CHARTER
REAL ESTATE INVESTMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008

TABLE OF CONTENTS

Overview……………………………………………………………………………………..3
Advisory……………………………………………………………………………………...3
Highlights……………………………………………………………………………………5
Charter's Business…………………………………………………………………………..6
Real Estate Portfolio and Acquisitions……………………………………………………….8
    Real Estate Portfolio…………………………………………………………………..8
    Leasing Activity and Occupancy……………………………………………………10
Financial Review…………………………………………………………………………...11
    Financial Results……………………………………………………………………..11
    Net Operating Income……………………………………………………………….12
    Funds From Operations……………………………………………………………..14
    Balance Sheet Analysis and Liquidity and Capital Resources………………………16
        Mortgages and Other Financing……………………………………………...17
        Cash Flow…………………………………………………………………….19
    Related Party Transactions…………………………………………………………….21
    Quarterly Performance……………………………………………………………...22
    Changes in Accounting Policies……………………………………………………..22
    Critical Accounting Estimates………………………………………………………23
Corporate Strategy and Outlook…………………………………………………………….24
Disclosure Controls and Internal Controls…………………………………………………….25

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. Pursuant to the Arrangement, the Company is a wholly-owned subsidiary of the REIT.

The conversion of the Company into the REIT has been accounted for on a continuity of interest basis. Accordingly, any comparative figures and note disclosures are presented as if the Company had converted to a trust structure from the inception of the Company's formation.

The REIT is focused on acquiring a portfolio of retail and mixed-use retail community and neighbourhood centres, 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. Charter's principal goal is to generate a reliable and growing yield for its investors. The REIT currently owns seven 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% 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 three and six months ended June 30, 2008. The MD&A should be read in conjunction with the unaudited interim consolidated financial statements and the accompanying notes of the REIT for the three and six months ended June 30, 2008 and with the audited consolidated financial statements and the accompanying notes of the REIT for the year ended December 31, 2007. 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 to the extent that they are not historical fact, may constitute "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information involves significant known and unknown risks, uncertainties and assumptions. Important assumptions relating to the forward-looking information contained in this MD&A include expansion, capital expenditures, competitive conditions, gross economic conditions and current levels of distributions. Forward-looking information includes information concerning the REIT's future financial performance, business strategy, plans, goals, and objectives. Forward-looking information generally can be identified by the use of forward-looking terminology such as "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate", "outlook", "aim" and other similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management.

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, and accordingly, no undue reliance should be placed on any such forward-looking statements. Those risks and uncertainties include, among other things: the ability of the REIT to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits; risks associated with real property ownership, including occupancy rates; competitive conditions in the business 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 and borrowing costs; environmental matters; reliance on external sources of capital; and changes to the laws, rules, and regulations applicable to the REIT or the markets in which the REIT operates. Additional information about these risks and uncertainties and any corresponding plan to mitigate these risks, where possible, is contained in the REIT's filings with securities regulators, including the REIT's Annual Information Form dated February 22, 2008 which is available on www.sedar.com.

Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with this forward-looking information. 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 August 6, 2008 and presents material information up to this date, unless otherwise noted.

HIGHLIGHTS

For the second quarter and first six months of 2008 Charter:

- acquired its seventh property – Place Val Est in Sudbury, a 110,313 square foot grocery-anchored retail strip centre for an aggregate purchase price of $14,720,000, bringing total assets acquired to approximately $112,000,000 since January 1, 2007;
- has a balance sheet that remains strong, with a debt-to-gross book value of 54.6%;
- has $10,775,000 available under its acquisition facility at the date of this MD&A, for remaining acquisition capacity of between $27,000,000 and $31,000,000, while a further $14,000,000 bridge facility from C.A. Bancorp Inc. remains undrawn;
- established a Distribution Reinvestment and Optional Unit Purchase Plan, which currently has approximately 26% participation by existing unitholders, saving Charter significant cash in terms of its monthly distributions;
- had an average occupancy rate for the portfolio of 97.8% - slightly higher than at the end of the first quarter of 97.5%;
- recorded NOI[(2)] from its properties of $2,262,172 for the quarter ended June 30, 2008, representing an 11% increase from the quarter ended March 31, 2008 of $2,034,971 and an increase of $1,457,370 from the quarter ended June 30, 2007 ;
- recorded same property NOI[(2)] for the quarter ended June 30, 2008 of $2,262,172, a 6.2% increase from the $2,130,909 recorded for the quarter ended March 31, 2008;
- had a net loss of $230,240 or $0.01 per unit basic and diluted for the quarter ended June 30, 2008 (for the quarter ended March 31, 2008 – net loss of $468,977 or $0.03 per unit basic and diluted and for the quarter ended June 30, 2007 – net loss of $1,145,407 or $0.52 per unit basic and diluted); and
- recorded FFO[(2)] of $988,711 or $0.06 per unit basic and diluted for the quarter ended June 30, 2008, an increase of 41% from the quarter ended March 31, 2008 of $703,490 or $0.04 per unit basic and diluted and an increase of $1,611,468 from the quarter ended June 30, 2007 of ($622,757) or ($0.28) per unit basic and diluted.

The following is a summary chart of selected financial information:

	Q2 2008	Q2 2007(1)	Q1 2008	Q4 2007
NOI(2)	$ 2,262,172	$ 804,802	$ 2,034,971	$ 1,693,610
FFO(2)	$ 988,711	$ (622,757)	$ 703,490	$ 676,304
FFO per unit - diluted(2)	$ 0.06	$ (0.28)	$ 0.04	$ 0.04
Net loss	$ 230,240	$ 1,145,407	$ 468,977	$ 290,031
Net loss per unit - diluted	$ 0.01	$ 0.52	$ 0.03	$ 0.02
Distributions	$ 1,389,016	$ -	$ 1,370,141	$ 1,366,085
Distributions per unit(3)	$ 0.078	$ -	$ 0.078	$ 0.078
Cash distributions	$ 1,031,290	$ -	$ 1,275,845	$ 1,366,085
Cash distributions per unit	$ 0.058	$ -	$ 0.073	$ 0.078
Gross book value of real estate	$112,740,169	$ 39,833,157	$112,381,156	$ 97,309,050
Mortgages payable and credit facilities	$ 64,245,222	$ 37,853,573	$ 63,330,140	$47,816,387
Debt-to-gross book value	54.6%	84.3%	54.3%	47.1%

(1) Certain amounts have been reclassified to conform to the current quarter's presentation.
(2) NOI and FFO are non-GAAP financial measures widely used in the real estate industry. See "Financial Review" section for further details and advisories.
(3) Excluding the 3% bonus units given to participants in the Distribution Reinvestment and Optional Unit Purchase Plan.

CHARTER'S BUSINESS

Charter is focused on acquiring retail and mixed-use retail community and neighbourhood centres 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 centres are attractive investments because they offer stable cash flow where the majority of rents are derived from national and regional retailers with multi-year leases, as is the case with Charter's portfolio. These 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 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 believes that it can obtain high quality, stable retail properties with the potential for value-add opportunities by focusing on both enclosed and open-air community and neighbourhood shopping centres in primary and secondary markets. Management also believes that Charter has a differentiated position within the broader retail REIT universe by focusing on these community and neighbourhood shopping centres because there are only a small number of key public players focusing on these types of centres, and even fewer focusing on these types of centres in secondary markets. These centres would typically be between 100,000 and 500,000 square feet and anchored by department stores, discount retailers and/or supermarkets. Charter intends to maximize the value of its centres by executing the appropriate re-merchandising and re-development strategy wherever possible. Charter's goal is to own "institutional-grade" properties or properties with the potential to become "institutional-grade" through this re-merchandising and re-development.

By focusing on secondary markets, management believes that there are opportunities to obtain well-tenanted centres with strong national and regional retailers at attractive capitalization rates. Charter is building a portfolio of high quality secondary market real estate assets as well as high-yielding, opportunistic primary market real estate assets, allowing the REIT to generate higher returns at lower risk than if the REIT was to focus exclusively in primary markets.

The cost of the centres that Charter focuses on are generally in the $10 to $40 million range, which allows 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.

REAL ESTATE PORTFOLIO AND ACQUISITIONS

Real Estate Portfolio

The REIT currently owns seven retail and mixed-use retail properties in Ontario and Quebec as follows:

				Gross Leaseable Area (sq.ft.)				
Property and location	**Property type**	**Date built /redeveloped**	**Anchor tenants**	**Retail[1]**	**Storage space**	**Occupancy[2]**	**% of annualized base rental revenue**	**Weighted average rent**
Ontario:								
Cornwall Square Cornwall, Ontario	Enclosed Mall	1979/1989	Sears Loblaws (No Frills)	250,100	1,258	98.7%	35.3%	$12.23
Place Val Est Sudbury, Ontario	Grocery-anchored Strip Centre	1983/1987, 1990, 1998	Metro (Loeb)	110,313	-	98.1%	14.8%	$11.59
Rona Property Exeter, Ontario	Free Standing	1996/2000	Rona	42,780	-	100%	1.6%	$3.21
Rona Property Seaforth, Ontario	Free Standing	1962/2000	Rona	19,622	-	100%	0.5%	$2.24
Rona Property Zurich, Ontario	Free Standing	1961/2000	Rona	24,400	-	100%	0.4%	$1.35
Quebec:								
Méga Centre Montreal, Quebec	Community Power Centre	1973/1993, 1999, 2000, 2004	Brault & Martineau Staples Future Shop	277,477	36,081	95.3%	32.8%	$10.52
Châteauguay Montreal, Quebec	Mixed-use Strip Centre	1970/1994	Staples	115,758	-	100%	14.6%	$10.71
Total				**840,450**	**37,339**	**97.8%** [3]	**100%**	**$10.35** [3]

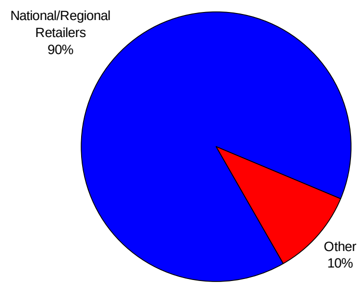
Notes:

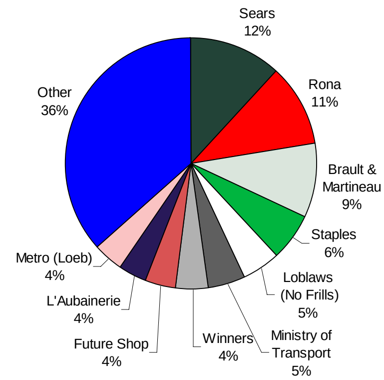
(1) Includes office space in mixed-use retail properties.

(2) Retail/office portion only.

(3) Represents weighted average for the portfolio.

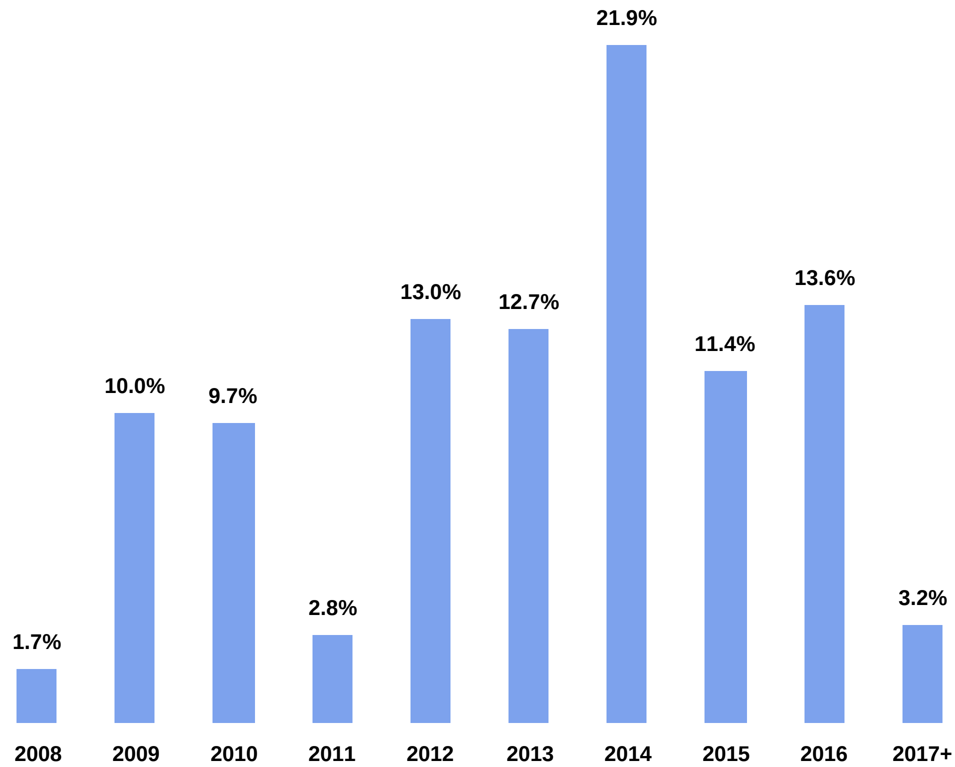
The current tenant mix for the properties is as follows:





Note: Based on total leased sq. ft. excluding storage

The weighted average term to maturity of existing leases is approximately 6 years. The chart below shows the lease expiration schedule of the properties as a percentage of leased square feet for the remainder of 2008 and beyond:



Note: Based on total leased sq. ft. excluding storage

Leasing Activity and Occupancy

During the quarter, the portfolio had lease expiries of 3,378 square feet at an average base rent of $19.85 per square foot. Of these, new or renewal leases of 5,231 square feet have been entered into during the quarter, at an average base rent of $23.29 per square foot. The average occupancy rate for the portfolio increased slightly to 97.8%, compared to March 31, 2008 at 97.5%.

FINANCIAL REVIEW

Financial Results

The following is a summary of selected financial information.

	Three months ended		
	June 30, 2008	**June 30, 2007**	**March 31, 2008**
Revenues from rental properties	**$3,698,924**	$1,142,657	$3,610,932
Interest income	**$ 15,295**	$ 10,781	$ 14,841
Rental property operating costs	**$1,436,752**	$ 337,855	$1,575,961
Interest expense	**$ 856,268**	$ 687,876	$ 825,510
Incentive unit option compensation	**$ 50,837**	$ 11,957	$ 54,069
General and administrative expenses	**$ 257,924**	$ 276,011	$ 317,600
Depreciation and amortization	**$1,342,678**	$ 580,914	$1,321,610
Corporate transaction costs and other	**$ -**	$ 404,232	$ -
Net loss	**$ 230,240**	$1,145,407	$ 468,977
Net loss per unit-basic & diluted	**$ 0.01**	$ 0.52	$ 0.03

	Six months ended	
	June 30, 2008	**June 30, 2007**
Revenues from rental properties	**$7,309,856**	$1,194,111
Interest income	**$ 30,136**	$ 20,533
Rental property operating costs	**$3,012,713**	$ 347,209
Interest expense	**$1,681,778**	$ 707,133
Incentive unit option compensation	**$ 104,906**	$ 42,689
General and administrative expenses	**$ 575,524**	$ 503,058
Depreciation and amortization	**$2,664,288**	$ 590,728
Corporate transaction costs and other	**$ -**	$ 754,067
Net loss	**$ 699,217**	$1,730,240
Net loss per unit-basic & diluted	**$ 0.04**	$ 1.01

The net loss for the second quarter 2008 compared to the first quarter of 2008 was impacted by: higher net operating income from the Place Val Est property (net of first mortgage financing expense) as a result of a full quarter of ownership, increased net operating income from the Méga Centre and Châteauguay properties (which will be discussed in more detail in the “Net Operating Income” section) and decreased general and administrative expenses (which is discussed below).

The second quarter 2008 net loss improved compared to the second quarter of 2007 mainly as a result of $72.5 million in property acquisitions since then as well as the non-recurring $404,232 of corporate transaction costs incurred during the second quarter of 2007 to convert to a real estate investment trust.

For the six months ended June 30, 2008 the net loss was $699,217 or $0.04 per unit basic and diluted compared to a net loss of $1,730,240 or $1.01 per unit basic and diluted for the six months ended June 30, 2007. The improvement in the net loss was mainly due to the $72.5 million in property acquisitions and $754,067 of corporate transaction costs incurred during 2007.

For a discussion of revenues from rental properties and rental property operating costs, see below under the heading "Net Operating Income".

Interest expense for the second quarter of 2008 was $856,268 compared to $687,876 for the second quarter of 2007 and $825,510 for the first quarter of 2008. The increase in interest expense between the second quarter of 2008 and the second quarter of 2007 is mainly a result of financings obtained for all the acquisitions completed since then. The increase between the second quarter of 2008 and the first quarter of 2008 is mainly due to the full quarter impact of the Place Val Est mortgage financing obtained in connection with that acquisition which occurred during the first quarter of 2008.

Interest expense was $1,681,778 for the six months ended June 30, 2008 compared to $707,133 for the six months ended June 30, 2007. The increase was mainly as a result of financings obtained on the property acquisitions, completed in the past twelve months.

Interest expense for the six months ended June 30, 2008 includes amortization of financing fees on mortgages payable of $13,421.

General and administrative expenses decreased by $59,676 for the quarter ended June 30, 2008 compared to the first quarter of 2008 mainly due to additional expenses incurred during the first quarter of 2008 for tax compliance work and year end filing fees. General and administrative expenses were only slightly lower for the quarter ended June 30, 2008 compared to the quarter ended June 30, 2007. For the six months ended June 30, 2008, general and administrative expenses were $575,524 compared to $503,058 for the six months ended June 30, 2007. The increase was mainly a result of increased asset management fees. General and administrative expenses for the six months ended June 30, 2008 consist of legal and consulting fees of $40,405, audit and tax compliance fees of $148,258, trustee fees of $60,463, asset management fees of $183,001, corporate filing, shareholder reports, news releases and transfer fees of $81,743 and other expenses of $61,654.

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" refers 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.

Net Operating Income – All Properties

	Three months ended June 30, 2008	Three months ended June 30, 2007	Favourable/ (unfavourable) variance
Revenues from rental properties	**$ 3,698,924**	$ 1,142,657	**$ 2,556,267**
Rental property operating costs	**1,436,752**	337,855	**(1,098,897)**
Net operating income	**$ 2,262,172**	$ 804,802	**$ 1,457,370**

	Six months ended June 30, 2008	Six months ended June 30, 2007	Favourable/ (unfavourable) variance
Revenues from rental properties	**$ 7,309,856**	$ 1,194,111	**$ 6,115,745**
Rental property operating costs	**3,012,713**	347,209	**(2,665,504)**
Net operating income	**$ 4,297,143**	$ 846,902	**$ 3,450,241**

The increase in NOI for the quarter and six months ended June 30, 2008 compared to the same periods in 2007 is primarily due to $72.5 million of property acquisitions completed since June 30, 2007. Also, it should be noted that 4,871 square feet in the Place Val Est property is subject to a 'head lease' with the vendor for a 2 year term. NOI from the head lease is not included in the statement of operations but rather reduced the purchase price of that property.

	Three months ended June 30, 2008	Three months ended March 31, 2008	Favourable/ (unfavourable) variance
Revenues from rental properties	**$ 3,698,924**	$ 3,610,932	**$ 87,992**
Rental property operating costs	**1,436,752**	1,575,961	**139,209**
Net operating income	**$ 2,262,172**	$ 2,034,971	**$ 227,201**

The increase in NOI for the quarter ended June 30, 2008 compared to the quarter ended March 31, 2008 is primarily due to the full quarter impact of NOI from the Place Val Est property of approximately $82,000 (purchased on January 31, 2008), and an increase in NOI from the Méga Centre and Châteauguay properties of approximately $150,000 ($120,000 for the Méga Centre property and $30,000 for the Châteauguay property).

The increase in NOI from the Méga Centre property mainly relates to a decrease in snow removal costs (which had been very high in the first quarter of 2008 as a result of the heavier than expected snowfall) and a recovery of approximately $50,000 of these snow removal costs from our property insurance during the second quarter of 2008.

The increase in NOI from the Châteauguay property mainly relates to an increase in tenant recoveries, a decrease in vacant unit expenses and a decrease of other expenses.

Net Operating Income – Same Properties

The same-property NOI included in the following table, includes the operating results for the properties that were owned throughout the current and comparative period. Any properties that were acquired during the comparative period have been "grossed-up" for a full period. The same-property NOI has not been prepared for the quarter ended June 30, 2007 since only the Rona properties and the Méga Centre were owned by the REIT during that time period and therefore any analysis would not be meaningful.

	Three months ended June 30, 2008	**Three months ended March 31, 2008**	**Favourable/ (unfavourable) variance**
Revenues from rental properties	**$ 3,698,924**	$ 3,790,477	**$ (91,553)**
Rental property operating costs	**1,436,752**	1,659,568	**222,816**
Net operating income	**$ 2,262,172**	$ 2,130,909	**$ 131,263**

NOI on a same-property basis, increased from the quarter ended March 31, 2008 mainly as a result of the increase in NOI from the Méga Centre and Châteauguay properties, discussed above.

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.

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

	Three months ended June 30, 2008	Three months ended June 30, 2007	Three months ended March 31, 2008
Net (loss) for the period	**$ (230,240)**	$ (1,145,407)	$ (468,977)
Add depreciation & amortization of:			
Income producing properties	**752,023**	185,430	724,581
Deferred costs	**10,944**	-	8,967
Intangible assets	**455,984**	337,220	438,919
FFO	**$ 988,711**	$ (622,757)	$ 703,490
Weighted average units			
Basic	**17,739,123**	2,192,429	17,612,784
Diluted	**17,741,140**	2,192,429	17,624,055
FFO per unit			
Basic	**$ 0.06**	$ (0.28)	$ 0.04
Diluted	**$ 0.06**	$ (0.28)	$ 0.04

FFO increased significantly during the three months ended June 30, 2008, compared to the same period in 2007 as a result of the significant acquisitions made over that time and the corporate transaction costs of $404,232 incurred during the three months ended June 30, 2007.

FFO increased by $285,221 for the quarter ended June 30, 2008 compared to the quarter ended March 31, 2008 mainly as a result of an increase in NOI of $227,201 and a decrease in general and administrative expenses of $59,676.

	Six months ended June 30, 2008	Six months ended June 30, 2007
Net (loss) for the period	**$ (699,217)**	$ (1,730,240)
Add depreciation & amortization of:		
Income producing properties	**1,476,604**	189,174
Deferred costs	**19,911**	-
Intangible assets	**894,903**	343,290
FFO	**$ 1,692,201**	$(1,197,776)
Weighted average units		
Basic	**17,675,953**	1,707,298
Diluted	**17,682,453**	1,707,298
FFO per unit		
Basic	**$ 0.10**	$ (0.70)
Diluted	**$ 0.10**	$ (0.70)

FFO increased by $2,889,977 during the six months ended June 30, 2008, compared to the same period in the prior year, as a result of the significant acquisitions made over that time period as well as non-recurring corporate transaction costs of $754,067 incurred during the first six months of 2007.

Balance Sheet Analysis and Liquidity and Capital Resources

	As at June 30, 2008	As at December 31, 2007
Income producing properties	**$ 98,486,090**	$ 85,718,514
Intangible assets	**10,238,519**	9,935,606
Deferred costs	**532,324**	759,250
Cash	**1,373,689**	1,423,523
Restricted cash	**408,936**	481,475
Other assets	**1,868,669**	1,258,065
Total assets	**$ 112,908,227**	$ 99,576,433
Mortgages payable	**$ 44,245,222**	$ 36,316,387
Credit facilities	**20,000,000**	11,500,000
Other liabilities	**2,703,073**	2,862,230
Total liabilities	**66,948,295**	50,678,617
Unitholders' equity	**45,959,932**	48,897,816
Total liabilities and unitholders' equity	**$ 112,908,227**	$ 99,576,433

The REIT allocates the purchase price of properties acquired largely to income producing properties (land, building and tenant improvements) and intangible assets (which represent above-market leases, lease origination costs and tenant relationship values that are acquired in a property purchase). At June 30, 2008, the REIT had income producing properties and intangible assets of $108,724,609, a $13,070,489 increase from December 31, 2007, reflecting the Place Val Est acquisition which occurred during the first quarter.

Deferred costs of $532,324 represent leasing costs, tenant improvements and deferred recoverable expenditures mainly incurred on Cornwall Square and net of amortization as well as deferred financing costs on the acquisition facility and the bridge facility, also net of amortization.

Restricted cash represents the remaining balance of the reserve fund the REIT was required to set up with its first mortgage lender on Méga Centre in order to fund future capital expenditures at the centre. During the quarter ended June 30, 2008, $72,539 has been released and reimbursed back to the REIT as a result of the REIT completing some of the required capital expenditures.

Other assets of $1,868,669 at June 30, 2008 include prepaid expenses of $1,082,305 (which primarily consist of prepaid property taxes and insurance) and accounts receivable of $576,099. Within accounts receivable, $177,124 relates to accumulated rental revenue recognized on a straight-line basis.

Unitholders' equity was impacted by the net loss recorded for the quarter, as well as $2,759,157 in distributions to unitholders over the first six months of the year. The REIT commenced monthly cash distributions to unitholders in August 2007 in an amount of $0.02587 per unit or the equivalent of $0.3104 per unit per annum. The REIT's trustees have discretion in declaring distributions and review those distributions on a regular basis. For further discussion about the REIT's distributions, see below under the heading "Cash Flow". The REIT issues equity when it is appropriate and when it believes that it can deploy that capital accretively. The REIT uses its acquisition facility to fund the equity portion of acquisitions.

Mortgages and Other Financing

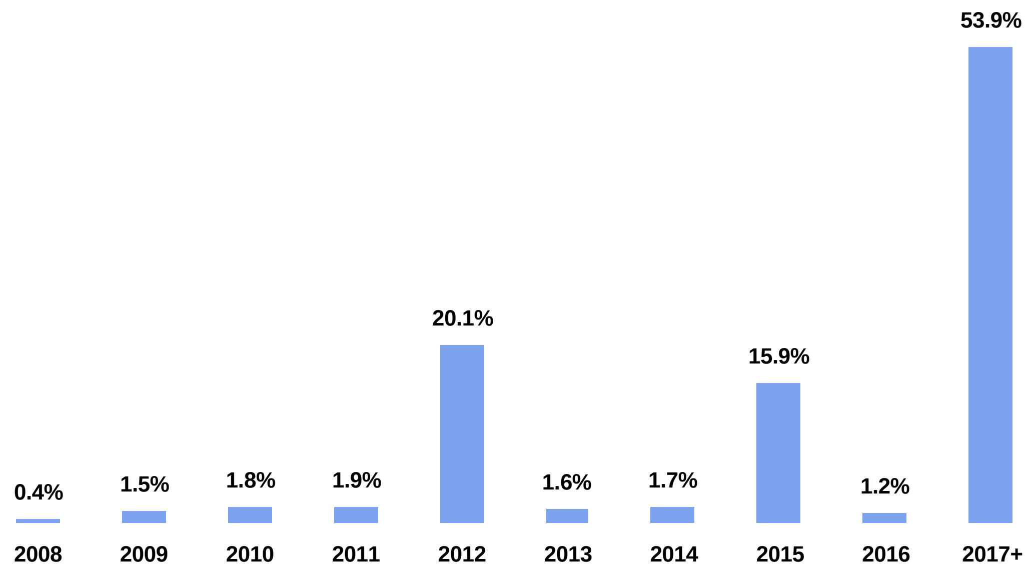
Mortgages Payable

The REIT's objective in securing mortgages for its properties and managing its long-term debt is to stagger the maturities in order to mitigate against short-term volatilities in the debt markets. The REIT has first mortgages on all of its properties except for the Rona properties and Cornwall Square. Cornwall Square is being used as security for an operating and acquisition facility discussed in more detail under "Acquisition Facility" below).

Future principal repayments on the first mortgage loans are as follows:

Year	Principal instalment payments	Balance maturing	Total	Contractual interest rate on debt maturing
2008 (remainder)	**$187,088**	**$ -**	**$187,088**	
2009	**644,707**	**-**	**644,707**	
2010	**810,496**	**-**	**810,496**	
2011	**854,029**	**-**	**854,029**	
2012	**899,902**	**8,014,133**	**8,914,035**	**5.39%**
Thereafter	**2,961,614**	**30,085,651**	**33,047,265**	**5.29%**
Total	**$6,357,836**	**$38,099,784**	**$44,457,620**	

The REIT's current average term to maturity on its mortgages payable is approximately 8 years, and the weighted average contractual interest rate is 5.31%. The following is a 10-year debt maturity table starting with the remainder of 2008:



Bridge Financing

The REIT currently has one bridge credit facility (the "Bridge Facility") with C.A. Bancorp Inc. for $14,000,000. The C.A. Bancorp Inc. facility (the "C.A. Bancorp Facility") bears interest at an annual rate of 12% and expires April 1, 2009. 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. The C.A. Bancorp Facility can be used to fund future acquisitions subject to lender approval of the particular acquisition and other restrictions. As at June 30, 2008, there were no amounts drawn against the C.A. Bancorp Facility.

Previously, the REIT had another $10,000,000 bridge credit facility with KingSett Capital. That facility expired April 1, 2008 and the REIT decided not to renew it.

Acquisition Facility

In connection with the acquisition of Cornwall Square on August 9, 2007, the REIT obtained a 364 day revolving acquisition facility in the amount of $32,250,000 (the "Acquisition Facility"). The Acquisition Facility 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. The Acquisition Facility has been renewed by the lender in the amount of $31,275,000 for another 364 days. 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, the permitted draw down is $31,275,000. Under the renewed terms, any amounts drawn in excess of $29,190,000 must be repaid within 120 days. Prior to the renewal, amounts drawn down under the Acquisition Facility bore interest at a rate equal to the Bank's prime rate plus 0.75% per annum and Banker's Acceptances bore interest at a rate equal to the Bank's Acceptance stamping fee plus 1.75% per annum. Under the renewed terms, amounts drawn down will bear interest at a rate equal to the Bank's prime rate plus 1% per annum and Banker's Acceptances will bear interest at a rate equal to the Bank's Acceptance stamping fee plus 2% per annum. However, once the REIT's drawdowns exceed $29,190,000, interest will be at a rate equal to the Bank's prime rate plus 1.50% per annum or the Bank's Acceptance stamping fee plus 2.50% 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 June 30, 2008, $1,000,000 was drawn down under the Acquisition Facility to fund deposits for properties under contract and for general working capital purposes. Subsequent to the quarter end, up to the date of this MD&A, a further $500,000 has been drawn mainly to fund capital expenditures, for a total of $20,500,000 drawn on the Acquisition Facility.

Financing Costs

The unamortized balance of financing costs of $212,398 at June 30, 2008 relating to mortgages payable, has been netted against the mortgages payable on the balance sheet. The unamortized balance of financing costs of $81,176 at June 30, 2008 relating to the Acquisition Facility and the Bridge Facility, has been capitalized to deferred costs on the balance sheet.

These financing costs represent commitment fees, standby fees and other fees paid in connection with securing these loans and facilities.

Debt-to-Gross Book Value

Real estate is a capital intensive industry. As a result, debt capital[(1)] is a very important aspect to managing the business. In addition, financial leverage is used to enhance returns from purchased real estate. Given the importance of debt capital to real estate entities, the REIT monitors its debt-to-gross book value ratio, a ratio that has become a common industry metric reviewed by analysts, unitholders and others within the industry. Although the REIT does not have a specific debt-gross book value threshold imposed on it in its Declaration of Trust, the REIT may operate (especially in the short-term depending on acquisition levels) at a debt-to-gross book value ratio in the 70% range. In the long-term, as the REIT grows, it is anticipated that the REIT will maintain a debt-to-gross book value ratio of 65% or less. The REIT's Acquisition Facility actually imposes a restriction on the REIT's debt-to-gross book value ratio, being a maximum of 75%. At the end of the second quarter 2008, the REIT has a debt-to-gross book value ratio of 54.6%, calculated as follows:

	As at June 30, 2008	**As at December 31, 2007**
Debt:		
Gross value of mortgages payable[(2)]	**$ 44,457,621**	$ 36,525,000
Amounts drawn on available credit facilities	**20,000,000**	11,500,000
	$ 64,457,621	$ 48,025,000
Gross Book Value of Assets:		
Total assets	**$ 112,908,227**	$ 99,576,433
Accumulated depreciation and amortization	**5,130,394**	2,466,106
	$ 118,038,621	$ 102,042,539
Debt-to-Gross Book Value	**54.6%**	47.1%

(1) debt capital refers to mortgages payable and credit facilities

(2) represents actual balance of mortgages without netting the unamortized balance of the financing fees.

This conservative debt-to-gross book value ratio will allow room for future growth.

Cash Flow

Currently the REIT is paying distributions in excess of operating cash flow and FFO and has funded, and will continue to fund, the excess using its Acquisition Facility. However, over time with additional acquisitions, it is expected that this ratio will improve. As well, this ratio improves as a result of the high participation in the REIT's distribution reinvestment plan (currently approximately 26% of the issued and outstanding units).

The REIT also uses its Acquisition Facility to fund capital expenditures and leasing costs required on the properties as well as principal repayments of debt on the first mortgages.

The following table summarizes the net cash provided by or (used in) the REIT's activities:

	Three months ended June 30, 2008	Three months ended June 30, 2007	Three months ended March 31, 2008	Six months ended June 30, 2008	Six months ended June 30, 2007
Net cash provided by (used in) operating activities	**$ 277,650**	$ (932,764)	$ 1,132,522	**$ 1,410,172**	$ (891,435)
Net cash provided by (used in) financing activities	**$ (136,122)**	$ 2,783,907	$ 6,067,285	**$ 5,931,163**	$ 43,527,896
Net cash (used in) investing activities	**$ (125,905)**	$ (840,699)	$ (7,265,264)	**$ (7,391,169)**	$(40,223,040)

The increase in cash provided by operating activities for the three and six months ended June 30, 2008 compared to the same periods in 2007, is predominantly due to the significant decrease in net loss as a result of the $72.5 million of property acquisitions which have taken place since the second quarter of 2007.

Cash provided by operating activities decreased by $854,872 for the three months ended June 30, 2008 compared to the three months ended March 31, 2008. The decrease was predominantly due to an increase in prepaid realty taxes and deposits and other costs incurred on properties under option during the second quarter of 2008.

For the three months ended June 30, 2008, cash used in financing activities mainly relates to the $1,000,000 of drawdowns on the Acquisition Facility which was more than offset by $1,031,290 in cash distributions paid to unitholders. Cash generated from financing activities decreased by $2,920,029 during the current quarter compared to the quarter ended June 30, 2007, due to distributions of $1,031,290 paid to unitholders during the second quarter of 2008 as well as proceeds of $3,001,050 received on the private placement which occurred during the second quarter of 2007. These items were partially offset by the $1,000,000 of drawdowns on the Acquisition Facility which occurred during the second quarter of 2008.

Cash generated from financing activities decreased by $6,203,407 during the current quarter compared to the quarter ended March 31, 2008, due to a decrease of $6,500,000 of drawdowns required on the Acquisition Facility partly offset by a decrease of approximately $245,000 in cash distributions as a result of the increased participation in the Distribution Reinvestment and Optional Unit Purchase Plan.

The $37,596,733 decrease in cash generated from financing activities during the six months ended June 30, 2008 compared to the six months ended June 30, 2007 is due to the following: distributions of $2,307,135 paid to unitholders during 2008; the financing proceeds of $27,525,000 received from the purchase of Méga Centre in March 2007; the net decrease in credit facility drawdowns of $2,000,000; and the proceeds of $6,001,050 received on the private placements which occurred during 2007.

Cash used in investing activities for the three months ended June 30, 2008 decreased by $714,794 compared to the three months ended June 30, 2007 and is predominantly due to additional acquisition costs paid during the second quarter of 2007.

Cash used in investing activities for the three months ended June 30, 2008 decreased by $7,139,359 compared to the three months ended March 31, 2008, due to the Place Val Est property acquisition which occurred during the first quarter of 2008. The Place Val Est property acquisition is reflected in the statement of cash flows net of the mortgage assumed.

The $32,831,871 decrease in cash used in investing activities during the six months ended June 30, 2008 compared to the six months ended June 30, 2007 is due to a higher dollar value of acquisitions which occurred during 2007.

Capital Expenditures

Management believes that 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. The majority of these capital expenditures will be funded out of restricted cash being held by the first mortgage lender on 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. Accordingly, the REIT does not expect to make significant non-recoverable capital expenditures on the property in the next five years.

With respect to the Châteauguay property, management believes that non-recoverable capital expenditures will be limited to minimal asphalt repairs and roof maintenance costing no more than $20,000 over the next five years.

On Place Val Est management expects to spend between $375,000 and $550,000 in capital expenditures over the next five years. These expenditures are primarily for roof and HVAC replacement, as well as parking lot maintenance. Management believes that between 60% and 70% of these amounts will be recoverable from tenants.

Related Party Transactions

Pursuant to the REIT’s management agreement with C.A. Realty Management Inc. (the “Manager”) (a wholly-owned subsidiary of C.A. Bancorp Inc.), management fees of $88,529 for the quarter ended June 30, 2008 were payable to the Manager.

Quarterly Performance

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

	Q3-2006	Q4-2006	Q1-2007	Q2-2007	Q3-2007	Q4-2007	Q1-2008	Q2-2008
Total revenues	$ 4,789	$ 8,558	$ 61,206	$1,153,438	$2,048,114	$3,013,462	$3,625,773	$3,714,219
Expenses	$36,488	$67,405	$646,039	$2,298,845	$3,069,928	$3,303,493	$4,094,750	$3,944,459
Net loss	$31,699	$58,847	$584,833	$1,145,407	$1,021,814	$ 290,031	$468,977	$230,240
Net loss per unit – basic & diluted	$ 0.08	$ 0.10	$ 0.48	$ 0.52	$ 0.09	$ 0.02	$0.03	$0.01

Changes in Accounting Policies

Effective January 1, 2008, the REIT adopted several new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"), including: capital disclosures (CICA Section 1535); financial instruments – disclosures (CICA Section 3862); and financial instruments - presentation (CICA Section 3863). The new standards are described in more detail in Note 3 to the interim consolidated financial statements for the quarter ended June 30, 2008. The impact of these standards has increased certain disclosures within the financial statements.

With respect to future changes in accounting pronouncements, management monitors the CICA recently issued accounting pronouncements to assess the applicability and impact, if any, of those pronouncements on the REIT's consolidated financial statements and note disclosures.

Goodwill and Intangible Assets

The CICA released Section 3064, Goodwill and Intangible Assets, a new accounting standard that is effective for the REIT's fiscal year commencing January 1, 2009.

Section 3064 replaces the existing Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. Management has not assessed the implications, if any, of this change to the REIT's future financial statements.

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board ("AcSB") confirmed that the adoption of IFRS would be effective for interim and annual periods beginning on or after January 1, 2011 for Canadian publicly accountable profit-oriented enterprises. IFRS will replace Canada's current GAAP for these enterprises. Comparative IFRS information for the previous fiscal year will also have to be provided.

Management is currently in the process of evaluating the potential impact of IFRS to the REIT's financial statements. This will be an on-going process as new standards and recommendations are issued by the International Accounting Standards Board and the AcSB. The REIT's financial statements as currently disclosed under GAAP may be significantly different when presented in accordance with IFRS.

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 consolidated financial statements for the quarter ended June 30, 2008 and Note 2 to the consolidated financial statements for the year ended December 31, 2007. 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 of the underlying assets.

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

Management believes that the REIT is conservatively leveraged. At the end of the second quarter, the REIT has a debt-to-gross book value ratio of 54.6% and at the date of this MD&A, approximately $10,775,000 of the Acquisition Facility is available to the REIT. Assuming the REIT can finance acquisitions with first mortgages representing between 60% and 65% of the purchase price, the REIT is left with acquisition capacity of approximately $27,000,000 to $31,000,000 while still keeping its debt-to-gross book value ratio at or below 65%. Currently the REIT is paying distributions in excess of operating cash flow and FFO and has funded, and will continue to fund, the excess using its Acquisition Facility. However, over time with additional acquisitions, it is expected that this ratio will improve. As well, this ratio improves as a result of the high participation in the REIT's distribution reinvestment plan (currently approximately 26% of the issued and outstanding units). If we assume (i) the current level of distributions and (ii) the current level of participation in the distribution reinvestment plan, management believes that savings of approximately $1,400,000 per year in cash distributions can be realized by the REIT.

The REIT continues to seek additional property acquisitions, and currently has an active pipeline of other properties under consideration; however, no assurances can be given that any of these acquisitions will come to fruition. The REIT remains cognizant of the state of the debt markets when considering future acquisitions as debt has become harder to obtain by all real estate entities as a result of global liquidity issues. Lenders have imposed stricter lending criteria, have reduced their loan-to-value ratios on individual loans and have increased their credit spreads from historically low levels at the beginning of 2007; however, some of the credit spread increase has been offset by lower bond rates and, as a result, overall interest rates (including the credit spread) being obtained on purchased properties are still not far off historical lows.

In terms of the REIT's existing properties, Charter works very closely with its property managers to ensure that the properties are maintained and leased appropriately and in accordance with management's long-term visions for those properties. Lease expiries and new leasing/renewals to the date of this MD&A for the remainder of 2008 are as follows:

	Q3	Q4	Total	
Lease expiries	15,108	9,426	24,534	
Base rent per square foot	$17.73	$10.16	$14.82	(1)
New leasing/renewals	11,313	-	11,313	
Base rent per square foot	$17.82	-	$17.82	(1)

(1) weighted average

With respect to tax treatment, the distributions made during 2008 are expected to be substantially tax deferred and will therefore 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 applied 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.

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 June 30, 2008 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 June 30, 2008 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 second quarter of 2008 that has materially affected, or is reasonably likely to materially affect the REIT's internal controls over financial reporting. In acquiring its properties, the REIT has engaged the services of third-party property managers whose internal controls form part of 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 managers as part of its internal control activities.