granted. The derivation of the fair value of options granted uses the Black-Scholes option pricing model and requires assumptions regarding the REIT's underlying units, such as expected volatility, the risk-free rate of return and dividend yield.

Fair Value Disclosures

Management is required to disclose the fair value of financial instruments in the financial statements. In determining the fair value of financial instruments, management must make estimates and assumptions with respect to current market interest rates and terms to maturity.

CORPORATE STRATEGY AND OUTLOOK

In order to achieve the objectives of growing and developing the business of Charter, on July 3, 2007 Charter filed a preliminary prospectus in connection with a marketed offering of units to raise proceeds of between \$55,000,000 and \$60,000,000. The REIT raised a total of \$50,873,396. This was Charter's first significant equity raise. The REIT set out several objectives for the Offering as follows: (1) to create liquidity and a market for the units; (2) to set a distribution yield for investors; (3) to raise sufficient funds to de-lever the balance sheet by repaying debt; and (4) to raise sufficient funds to create acquisition capacity that will allow the REIT to grow before having to come back and raise further equity and dilute unitholders' interests. Given the weak state of the North American equity markets in July, partly driven by sub-prime lending concerns in the U.S., the REIT's marketing efforts vis-à-vis the Offering were hampered. In spite of this, the REIT is pleased to have been able to complete the Offering and thereby achieve the objectives originally set out for the Offering. However, the REIT did have to make some adjustments to the Offering as a result of the poor equity market conditions. First, the REIT amended the offering price from \$4.50 to \$3.45. Second, the distribution to unitholders has been set at 31.04 cents per unit per annum, or the equivalent of 9% on the issue price – at the high end of the marketing range. Finally, the REIT was only able to raise \$50,873,396 instead of \$55,000,000 to \$60,000,000 as originally contemplated, which would have given the REIT more acquisition capacity and an ability to further de-lever the balance sheet. Notwithstanding this, the REIT believes that it has a viable business model and a platform on which to grow and further achieve its objectives for unitholders.

At the end of the third quarter, the REIT has a debt-to-gross book value ratio of approximately 36.5% (with debt-to-gross book value defined as the gross principal amount of debt divided by total assets plus accumulated depreciation and amortization) and at the date of this MD&A, approximately \$24,500,000 of the Acquisition Facility is available to the REIT (prior to accounting for the Châteauguay property acquisition previously mentioned). Assuming the REIT can finance acquisitions with first mortgages representing between 65% and 70% of the purchase price, the REIT is left with acquisition capacity of approximately \$70,000,000 to \$82,000,000 while still keeping its debt-to-gross book value ratio under 70%. It is anticipated that the REIT will operate with a debt-to-gross book value ratio of between 65% and 75%. Over time, as the REIT's asset base grows, its debt-to-gross book value is expected to decrease to approximately 65% or lower. Currently the REIT is paying distributions in excess of operating cash flow and

FFO and has funded and will fund the excess using its Acquisition Facility. However, over time with additional acquisitions, it is expected that the REIT's cash distributions as a percentage of both operating cash flow and FFO will decline.

The REIT will continue to seek additional acquisitions that fit within its acquisition strategy, like the Châteauguay property, and currently has an active pipeline of other properties that it is considering. No assurances can be given that any of these acquisitions will come to fruition. The REIT also remains cognizant when making acquisitions and financing those acquisitions, of the debt markets and the fact that both credit spreads and bond rates have increased since the beginning of the year. As well, many of the traditional real estate lenders have effectively shut down and are not quoting on properties. Financing has been the biggest challenge in acquiring properties that the REIT has faced lately for two reasons. First, finding financing for properties at reasonable rates is difficult. Second, many vendors still have higher price expectations than what is realistic in today's environment.

In terms of the REIT's existing properties, management is pleased with the new leasing that has taken place at Cornwall Square since entering into a purchase and sale agreement with the vendor. At the Méga Centre, the REIT will look to lease up the vacant space (both the basement space and the retail space arising from the recent tenant departure). The REIT will also look to re-merchandise the centre by repositioning certain weaker retailers. The REIT has seen interest in the centre by various national and regional retailers.

The REIT anticipates that substantially all of the distributions made or to be made during the current taxation year will not be included in the income of a unitholder for tax purposes but will reduce the adjusted cost base of that unitholder's units. Also, as currently structured, management believes that the REIT qualifies as a "real estate investment trust" under the recently passed SIFT tax legislation. Under the SIFT legislation, certain distributions to investors from certain publicly listed or traded trusts and partnerships (or "SIFTs") other than real estate investment trusts, will be subject to tax at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations and will be taxed in the hands of unitholders as though they were a dividend from a taxable Canadian corporation. The result is that SIFTs (other than real estate investment trusts) will be taxed in a similar manner to corporations and their investors will be taxed in a manner similar to investors in a corporation. The SIFT legislation applies commencing in the 2007 taxation year. The SIFT legislation does not apply to certain trusts that qualify as real estate investment trusts. Should it be found that the REIT fails to qualify as a real estate investment trust or the REIT undertakes subsequent activities that cause it to fail to qualify as a real estate investment trust, the SIFT legislation would allow the failure to be cured within the taxation year so that the REIT could qualify as a real estate investment trust for the next taxation year.

FACTORS THAT MAY AFFECT FUTURE RESULTS

Future financial performance will be influenced by successful acquisitions of retail real estate properties. The REIT will also be subject to certain risks relating to the business of acquiring and owning real property including but not limited to: 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.

The significant risk factors and any corresponding plan to mitigate these risks, where possible, can be found in the Final Short Form Prospectus dated August 3, 2007, which is available on www.sedar.com.

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 of the REIT's disclosure controls and procedures (as defined in *Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings*) as at September 30, 2007 and have concluded that such disclosure controls and procedures were appropriately designed.

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 REIT's internal controls over financial reporting (as defined in *Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings*) as at September 30, 2007 and, based on that assessment, determined that the REIT's internal controls over financial reporting were appropriately designed.

There has been no change in internal controls over financial reporting in the third quarter of 2007 that has materially affected, or is reasonably likely to materially affect the REIT's internal controls over financial reporting. In acquiring both the Méga Centre and Cornwall Square, the REIT has engaged the services of third-party property managers whose internal controls form part of the the REIT's system of internal controls. The REIT has documented and continues to document those internal controls and reviews reports and other documentation provided by the property manager as part of its internal control activities.