



ANNUAL INFORMATION FORM

April 12, 2010

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GLOSSARY OF TERMS

The following terms used in this Annual Information Form have the meanings set out below:

“Acquisition Facility” means the revolving operating and acquisition facility credit agreement between the REIT, as borrower, and a Canadian chartered bank, as initial lender and administrative agent, dated August 9, 2007 as amended by a first amending agreement dated August 6, 2008, a second amending agreement dated December 12, 2008 and a third amending agreement dated May 19, 2009;

“Adjusted Book Value” means the book value of the assets of the REIT as shown on its most recent consolidated balance sheet, plus the amount of accumulated depreciation and amortization shown on the most recently filed financial statements of the REIT, less the amount of any receivable reflecting interest rate subsidies on any debt assumed by the REIT;

“Adjusted Unitholders’ Equity” means, at any time, the aggregate of Unitholders’ equity and the amount of accumulated depreciation and amortization recorded on the books and records of the REIT in respect of its properties and assets, calculated in accordance with GAAP;

“affiliate” has the meaning ascribed to such term in TSXV Policy 1.1— Interpretation;

“Arrangement” means the arrangement under section 182 of the *Business Corporations Act* (Alberta) involving, among other things, the transfer by shareholders of all of the issued and outstanding common shares of Charter Realty to the REIT in exchange for Units on the basis that 10 common shares of Charter Realty were exchanged for one Unit;

“Board of Trustees” means the board of Trustees of the REIT;

“Brockville Property” means the REIT’s Canadian Tire property located in Brockville, Ontario;

“Business Day” means any day except a Saturday, Sunday or statutory holiday in the City of Toronto, Ontario;

“CAB” means C.A. Bancorp Inc.;

“CAB Facility” means the \$14 million mezzanine facility provided by CAB to the REIT for property acquisitions (subject to lender approval of the particular acquisition and other restrictions). The facility bore interest at a rate of 12% per annum and expired on April 1, 2009. Any principal drawn was repayable without penalty. The facility was secured by a general security agreement with the REIT, which general security agreement was subordinate to the security held by other lenders;

“Canadian Tire Properties” means the Brockville Property, the Strathroy Property and the Wasaga Beach Property;

“CDS” means CDS Clearing and Depository Services Inc.;

“Charter Realty” means Charter Realty Holdings Ltd., a corporation formed under the laws of the Province of Alberta;

“Châteauguay Property” means the REIT’s Châteauguay shopping centre located in Châteauguay (Montréal), Québec;

“Consumer Price Index” means the consumer price index as published by Statistics Canada monthly;

“Cornwall Square” means the REIT’s Cornwall Square shopping centre located in Cornwall, Ontario;

“CPC Policy” means Policy 2.4 — *Capital Pool Companies*, contained in the Exchange’s Corporate Finance Manual;

“CRA” means the Canada Revenue Agency;

“Credit Facilities” means the \$8.6 million and \$1.4 million facility credit agreements entered into by the REIT, both dated September 5, 2008;

“Declaration of Trust” means the declaration of trust of the REIT dated March 27, 2007, as amended, supplemented and/or restated from time to time;

“Distribution Payment Date” means, in respect of a Distribution Period, any date that a distribution is paid to Unitholders in respect of such period, generally being the 15th calendar day of each month (or if such day is not a Business Day, on the next Business Day thereafter) following the Distribution Period;

“Distribution Period” means each calendar month, or as otherwise determined by the Trustees;

“Distribution Record Date” means, in respect of a Distribution Period, the last Business day thereof or such other date as may be determined from time to time by the Trustees, except that December 31 shall in all cases be a Distribution Record Date;

“DRIP” means the REIT’s Distribution Reinvestment and Optional Unit Purchase Plan dated January 11, 2008, as amended on February 9, 2009;

“Exchange” means the TSX Venture Exchange;

“Exeter Property” means the REIT’s Rona property located in Exeter, Ontario;

“GAAP” means the generally accepted accounting principles described and promulgated by the Canadian Institute of Chartered Accountants which are applicable as at the date on which any calculation using GAAP is made;

“GLA” means gross leaseable area;

“Gross Book Value” means, from time to time the book value of the assets of the REIT and its consolidated subsidiaries, as shown on its then most recent consolidated balance sheet, plus accumulated depreciation and amortization on assets and excluding the amount of any receivable reflecting interest rate subsidies on any debt assumed by the REIT, or, if approved by a majority of the Trustees, the most recently appraised value of the assets of the REIT and its consolidated subsidiaries may be used instead of book value;

“Independent Trustees” means a Trustee of the REIT who is “independent” (as defined in Multilateral Instrument 52-110 —*Audit Committee* as in effect on the date hereof and as amended from time to time);

“Information Circular” means Charter Realty’s management information circular dated April 3, 2007 in respect of the special meeting of shareholders held on May 3, 2007 to approve, among other things, the Arrangement;

“Initial Properties” means the Exeter Property, the Seaforth Property and the Zurich Property;

“Management Agreement” means the management agreement dated March 27, 2007 among the Manager and Charter Realty, which was subsequently assigned to the REIT in connection with the Arrangement;

“Manager” means C.A. Realty Management Inc.;

“Mega Centre” means the REIT’s Mega Centre shopping centre located in St. Laurent (Montréal), Québec;

“Non-Competition Agreement” means the non-competition agreement dated March 27, 2007 among the Manager, CAB and Charter Realty, which was subsequently assigned to the REIT in connection with the Arrangement;

“Non-Resident” means a person who is a “non-resident” within the meaning of the Tax Act and a partnership other than a Canadian partnership for purposes of the Tax Act;

“OBCA” means the *Business Corporations Act* (Ontario);

“Place Val Est” means the REIT’s food-anchored retail strip centre located in Sudbury, Ontario;

“**Plans**” means, collectively, trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans, registered disability savings plans and tax-free savings accounts, each as defined in the Tax Act, and “**Plan**” means any of them;

“**Properties**” means the Initial Properties, Méga Centre, Cornwall Square, Châteauguay Property, Place Val Est and the Canadian Tire Properties;

“**Qualifying Transaction**” means the qualifying transaction of Charter Realty under the CPC Policy completed on February 23, 2007;

“**REIT**” means Charter Real Estate Investment Trust, including where the context requires, the REIT’s subsidiaries;

“**REIT Exception**” means the exception from the application of the tax regime under the SIFT Rules, which exception applies to real estate investment trusts that meet a series of conditions relating to the nature of their revenue and investments;

“**Seaforth Property**” means the REIT’s Rona property located in Seaforth, Ontario;

“**SIFT**” means, in connection with the SIFT Rules, a “specified investment flow-through entity”;

“**SIFT Rules**” means the amendments to the Tax Act that received Royal Assent on June 22, 2007 regarding the changes announced as part of the Tax Fairness Plan proposed by the Minister of Finance on October 31, 2006, modifying the tax treatment of (i) “specified investment flow-through entities”, including certain publicly traded income trusts and limited partnerships, and (ii) their investors;

“**Special Voting Unit(s)**” means non-participating special voting unit(s) of the REIT and, for greater certainty, does not mean Unit(s);

“**Strathroy Property**” means the REIT’s Canadian Tire Property located in Strathroy, Ontario;

“**Tax Act**” means the *Income Tax Act* (Canada) R.S.C. 1985, c.1 (5th Supp), as amended, including the regulations promulgated thereunder;

“**Trustee**” means a trustee of the REIT and “**Trustees**” means all of the trustees of the REIT;

“**TSXV**” and “**Exchange**” mean the TSX Venture Exchange;

“**Unit**” means ordinary participating voting unit(s) of the REIT and, for greater certainty, does not mean Special Voting Unit(s);

“**Unitholder(s)**” means the holder(s) of Units;

“**Unit Options**” means options for the purchase of Units under the Unit Option Plan;

“**Unit Option Plan**” means the plan adopted by the REIT that authorizes the REIT to grant Unit Options;

“**Voting Unitholders**” means the holders of Units and Special Voting Units;

“**Voting Units**” means collectively, the Units and Special Voting Units;

“**Wasaga Beach Property**” means the REIT’s Canadian Tire Property located in Wasaga Beach, Ontario; and

“**Zurich Property**” means the REIT’s Rona property located in Zurich, Ontario.

CHARTER REAL ESTATE INVESTMENT TRUST

ANNUAL INFORMATION FORM

In this Annual Information Form, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and the statistical and financial data are presented as of December 31, 2009.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Annual Information Form contains “forward-looking statements” that reflect the current expectations of management regarding our future growth, results of operations, performance and business prospects and opportunities. Forward looking statements are only predictions and are not guarantees of performance. Wherever possible, words such as “may”, “would”, “could”, “will”, “anticipate”, “believe”, “plan”, “expect”, “intend”, “estimate”, “aim”, “endeavour” and similar expressions have been used to identify these forward-looking statements. These statements reflect management’s beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. Important assumptions relating to the forward-looking statements contained in this Annual Information Form include expansion, capital expenditures, competitive conditions, gross economic conditions and current levels of distributions. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the “Risk Factors” section of this Annual Information Form, elsewhere in our Management’s Discussion and Analysis of Operating Results and Financial Position for the year ended December 31, 2009 and elsewhere in our filings with Canadian securities regulators. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this Annual Information Form. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this Annual Information Form are based upon what management currently believes to be reasonable assumptions, we cannot assure prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements.

The forward-looking statements included in this Annual Information Form are, unless otherwise indicated, made as of December 31, 2009 and are expressly qualified in their entirety by this cautionary language. We do not intend, and do not assume any obligation, to update or revise these forward-looking statements, except as required by law. We do not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by us or on our behalf, except as required by law; such statements speak only as of the date made.

SUPPLEMENTAL DISCLOSURE AND OTHER ADVISORIES

This Annual Information Form contains references to funds from operations (“FFO”). FFO is a non-GAAP financial measure of operating performance widely used by the real estate industry. The REIT 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.

Effective January 1, 2009, the REIT adopted Section 3064, Goodwill and Intangible Assets, which was issued by the Canadian Institute of Chartered Accountants (“CICA”). The new standard and its impact on 2008 comparative financial figures is described in more detail in Note 3 to the consolidated financial statements for the years ended December 31, 2009 and 2008. Many of the prior year comparatives have been restated as a result of the implementation of this new accounting standard.

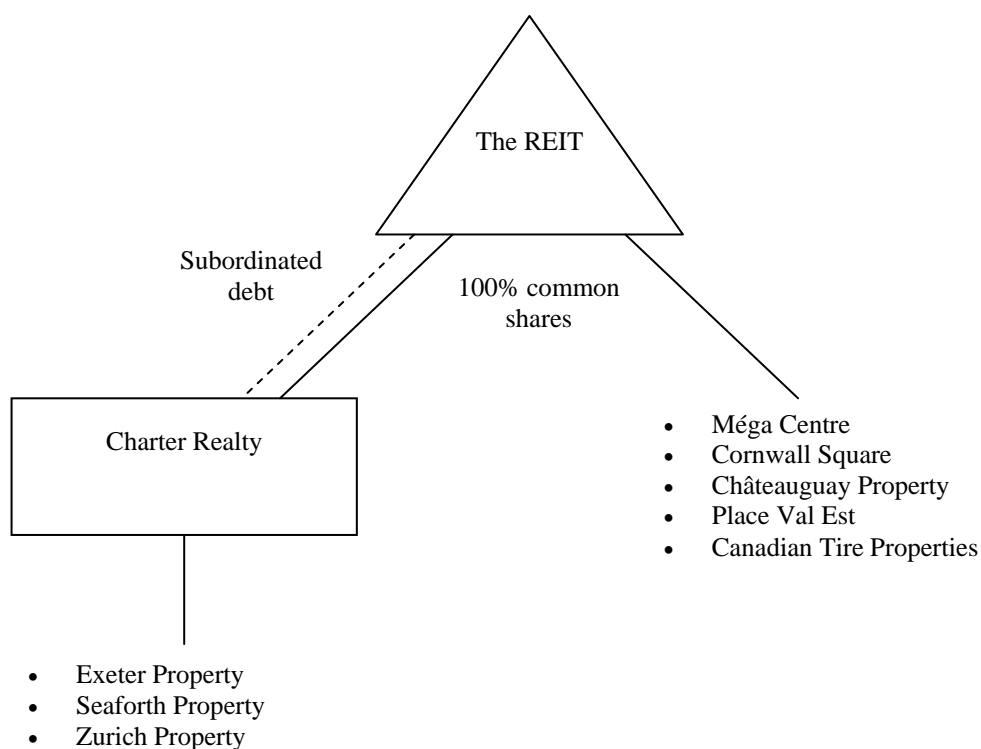
STRUCTURE

Name, Address and Incorporation

The REIT is an unincorporated open-ended real estate investment trust formed pursuant to the Declaration of Trust and is governed by the laws of the Province of Ontario. The registered and head offices of the REIT are located at The Exchange Tower, 130 King Street West, Suite 2810, Toronto, ON, M5X 1A4.

Inter-corporate Relationships

The following chart illustrates the REIT’s structure as at the date of this Annual Information Form.



GENERAL DEVELOPMENT OF THE BUSINESS

Formation of Charter Realty

On March 29, 2005, Charter Realty, the predecessor to the REIT, was incorporated under the name “Chartered Realty Holdings Ltd.” pursuant to the provisions of the *Business Corporations Act* (Alberta). On May 4, 2005, Chartered Realty Holdings Ltd. filed Articles of Amendment changing its name to “Charter Realty Holdings Ltd.” and on June 13, 2005, filed Articles of Amendment removing the private company restrictions on transfer of securities from its Articles.

Following its incorporation, Charter Realty was capitalized with \$200,000 pursuant to an aggregate issuance of 2,000,000 common shares issued at a price of \$0.10 per share. Charter Realty completed its initial public offering under the CPC Policy on August 22, 2005 pursuant to which 1,500,000 common shares were sold at a price of \$0.20 per share for aggregate gross proceeds of \$300,000. The common shares were listed and posted for trading on the Exchange commencing on September 2, 2005. On September 14, 2006, Charter Realty issued a total of 2,500,000 common shares at a price of \$0.20 per Share to CAB for aggregate gross proceeds of \$500,000.

Qualifying Transaction and Acquisition of the Initial Properties

On February 23, 2007, Charter Realty completed the Qualifying Transaction. In connection with the Qualifying Transaction, Charter Realty issued 15,000,000 common shares under the CPC Policy at \$0.20 per share for aggregate gross proceeds of \$3 million. Also in connection with the Qualifying Transaction, Charter Realty acquired the Initial Properties for an aggregate cash purchase price of \$2.07 million before closing costs and customary adjustments.

Management Arrangements

On March 27, 2007, Charter Realty entered into the Management Agreement with the Manager. The Management Agreement was subsequently assigned to the REIT on May 10, 2007. Concurrent with the entering into of the Management Agreement, Charter Realty also entered into the Non-Competition Agreement. See “Asset Management of the REIT”.

Acquisition of Méga Centre

On March 30, 2007, Charter Realty completed the acquisition of Méga Centre for an aggregate cash purchase price of \$36.7 million (before closing costs), subject to customary closing adjustments. The Méga Centre acquisition was financed with a first mortgage loan and advances under the CAB Facility and a bridge facility provided by KingSett Capital. The amounts outstanding under these facilities were repaid in the third quarter of 2007. The first mortgage loan was in the amount of \$27.5 million and is secured by the property. The loan was for a 10-year term, expiring in 2017, and is interest-only for the first two years. Thereafter, the loan amortizes over a 30-year period. The loan bears interest at a rate of 5.32% per annum. The terms of the first mortgage loan required that \$525,000 be deposited with the first mortgage lender to cover capital expenditures on the property. By December 31, 2009, all of the funds were released and reimbursed back to the REIT as a result of the REIT completing all of the required capital expenditures.

Formation and Capitalization of the REIT

On May 10, 2007, Charter Realty completed the Arrangement pursuant to which Charter Realty converted into the REIT. Pursuant to the Arrangement, Charter Realty’s outstanding shares and options were consolidated on a 10-for-one basis and exchanged for Units and Unit options.

On June 21, 2007, the REIT completed a private placement of 741,000 Units at a price of \$4.05 per Unit, for aggregate gross proceeds of approximately \$3.0 million.

On August 9, 2007, the REIT completed a public offering (the “Offering”) of 13,375,000 Units for gross proceeds of approximately \$46.1 million. The underwriters of the Offering exercised their over-allotment option to purchase an additional 1,370,912 Units at a price of \$3.45 per Unit, for additional gross proceeds of approximately \$4.7 million.

on September 5, 2007. CAB subscribed for 4,347,826 units under the Offering pursuant to its pre-emptive right. See “Declaration of Trust and Description of Units – Pre-Emptive Rights”.

Acquisition of Cornwall Square

On August 9, 2007, the REIT completed the acquisition of Cornwall Square for an aggregate cash purchase price of \$41.7 million (before closing costs), subject to customary closing adjustments. The Cornwall Square acquisition was financed with the proceeds of the Offering. This property is being used as security for the Acquisition Facility.

Acquisition Facility

In connection with the acquisition of Cornwall Square on August 9, 2007, the REIT obtained a 364 day revolving operating and 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 was renewed by the lender in August 2008 in the amount of \$31,275,000 for another 364 days. The Acquisition Facility was set to expire on August 6, 2009 but in May 2009 this facility was early renewed and extended. The Acquisition Facility is now for a two-year term expiring on May 19, 2011 for a maximum amount of \$26,000,000. 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 Annual Information Form, the permitted draw down is \$23,750,000. Under the renewed terms, amounts drawn down under the Acquisition Facility bear interest at a rate equal to the bank's prime rate plus 3.50% per annum (up from prime plus 1% per annum) and banker's acceptances bear interest at a rate equal to the bank's acceptance stamping fee plus 4.50% per annum (up from banker's acceptances plus 2% per annum). The Acquisition Facility contains financial covenants with respect to maintaining agreed upon debt-to-gross book value ratios (being a maximum of 75%) and other tests customary for this type of facility. The terms (including, but not limited to, the maximum amount of the facility and the interest rate on the facility) are reviewed each renewal period by the lender and therefore there can be no assurances that the Acquisition Facility will be renewed or on the same terms as currently exist.

Graduation to Tier 1 REIT Status

Effective November 1, 2007, the REIT achieved Tier 1 status on the Exchange. In connection with its graduation to Tier 1 status, the REIT accelerated the release of 1,460,250 Units that were subject to escrow conditions at the time as a result of Charter Realty's initial listing as a capital pool company. All of the escrowed Units have been released.

Acquisition of the Châteauguay Property

On November 30, 2007, the REIT completed the acquisition of the Châteauguay Property for an aggregate purchase price of \$14.2 million (before closing costs), subject to customary closing adjustments. The Châteauguay Property acquisition was financed with a first mortgage loan in the amount of \$9.0 million, secured by the property. The balance of the purchase price was financed through the Acquisition Facility. The loan was for a five-year term, expiring in 2012 and amortizes over a 25-year period. The loan bears interest at a rate of 5.39%.

Acquisition of Place Val Est

On January 31, 2008, the REIT completed the acquisition of Place Val Est for an aggregate purchase price of \$14.72 million (before closing costs), subject to customary closing adjustments. The acquisition was financed by the assumption of an existing first mortgage loan in the amount of \$8.1 million. The loan expires in 2015 and bears interest at a rate of 5.166% per annum. The amortization period for the loan from the date of acquisition was 273 months or 22.75 years. The balance of the purchase price was financed through the Acquisition Facility.

Canadian Tire Portfolio

On September 5, 2008 the REIT completed the acquisition of the Brockville Property, Strathroy Property and Wasaga Beach Property (collectively the “Canadian Tire Properties”) which are leased on a triple-net basis for a 15-year term to Canadian Tire (the vendor). The Canadian Tire Properties were acquired for an aggregate purchase price of \$27.25 million (before closing costs) subject to customary closing adjustments. The acquisition of the

Canadian Tire Properties was financed with a first mortgage loan in the amount of \$19.05 million secured and cross-collateralized by the Canadian Tire Properties. The mortgage was for a five-year term, expiring in September 2013, with a 25-year amortization period and bears interest at a rate of 5.65% per annum. The balance of the purchase price was financed by the Credit Facilities, described below, at an annual interest rate of 8.75% for an overall cost of funds of approximately 6.65%.

Credit Facilities

On September 5, 2008 the REIT entered into the Credit Facilities for an aggregate amount of \$10 million. The Credit Facilities have been used to finance the equity portion of the acquisition of the Canadian Tire Properties, as well as for working capital purposes. The first facility is for \$8.6 million, expiring in September 2013 and bearing interest at 8.75% per annum on an interest-only basis. This facility can be prepaid without penalty at any time and is secured by (a) a first mortgage on each of the Exeter Property, the Seaforth Property and the Zurich Property, (b) second charges on Méga Centre, the Châteauguay Property and the Canadian Tire Properties, and (c) a general security agreement relating to each of the above properties. The second facility is for \$1.4 million, expiring in September 2013 and bearing interest at 8.75% per annum on an interest-only basis for the first two years and then self-amortizing over the final three years. The facility can be prepaid without penalty at any time and is secured by a second charge on Cornwall Square. The Credit Facilities contain financial covenants with respect to maintaining agreed upon debt-to-gross book value ratios.

DESCRIPTION OF THE BUSINESS

Business Overview

The REIT is focused on acquiring and managing 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, from both primary and secondary markets throughout Canada. The REIT's goal is to generate a reliable and growing tax-efficient return for its Unitholders.

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. 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. Currently, the REIT's portfolio consists of ten properties located in Ontario and Québec comprising approximately 1,070,000 square feet of GLA.

The REIT is managed by the Manager, a wholly-owned subsidiary of CAB. CAB is a significant Unitholder of the REIT. Pursuant to the terms of the Management Agreement, the Manager provides strategic, advisory, asset management and administrative services to the REIT.

The global economic recession and credit crisis continued to make 2009 a difficult year for many businesses. In the real estate industry, access to capital (both debt and equity capital) was limited early in the year; however, it improved in the latter half of the year. Despite the improvement, the equity markets remained challenging throughout 2009 for "micro-cap" entities such as the REIT. The REIT's unit price also continued to trade at levels below its net book value, making it difficult to deploy equity in property acquisitions on an accretive basis. Given these conditions, 2009 was a year of internal focus for the REIT. The REIT's goal was to generate organic growth through redevelopment and releasing activities at its existing centres. In 2009, the REIT successfully began the redevelopment of its Châteauguay Property (described more fully under the heading "Leasing Activity and Occupancy").

Strategy of the REIT

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 the REIT 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. The REIT intends to maximize the value of its centres by executing the appropriate re-merchandising and re-development strategy wherever possible. The REIT's goal is to own "institutional-grade" properties or properties with the potential to become "institutional-grade" through this re-merchandising and re-development.

- **"A" assets in "B" markets, "B" assets in "A" markets:** The REIT applies an acquisition strategy of "A" assets in "B" markets and "B" assets in "A" markets. Management believes that secondary real estate markets offer the REIT the opportunity to acquire well-tenanted retail properties with strong national and regional retailers at attractive capitalization rates. By combining assets in the secondary market with high yielding primary real estate market assets, management believes that the REIT will generate higher returns with less risk than if the REIT were to focus exclusively on primary real estate markets.
- **Mid-market deal size between \$10 and \$40 million:** The REIT focuses on acquiring properties valued between \$10 million and \$40 million, allowing it to differentiate itself from small public and private real estate investors, who management believes generally look for smaller investments, while also acquiring properties that are small enough to minimize competition from large real estate investment trusts, corporations and institutions. The REIT also looks at larger acquisitions that do not fall into the investment parameters of larger real estate investment trusts or institutions that still provide good investment opportunities.
- **Stable rents via national and regional tenants:** The REIT focuses on acquiring retail properties with strong national and regional retail tenants, increasing the likelihood of those tenants fulfilling the lease terms to which they have committed and thereby providing the REIT with more stable cash flows.
- **Institutional grade properties:** The REIT focuses on acquiring properties that are of institutional grade or have the potential to become institutional grade through active management. This strategy presents two main benefits. First, focusing on institutional grade properties tends to generate more interest from national/regional retailers, resulting in more stable cash flows for the REIT. Second, institutional grade properties tend to be more highly sought after and valued by others in the event of a disposition of a particular asset by the REIT.

Property Portfolio

The following table lists the properties currently owned by the REIT.

| Property and location | Property type | Date built /redeveloped | Anchor tenants | Gross Leaseable Area (sq.ft.) | | Occupancy ⁽²⁾⁽³⁾ | Weighted average rent ⁽³⁾ |
|-------------------------------------------------|-------------------------------|-----------------------------|----------------------------------------------|-------------------------------|---------------|-----------------------------|--------------------------------------|
| | | | | Retail ⁽¹⁾ | Storage space | | |
| Ontario: | Enclosed Mall | 1979/1989 | Sears | 249,994 | 1,258 | 98.3% | \$11.67 |
| Cornwall Square Cornwall, Ontario | | | Loblaws (No Frills) | | | | |
| Place Val Est Sudbury, Ontario | Grocery-anchored Strip Centre | 1983/1987, 1990, 1998 | Metro | 110,598 | - | 73.4% | \$13.16 |
| Canadian Tire Property Brockville, Ontario | Free Standing | 1995/2006 | Canadian Tire | 70,380 | - | 100% | \$11.00 |
| Canadian Tire Property Strathroy, Ontario | Free Standing | 2005 | Canadian Tire | 67,834 | - | 100% | \$11.00 |
| Canadian Tire Property Wasaga Beach, Ontario | Free Standing | 2007 | Canadian Tire | 54,081 | - | 100% | \$11.00 |
| Rona Property Exeter, Ontario | Free Standing | 1996/2000 | Rona | 42,780 | - | 100% | \$3.21 |
| Rona Property Seaforth, Ontario | Free Standing | 1962/2000 | Rona | 19,622 | - | 100% | \$2.24 |
| Rona Property Zurich, Ontario | Free Standing | 1961/2000 | Rona | 24,400 | - | 100% | \$1.35 |
| Quebec: | | | | | | | |
| Méga Centre Montréal, Québec | Community Power Centre | 1973/1993, 1999, 2000, 2004 | Brault & Martineau Staples Future Shop | 277,477 | 36,081 | 95.3% ⁽²⁾ | \$9.85 |
| Châteauguay Montréal, Québec | Mixed-use Strip Centre | 1970/1994 | Shoppers Drug Mart Staples | 114,756 | - | 96.5% | \$12.28 |
| Total | | | | 1,031,922 | 37,339 | 95.1%⁽⁴⁾ | \$10.43⁽⁴⁾ |

Notes:

- (1) Includes office space in mixed-use retail properties.
- (2) Excluding storage space.
- (3) Calculated at December 31, 2009 and includes any new/renewal leasing done by December 31, 2009.
- (4) Represents weighted average for the portfolio at December 31, 2009.

Méga Centre Côte-Vertu — 3800 Côte Vertu Boulevard, St. Laurent (Montréal), Québec

Méga Centre is a shopping centre located at the intersection of Côte-Vertu Boulevard and Rue Bégin in St. Laurent (Montréal), Québec. 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. At December 31, 2009, the retail space in Méga Centre was 95.3% leased. It should be noted that a dollar store occupying 18,573 square feet vacated the property in February, 2010 which will affect occupancy in the first quarter of 2010. Some of the tenants include Brault & Martineau (77,318 square feet), Bentley Leathers Inc. (34,093 square feet), Staples (24,860 square feet), Future Shop (30,332 square feet), L'Oreal (23,550 square feet) and L'Aubainerie (29,960 square feet). Approximately 33,000 square feet of basement warehouse space remains vacant, with an additional 3,000 square feet of main floor warehouse space also vacant. A 110,000 square foot Rona home improvement store is located adjacent to the property and acts as a shadow anchor, drawing customers to Méga Centre.

The average term to maturity of existing leases is approximately four years. 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 |
|-------------|------------------------------------|-------------------------|
| 2010 | 39,593 | 15.0% |
| 2011 | 4,624 | 1.7% |
| 2012 | 76,420 | 28.9% |
| 2013 | 57,226 | 21.6% |
| 2014 | 7,800 | 2.9% |

Pursuant to a property management agreement between Charter Realty and Crofton Moore Management Inc. ("Crofton") (as subsequently assigned by Charter Realty to the REIT), 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 expires on March 31, 2010 and is terminable by either party on 60 days notice.

Cornwall Square Shopping Centre — One Water Street East, Cornwall, Ontario

The Cornwall Square Property is a two-level enclosed shopping centre located in Cornwall, Ontario. The Cornwall Square Property was originally built in 1979 and was expanded in 1989 with the addition of a food court. The property comprises 249,994 square feet of commercial retail space and 1,258 square feet of rentable storage space and administration offices. The Cornwall Square Property 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 57 additional retail tenants, including 5 food court users. Some of the non-anchor tenants include Shoppers Drug Mart, Le Chateau, Stitches, Cleo, Garage Clothing Company, La Senza, TD Canada Trust, Foot Locker, Tip Top Tailors, Urban Trade and Ardene. At December 31, 2009, the centre was 98.3% leased including anchor tenants or 96.1% excluding anchor tenants.

The leases for both Sears and Loblaws (No Frills) contain provisions that require, subject to certain exceptions, that the tenants must "continuously, actively, and diligently carry on business in the whole of the store", limiting their ability to "go dark" during the term of their leases, which expire on October 31, 2014 and October 2, 2014, respectively.

The average term to maturity of existing leases is approximately four years. 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 |
|-------------|------------------------------------|-------------------------|
| 2010 | 37,611 | 15.3% |
| 2011 | 7,309 | 3.0% |
| 2012 | 7,630 | 3.1% |
| 2013 | 10,981 | 4.5% |
| 2014 | 156,836 ⁽¹⁾ | 63.8% |

(1) Includes lease expiries of the two anchor tenants at the centre.

The REIT has entered into a property management agreement with Redcliff Realty Management Inc. (“Redcliff”) to provide property management and leasing services for the Cornwall Square Property. 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, automatically renewable unless terminated in accordance with the provisions of the agreement and can be terminated by either party on 90 days notice.

Place Val Est — 3140 Highway 69 North, Sudbury, Ontario

Place Val Est is a 110,598 square foot food-anchored retail strip centre located in the north section of Sudbury (Valley East). At December 31, 2009, the property was 73.4% leased and has the dominant grocery store in that area. The property was originally developed in 1983 and has seen many additions to it over the last 20 years. Tenants include a Metro grocery store (33,063 square feet), PharmaSave (6,547 square feet), Pro Hardware (5,464 square feet), RBC (4,989 square feet), LCBO (3,603 square feet), Harvey’s (3,363 square feet) and Tim Horton’s (2,488 square feet). It should be noted that SAAN Stores Ltd. (“SAAN”) was a tenant in the centre, occupying approximately 23,000 square feet. SAAN entered into protection under the *Companies’ Creditors Arrangement Act* (Canada) (“CCAA”) in late 2007, just prior to the REIT acquiring the property. In connection therewith, the REIT received a rental guarantee from the vendor if the lease was altered or terminated through the CCAA proceedings. During the third quarter of 2008, SAAN officially gave the REIT notice of termination of its lease. As such, the REIT continued to receive rent on this space through the rental guarantee which expired at the end of July 2009.

The average term to maturity of existing leases is approximately five years. 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 |
|-------------|------------------------------------|-------------------------|
| 2010 | 2,795 | 3.4% |
| 2011 | 10,992 | 13.5% |
| 2012 | - | - |
| 2013 | 6,348 | 7.8% |
| 2014 | 41,870 ⁽¹⁾ | 51.6% |

(1) Includes lease expiry of anchor tenant (Metro) at the centre.

Redcliff also provides property management services for Place Val Est under similar terms to those for the Cornwall Square Property.

Châteauguay Property — 160–180 Anjou Boulevard, Châteauguay (Montréal), Québec

The Châteauguay Property is a two-storey, 114,756 square-foot mixed-use retail property located in Châteauguay (Montréal) Québec. At December 31, 2009, the Châteauguay Property was 96.5% leased. The property contains a total of 68,135 square feet of ground level retail space and 46,621 square feet of second floor office space. The Châteauguay Property is anchored by Pharmaprix (Shoppers Drug Mart) (18,138 square feet) and Staples (25,885 square feet) on the ground floor, and by two different branches of the Quebec government (39,484 square feet) on the second floor.

The average term to maturity of existing leases is approximately 7 years. In the next five years, leases representing the percentage of leased retail/office square feet set out below will expire:

| Year | Leased sq. ft. expiring | % of square feet |
|-------------|------------------------------------|-------------------------|
| 2010 | 12,452 | 11.2% |
| 2011 | 13,771 | 12.4% |
| 2012 | - | - |
| 2013 | - | - |
| 2014 | 28,350 | 25.6% |

Crofton also provides property management services for the Châteauguay Property under similar terms to those for the Méga Centre.

Canadian Tire Properties

The Canadian Tire Properties are located in Brockville, Strathroy and Wasaga Beach, Ontario. The leases governing the Canadian Tire Properties were for an initial term of 15 years, expiring December 5, 2023. The rent payable pursuant to the leases increases every five years by 10%. Canadian Tire has seven options of five years each, which can be exercised on 24 months' notice to the landlord. The first option is set at 110% of basic rent from the previous term, while the additional options are at fair market rents but cannot exceed 110% of basic rent from the previous 12-month period.

The Brockville Property is located at 2360 Parkedale Avenue, Brockville, Ontario. It was built in 1995, expanded in 2006, and has 70,380 square feet of rentable area. The property is in immediate proximity to the Sears-anchored 1000 Islands Mall, an approximately 273,735 square foot enclosed community mall located in one of the prime retail nodes in Brockville. Other surrounding retailers include Staples, Galaxy Theatres, and Shoppers Drug Mart.

The Strathroy Property is located at 24614 Adelaide Rd., Strathroy, Ontario. It was built in 2005 and has 67,834 square feet of rentable area. The asset is situated in Strathroy's primary retail node and is in immediate proximity to Wal-Mart, Staples, and Giant Tiger.

The Wasaga Beach Property is located at 75-45th St. S., Wasaga Beach, Ontario. It was built in 2007 and has 54,081 square feet of rentable area, of which 8,000 square feet is occupied by Mark's Work Warehouse. The property is shadow-anchored by a recently developed Real Canadian Superstore (Loblaws), in one of the primary retail nodes in Wasaga Beach. Surrounding retailers include Home Hardware Building Centre and Shoppers Drug Mart.

The leases governing the Canadian Tire Properties are triple-net leases, with the tenant responsible for all common area charges associated with the properties as well as the maintenance and repair of the properties. Realty taxes are paid by Canadian Tire directly to the municipalities. Property management services are provided by the REIT as a result of the relatively simple nature of the lease obligations.

The Initial Properties

The Exeter Property is located at 265 Main Street North in Exeter, Ontario (approximately 50 kilometres northwest of London, Ontario), directly across the street from the main shopping complex servicing the local area, which houses a Canadian Tire, Your Independent Grocer and Shoppers Drug Mart, among other retailers. The retail portion of the Exeter Property has 16,000 square feet of finished sales area. Additionally, the Exeter Property includes three enclosed warehouse spaces, covering an aggregate of 26,780 square feet. The Exeter Property is leased to Rona, pursuant to the terms of a triple net lease (the "Exeter Lease").

The Seaforth Property is located at 198 Main Street South in Seaforth, Ontario (approximately 70 kilometres northwest of London, Ontario), just south of the Seaforth "Main Street" retail area. The retail portion of the Seaforth Property has 10,154 square feet of finished sales area, and an additional enclosed warehouse area of 9,468 square feet is attached to the retail building. The Seaforth Property is leased to Rona pursuant to the terms of a triple net lease (the "Seaforth Lease").

The Zurich Property is located at 72821 Blind Line in Zurich, Ontario (approximately 70 kilometres northwest of London, Ontario), which is just off Highway No. 84, directly east of the Zurich "Main Street" retail area. The retail portion of the Zurich Property has 8,400 square feet of finished sales area. Additionally, two warehouse buildings of 11,560 square feet and 4,440 square feet, respectively, are also located on the Zurich Property. The Zurich Property is leased to Rona pursuant to the terms of a triple net lease (the "Zurich Lease").

The Exeter Lease, Seaforth Lease, and Zurich Lease (collectively, the "Rona Leases") were all for an initial term of 15 years, expiring on March 12, 2015. On March 13, 2010, the rent payable pursuant to the Rona Leases increases on the basis of a formula which is tied to the increase in the Consumer Price Index over the immediately preceding five year period, up to a maximum increase of 10% of the rental rate payable during the immediately preceding year. At the date of this Annual Information Form, this increase has been calculated as an approximately 9% increase in rent. Rona has an option to renew the initial term for each Rona Lease for an additional five years at fair market rents, which can be exercised on six months notice to the landlord.

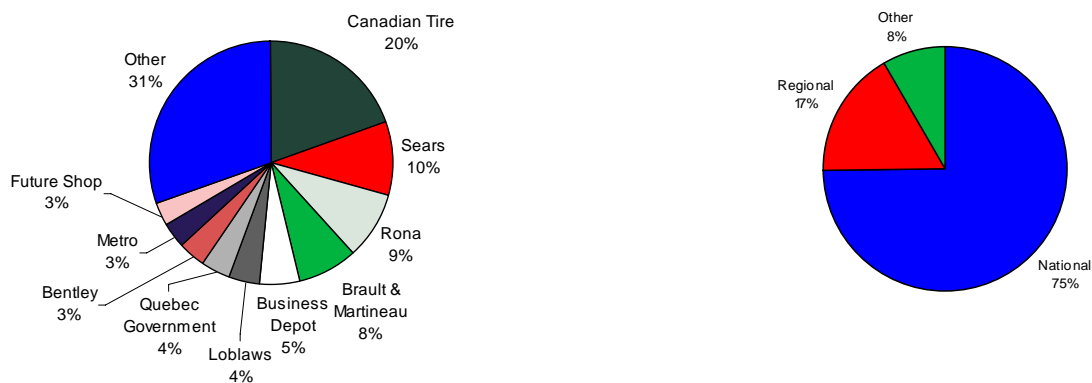
As the Rona Leases are all net leases, the tenant pays all area charges associated with the properties and is obligated to maintain and repair the premises. The landlord is not responsible during the term of the Rona Leases for any costs, charges, expenses or outlays of any nature, except for repairs and replacements resulting from reasonable wear and tear. Realty taxes are paid by the landlord to the municipality and collected in their entirety from Rona. Property management services are currently provided by the REIT as a result of the relatively simple nature of the lease obligations.

Tenant Mix

The following charts show the ten largest tenants of the Properties at December 31, 2009, as well as the tenant mix of the Properties, based on leased GLA (excluding storage):

| Tenant | Property | Occupied GLA | % of Total Retail GLA | Lease Expiry Date |
|--------------------------|--------------------------------------|-------------------------|----------------------------------|----------------------------------|
| Canadian Tire | Canadian Tire Properties | 192,295 | 20% | September, 2023 |
| Sears | Cornwall Square | 96,909 | 10% | October, 2014 |
| Rona..... | Initial Properties | 86,802 | 9% | March, 2015 |
| Brault & Martineau | Méga Centre | 77,318 | 8% | April, 2016 |
| Staples..... | Méga Centre/ Châteauguay Property | 50,745 | 5% | October, 2013/ July, 2016 |
| Loblaws (No Frills)..... | Cornwall Square | 41,058 | 4% | October, 2014 |
| Quebec Government | Châteauguay Property | 39,484 | 4% | November, 2014, January, 2011 |
| Bentley..... | Méga Centre | 34,093 | 3% | September, 2010 |
| Metro | Place Val Est | 33,063 | 3% | January, 2014 |
| Future Shop..... | Méga Centre | 30,332 | 3% | January, 2012 |
| Total..... | | 682,099 | 69% | |

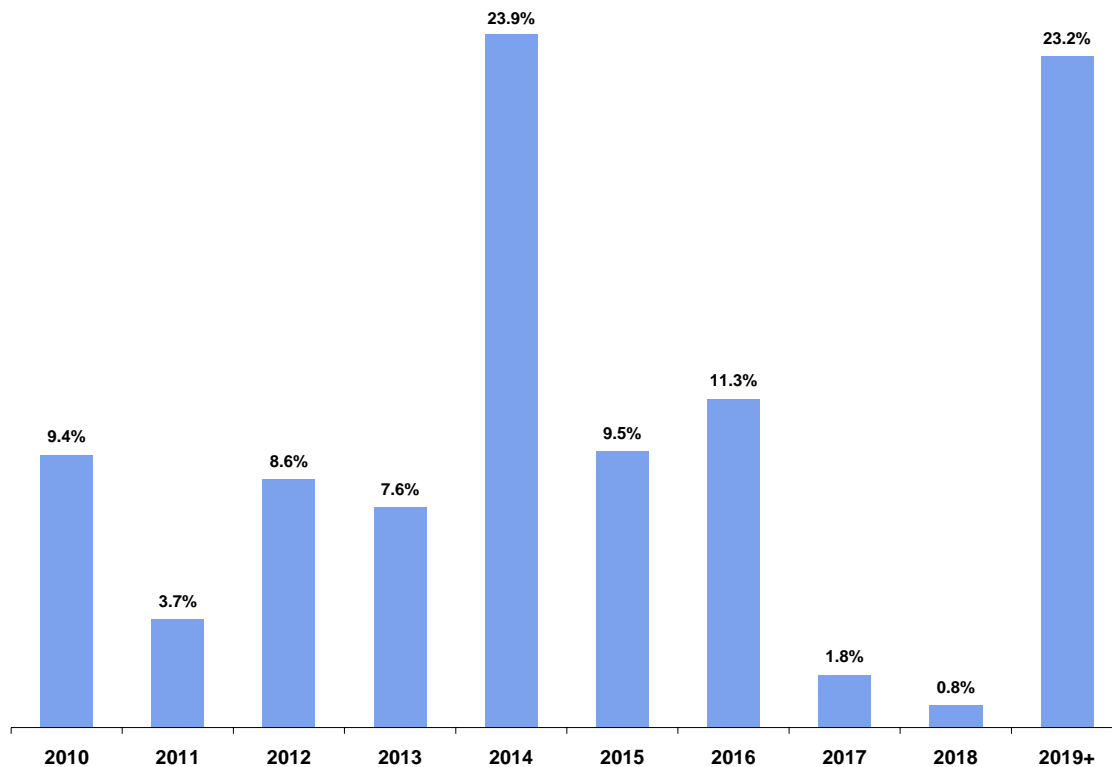
The REIT has a strong mix of national and regional tenants. The tenant mix for the properties at December 31, 2009 is as follows:



Note: Based on total leased square feet excluding storage.

Lease Maturities

The weighted average overall occupancy for the Properties at December 31, 2009 was 95.1% and the weighted average term to maturity of existing leases is almost seven years. The chart below shows the lease expiration schedule of the Properties as a percentage of leased GLA (excluding storage):



Note: Based on total leased square feet excluding storage.

Leasing Activity and Occupancy

The REIT made significant initial steps in improving the quality of tenants at its Châteauguay Property, and continues to make strides on re-leasing at its other properties. In 2009, the portfolio had lease expiries of 93,690 square feet at an average base rent of \$13.22 per square foot. Of these, new or renewal leases of 91,184 square feet were entered into at an average base rent of \$12.04 per square foot.

The average occupancy rate for the portfolio at December 31, 2009 was 95.1%, compared to 95.9% at September 30, 2009 and December 31, 2008.

At the Châteauguay Property, the REIT replaced a 15,000 square foot cinema tenant with an 18,138 square foot Pharmaprix (Shoppers Drug Mart) store for a 15 year term. Along with the Pharmaprix lease deal, the REIT downsized and renewed its lease with Yellow Group Inc. for a 10 year term, undertook significant façade improvements at the centre and upgraded the landscaping and exterior amenities. Yellow Group Inc. began its term on December 1, 2009 while Pharmaprix began its term in March 2010. Additional leasing at this property to the date of this Annual Information Form includes, two two-year renewals with two office tenants occupying 2,637 square feet and 11,134 square feet, respectively. Finally, a retail tenant occupying 12,012 square feet, expiring in 2010 is not expected to remain at the property. The REIT has entered into a binding offer with a new tenant to take between 8,500 square feet and 12,012 square feet of this location, subject to certain tenant conditions. The tenant is expected to make a decision by the end of April 2010.

At Méga Centre, the REIT replaced a tenant who occupies approximately 34,000 square feet, with Bentley Leathers Inc. for a one-year term. The lease included a significant percentage rent component which has been adjusted from the REIT's initial forecasts given the store's poor performance. As a result, the REIT has renegotiated the lease with Bentley to eliminate the percentage rent component in favour of receiving a fixed base rent. As well, the lease has been extended until January 31, 2012 (an additional 16 months from the original expiry date). The REIT continues to look for long term solutions for this space. In addition to the above-noted leasing, a 1,500 square foot tenant,

whose lease was set to expire in 2011, early renewed its lease until 2021. Finally, it should be noted that a dollar store occupying 18,573 square feet vacated the property in February 2010 which will affect occupancy in the first quarter of 2010 and could impact net operating income by up to \$210,000 annually. The REIT is actively looking to improve the tenant mix at the centre and lease all of the currently vacant space.

As previously mentioned, during the third quarter of 2008 at Place Val Est, SAAN Stores Ltd., which had entered into CCAA protection, officially gave the REIT notice of termination of its lease. SAAN occupied approximately 23,000 square feet in the shopping centre. As part of the purchase of the property from the vendor in 2008, the REIT had obtained a rental guarantee from the vendor if the lease was altered or terminated through the CCAA proceedings. As such, the REIT continued to receive rent on this space through the rental guarantee. The rental guarantee ended on July 31, 2009. Management is engaged in conversations with several retailers about this space.

At the Cornwall Square Property, 24,399 square feet expired in 2009, while two tenants occupying 3,535 square feet vacated their premises. All of the square footage was occupied by small in-line tenants, and 25,919 square feet of new or renewal leases was completed over the course of 2009.

Competitive Conditions

The real estate business in which the REIT operates is competitive. Numerous other developers, managers and owners of properties compete with the REIT both in respect of seeking tenants and acquisitions. See “Risk Factors – Risks Relating to the Business of the REIT – Competition”.

Employees

Pursuant to the Management Agreement, it is the Manager’s responsibility to provide the REIT with a management team. As a result, the REIT has no employees. See “Asset Management of the REIT – Management Agreement”.

ASSET MANAGEMENT OF THE REIT

History of the Manager

The Manager is a wholly-owned subsidiary of CAB. Founded in 2005, CAB is a Toronto-based merchant bank established to provide investors with access to a range of private equity and other alternative investment opportunities. CAB focuses on four major asset areas: industrials; real estate; infrastructure; and financial services. CAB also originates, develops and manages private equity and structured investment products. CAB is a significant Unitholder of the REIT.

Under the provisions of the Management Agreement, the Manager is required to manage the affairs of, and provide strategic direction to, the REIT, subject to the overriding supervision of the Trustees. The Manager is responsible for all aspects of the asset management of the REIT. The Manager provides the REIT with a management team that has experience in all aspects of real property asset management, including leasing and tenant relations, property acquisitions and dispositions, real estate and corporate financing and development, redevelopment and construction.

Management Team to be made available to the REIT

The President and Chief Executive Officer and the Chief Financial Officer devote substantially all of their time to the REIT. The REIT’s business does not require the full-time services of the Corporate Secretary. As such, Ms. Helen Martin provides general management services to the REIT while continuing to provide services to CAB.

Management Agreement

The REIT is managed by the Manager pursuant to the Management Agreement. Services provided to the REIT under the Management Agreement include:

- (a) managing the day-to-day operations of the REIT;
- (b) preparing or overseeing the preparation of annual budgets and business plans for presentation to the Trustees;

- (c) advising the Trustees on strategic matters relating to properties, potential acquisitions, dispositions and development, and Unit value maximization;
- (d) searching for, identifying, introducing, evaluating and screening property acquisition opportunities;
- (e) conducting and/or managing due diligence with respect to potential acquisitions;
- (f) structuring, sourcing, negotiating and organizing the financing of acquisitions;
- (g) organizing and coordinating the completion of investments, including structuring and negotiating the business terms on which acquisitions are made;
- (h) monitoring and maintaining the REIT's properties (including retaining property management and leasing agents);
- (i) re-developing or re-selling the REIT's properties;
- (j) providing investor relations services to the REIT;
- (k) providing advice and assistance in connection with the REIT's borrowings, raising of capital and issuance of securities, including representing the REIT in its dealings with banks and other lenders, investment dealers, institutions and investors;
- (l) conducting day-to-day relations on behalf of the REIT with third parties, including property managers, suppliers, joint venturers, lenders, brokers, consultants, advisors, accountants, lawyers, insurers and appraisers;
- (m) managing and providing direction to the REIT's property manager(s) and negotiating arrangements for the engagement of any new property manager(s) or the renewal of the arrangements with existing property manager(s); and
- (n) such further duties as may be reasonably required by the REIT or its subsidiaries, provided that, if any strategic advisory or asset management services provided by the Manager to the REIT and its subsidiaries may increase the risk that the REIT will be a SIFT trust, the Manager is obliged to notify the Trustees of such risk.

The Manager also provides administrative services to the REIT, including:

- (a) accounting, reporting and financial preparation relating to the REIT and its subsidiaries, including record-keeping, preparation of financial statements and filing tax returns;
- (b) activities related to the REIT's public company and reporting issuer status, including investor relations services, assistance in determining and making distributions payable to Unitholders and advice with respect to the REIT's obligations as a reporting issuer (including its continuous disclosure obligations);
- (c) administrative services, including administrative support with respect to the holding of Trustees' and Unitholder's meetings, provision of office space, provision of any necessary equipment and personnel, and provision of all corporate accounting, clerical, secretarial, corporate and administrative services as may be reasonably necessary; and
- (d) such further duties as may be reasonably required by the REIT and its subsidiaries.

The management services are currently provided by Ari Silverberg, Floriana Cipollone and Helen Martin. Ari Silverberg and Floriana Cipollone devote substantially all of their time to the REIT, and Helen Martin devotes as much time as is necessary. As the REIT grows, the Manager will provide additional executives to the REIT in order to fulfil its obligations under the Management Agreement. It is expected that over time, up to six additional executives will be provided by the Manager to fulfil its obligations under the Management Agreement. All costs

associated with the executives and additional executives shall be borne by the Manager. In accordance with the terms of the Management Agreement, the Manager is required to consult with the Board of Trustees' compensation committee or the Independent Trustees, as applicable, with regard to compensation decisions for executives who devote substantially all of their time to the business of the REIT. In the event that any executive providing services to the REIT ceases to do so for any reason, the Manager will replace such individual with another employee with similar qualifications and experience. Pursuant to the terms of the Management Agreement, the REIT pays the Manager 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 and/or its subsidiaries. For the purposes of the Management Agreement, the property cost means the purchase cost of an acquired property (for greater certainty whether paid in cash, by the assumption of any mortgage or other indebtedness, the issuance of debt or equity, or in any other manner), excluding the fees payable to the Manager for the acquisition and all out-of-pocket costs incurred by the REIT or its subsidiaries in connection with the acquisition, including legal fees and disbursements, registration and filing fees, land transfer and sales taxes, all calculated in accordance with Canadian generally accepted accounting principles applicable to the real estate industry, applied on a consistent basis.

The initial term of the Management Agreement is for a five-year period, expiring on March 27, 2012. Upon expiry of the initial term, the Management Agreement will renew automatically for successive three-year terms, unless terminated in accordance with its terms. In the event that (i) the REIT terminates the Management Agreement at the expiry of any term or because of a change of control of the Manager or CAB (so long as CAB is the controlling shareholder of the Manager), or (ii) the Manager terminates the Management Agreement because of (a) a change of control of the REIT; (b) the passing of a resolution by the REIT or its Unitholders or securityholders (as applicable) or authorization of or proceeding with a termination, winding up or dissolution of the REIT, or a sale or transfer of all or substantially all of the assets of the REIT to a person or persons that are not parties to the Management Agreement (other than pursuant to an internal reorganization); or (c) a material breach of the Management Agreement by the REIT, then the REIT, and/or its subsidiaries shall be required to, within 90 days of such termination:

- (a) pay to the Manager an amount equal to three times the annual management fee paid in respect of the last full calendar year of the Management Agreement completed prior to the date of termination, plus applicable GST;
- (b) make an offer to employ each of the individuals provided by the Manager to the REIT in order to permit the Manager to fulfil its obligations under the Management Agreement, who devote substantially all of their time to the business of the REIT, in a similar position with similar responsibilities at the same compensation and on terms and conditions substantially similar to the terms under which such individuals were employed at the time of termination;
- (c) either (i) pay to the Manager all costs and expenses incurred or required to be incurred by the Manager in terminating contracts the Manager, or the entities providing services to the Manager in order to permit the Manager to fulfil its obligations under the Management Agreement, entered into in respect of the performance by the Manager of its obligations under the Management Agreement (less any amount owing by the Manager to the REIT) including without limitation: (A) lease termination penalties, or (B) penalties/costs relating to the buyout or wind-up cost of any other commitment, or (C) severance costs related to individuals who devote substantially all of their time to the business of the REIT and who did not accept the offer of employment of the REIT referred to above and whose employment with the Manager, or the entities providing services to the Manager in order to permit the Manager to fulfill its obligations under the Management Agreement, is terminated; or (ii) assume the obligations of the Manager under such contracts or any of them;
- (d) pay for and indemnify the Manager against the cost of all services, materials and supplies, if any, which may have been ordered by the Manager in respect of the fulfillment of its obligations under the Management Agreement, but which may not have been charged to and paid by the Manager at the time of termination; and
- (e) pay to the Manager all other amounts owed to it under the Management Agreement.

A “change of control” is defined in the Management Agreement and means (i) in the case a public entity, the direct or indirect acquisition of beneficial ownership of, or control or direction over, voting securities of such entity representing 20% or more of the outstanding voting securities of such entity or any successor to such entity by any person or combination of persons acting “jointly or in concert” (as such term is used in Part XX of the *Securities Act* (Ontario)), and (ii) in the case of a privately held entity, the direct or indirect acquisition of beneficial ownership of, or control or direction over, voting securities of such entity representing 50% or more of the outstanding voting securities of such entity by any person or combination of persons acting “jointly or in concert” (as such term is used in Part XX of the *Securities Act* (Ontario)).

The Manager will not be entitled to any termination payment under the Management Agreement if the Management Agreement is terminated by (i) the REIT, in the event of (a) a material breach of the Management Agreement by the Manager, (b) the commission by the Manager or any of its agents or employees of an act of fraud, misconduct, breach of fiduciary duty, negligence or wilful breach of applicable laws, or (c) a breach by the Manager of the Non-Competition Agreement; (ii) the Manager, in the event it terminates the Management Agreement (a) at any time upon not less than 180 days’ prior written notice to the REIT, or (b) because the REIT makes a filing or takes certain other actions under applicable bankruptcy or insolvency law; or (iii) the REIT, in the event the Manager or its Unitholders or securityholders (as applicable) (a) pass a resolution or otherwise authorizes or proceeds with a termination, winding up, dissolution or a sale of all or substantially all of its assets to a person or persons that are not parties to the Management Agreement other than pursuant to an internal reorganization, or (b) makes a filing or takes certain other actions under applicable bankruptcy or insolvency laws.

The expenses assumed by the Manager under the Management Agreement include expenses of the executives, additional executives and employees providing services to the REIT or its subsidiaries to fulfill the Manager’s obligations under the Management Agreement and includes the Manager’s overhead (such as rent and office supplies) 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 REIT will be responsible for paying all expenses of the REIT not required to be assumed by the Manager (including fees paid to Trustees, professional advisors and any property managers), and shall reimburse the Manager for any out-of-pocket costs directly incurred by the Manager in performing any of the services required of it under the Management Agreement.

Pursuant to the Management Agreement, management fees of \$439,906 for the year ended December 31, 2009 were paid and payable to the Manager.

Non-Competition Agreement

In connection with the entering into of the Management Agreement, the Manager and CAB (collectively, for the purposes of this section, the “Restricted Parties”), entered into the Non-Competition Agreement with the REIT. 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, by way of an investment in shares or other ownership interests in any Person, and either individually or in partnership or jointly or in concert with any other Person:

- (a) create, manage or provide strategic, advisory and asset management services to another Person (including a real estate investment trust) which carries on the primary business of the acquisition, development and/or management of any property located in Canada that derives substantially all of its revenues from rents paid by tenants whose principal business is the sale of consumer goods and/or services directly to consumers through retail stores (“Retail Property”) or any mixed-use property located in Canada that derives 40% or more of the revenues (calculated based on the most recently prepared financial statements or similar information for the property) from tenants that would normally be found in a Retail Property. For greater certainty, without limitation, a Retail Property shall include restaurants, entertainment facilities (such as movie theatres) or other facilities which are normally found in shopping centres, but shall not include self-storage facilities, nursing home or health care facilities, hotels or sports facilities (the Retail Property and mixed-use property together are referred to as “Restricted Real Estate Assets”);
- (b) purchase any Restricted Real Estate Asset or develop any property that, on completion of development, will be a Restricted Real Estate Asset; or
- (c) provide strategic, advisory and asset management services for any Restricted Real Estate Asset.

The Non-Competition Agreement contains exceptions from the foregoing covenants as follows:

- (a) interests arising as a securityholder of the REIT;
- (b) properties acquired for development pursuant to the terms of any development or joint venture agreement entered into between the Restricted Party and the REIT or any of the REIT's subsidiaries;
- (c) properties or investments that have been first offered to the REIT pursuant to the terms of the Non-Competition Agreement and which the REIT notified or was deemed to have notified the Restricted Party pursuant to the terms of the Non-Competition Agreement that it was not interested in pursuing such property;
- (d) any loan or mortgage and, in the event of a foreclosure under a loan or mortgage, an ownership interest in any Restricted Real Estate Asset resulting from such foreclosure provided that the loan or mortgage was not made or granted with the intention of using such loan or mortgage as part of a method for subsequently acquiring an interest in a Restricted Real Estate Asset;
- (e) an investment in publicly traded securities, provided that such investment represents less than 10% of the voting interest of the issuer of such publicly traded securities at the time of the investment; or
- (f) any activities that have been specifically approved by the Independent Trustees.

The covenants contained in the Non-Competition Agreement will remain in effect until the earlier of (i) the date that is one year after the date of termination of the Management Agreement; or (ii) the date of termination of the Management Agreement by (a) the REIT following the direct or indirect acquisition of beneficial ownership of, or control or direction over, voting securities of the REIT representing 20% or more of the outstanding voting securities of the REIT or any successor to the REIT by any person or combination of persons acting jointly or in concert (as such term is used in Part XX of the *Securities Act* (Ontario)), or (b) by the Manager, (i) in the event of a material breach of the Management Agreement by the REIT, or (ii) in the event the REIT or its Unitholders or securityholders (as applicable) pass a resolution or otherwise authorizes or proceeds with a termination, winding up, dissolution or a sale of all or substantially all of its assets to a person or persons that are not parties to the Management Agreement other than pursuant to an internal reorganization.

INVESTMENT GUIDELINES AND OPERATING POLICIES

Investment Guidelines

The Declaration of Trust provides for certain restrictions on investments which may be made directly or indirectly by the REIT. The assets of the REIT may be invested directly or indirectly only in accordance with the following investment guidelines:

- (a) subject to the other investment guidelines of the REIT set out below, the REIT may only invest, directly or indirectly, in:
 - (i) interests (including fee ownership and leasehold interest) in income-producing real property;
 - (ii) corporations, trusts, partnerships or other persons which principally have interests (including the ownership of leasehold interests) in income-producing real property (or activities relating or ancillary thereto); and
 - (iii) such other activities as are consistent with the other investment guidelines of the REIT.
- (b) notwithstanding anything in the investment guidelines or operating policies of the REIT, the REIT shall not make any investment, take any action or omit to take any action that would result in Units not being units of a "mutual fund trust" within the meaning of the Tax Act;

- (c) the REIT may, directly or indirectly, invest in a joint venture arrangement for the purposes of owning interests or investments otherwise permitted to be held by the REIT; provided that such joint venture arrangement contains terms and conditions which, in the opinion of the Trustees, are commercially reasonable, including without limitation such terms and conditions relating to restrictions on transfer and the acquisition and sale of the REIT's and any joint venturer's interest in the joint venture arrangement, provisions to provide liquidity to the REIT, such as buy-sell mechanisms and provisions that limit the liability of the REIT to third parties. For purposes of this provision, a joint venture arrangement is an arrangement between the REIT and one or more other persons ("joint venturers") pursuant to which the REIT, directly or indirectly, conducts an undertaking for one or more of the purposes set out above and in respect of which the REIT may hold its interest jointly or in common or in another manner with others either directly or through the ownership of securities of a corporation or other entity (a "joint venture entity"), including without limitation a general partnership, limited partnership or limited liability company;
- (d) except for temporary investments held in cash, deposits with a Canadian Chartered bank or trust company registered under the laws of Canada or of a province of Canada, short-term government debt securities, or receivables under instalment receipt agreements or money market instruments of, or guaranteed by, a Schedule I Canadian bank maturing within one year from the date of issue or except as permitted pursuant to paragraphs (a), (c), (f), (h) and (i) of these investment guidelines, the REIT may not hold securities other than:
 - (i) securities of any issuer referred to in paragraph (a) above;
 - (ii) securities of a joint venture entity;
 - (iii) securities of an entity wholly-owned by the REIT, which has been formed and operated solely for the purpose of holding a particular real property or real properties; and
 - (iv) securities of persons described in paragraph (f) and provided further that, notwithstanding anything contained in the Declaration of Trust to the contrary, the REIT may acquire securities of other real estate investment trusts;
- (e) the REIT shall not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
- (f) notwithstanding the provisions of paragraph (d) above or any other provision of the Declaration of Trust, the REIT may invest in operating businesses which are ancillary to the REIT's ownership of real property or acquire interests in limited partnerships or corporations which may operate businesses related to the REIT's real estate investments, provided that such investments would not result in the REIT failing or ceasing to qualify as a "mutual fund trust" within the meaning of the Tax Act and provided that the REIT shall use its reasonable best efforts not to be a SIFT trust;
- (g) the REIT shall not invest directly in raw land for development and ownership or for other development projects, except:
 - (i) for the purpose of renovating or expanding existing properties or facilities on adjacent properties; or
 - (ii) for the purpose of developing new properties which will be or are expected to be, upon completion, income producing, provided that the aggregate value of investments in raw land for such purpose will not, after giving effect to the proposed investment, exceed 10% of the Adjusted Unitholders' Equity;
- (h) the REIT shall invest in a mortgage or a mortgage bond (including a participating or convertible mortgage) only where:

- (i) the real property which is security therefor is income-producing real property which otherwise meets the general investment guidelines of the REIT contained in these investment guidelines; and
 - (ii) the aggregate value of the investments of the REIT in mortgages and mortgage bonds, after giving effect to the proposed investment, will not exceed 20% of the Adjusted Unitholders' Equity;
- (i) notwithstanding any of the provisions of paragraph (h) above, the REIT may invest in any mortgage which is not a first ranking mortgage, including mezzanine financings, for purposes of providing, directly or indirectly, financing in connection with a transaction in which the REIT is the vendor or with the intention of using such mortgage as part of a method for subsequently acquiring an interest in or control of a property or a portfolio of properties that would otherwise meet the investment guidelines of the REIT; provided that the aggregate value of the investments of the REIT in these mortgages, after giving effect to the proposed investments, will not exceed 20% of the Gross Book Value; and
- (j) the REIT may invest, from time to time, an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred by the REIT and secured by a mortgage on such property) up to 15% of the Adjusted Unitholders' Equity of the REIT in investments which do not comply with one or more of paragraphs (d) or (g) above.

Operating Policies

The Declaration of Trust provides that the operations and affairs of the REIT shall be conducted in accordance with the following operating policies:

- (a) the REIT shall not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof; the term "hedging" shall have the meaning ascribed thereto by National Instrument 81-102 adopted by the Canadian Securities Administrators, as amended from time to time; (i) any written instrument creating an obligation which is or includes the granting by the REIT of a mortgage, and (ii) to the extent management of the REIT determines to be practicable, any written instrument which is, in the judgment of management of the REIT, a material obligation, shall contain a provision or be subject to an acknowledgement in the form provided by the Declaration of Trust;
- (b) the REIT may engage (i) in construction or development of real property in order to maintain its real properties in good repair and/or to enhance the income-producing potential of properties in which the REIT has an interest; and (ii) in the development of raw land and/or other development projects; provided that investments by the REIT in such developments are within the investment guidelines;
- (c) title to each real property shall be held by and registered in the name of the REIT, the Trustees or in the name of a corporation or other entity owned, directly or indirectly, by the REIT or jointly-owned, directly or indirectly, by the REIT, with joint venturers or a corporation which is a nominee of the REIT which holds registered title to such real property pursuant to a nominee agreement with the REIT;
- (d) the REIT may directly or indirectly guarantee indebtedness or liabilities of a third party, provided that such guarantee is related to the direct or indirect ownership or acquisition by the REIT of real property that would otherwise comply with the REIT's investment guidelines and operating policies;
- (e) the REIT will obtain an independent appraisal of each property that it intends to acquire;
- (f) the REIT shall obtain and maintain at all times insurance coverage in respect of potential liabilities of the REIT and the accidental loss of value of the assets of the REIT from risks, in amounts, with

such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties and the cost of such coverage; and

- (g) the REIT shall obtain or review a Phase I environmental audit of each real property to be acquired by it, dated within 12 months of the proposed date of acquisition, and, if the Phase I environmental audit report recommends or recommended a Phase II environmental audit be obtained, the REIT shall obtain or review a Phase II environmental audit, in each case prepared by an independent environmental consultant.

For the purposes of the foregoing investment guidelines and operating policies, the assets, liabilities and transactions of a corporation or other entity wholly or partially owned by the REIT will be deemed to be those of the REIT on a proportionate, consolidated basis. In addition, any references in the foregoing investment guidelines and operating policies to investment in real property will be deemed to include an investment in a joint venture entity.

Amendments to Investment Guidelines and Operating Policies

Pursuant to the Declaration of Trust, all of the investment guidelines set out under the heading “Investment Guidelines” and the operating policies contained in subparagraph (b) under the heading “Operating Policies” may be amended only with the approval of at least two-thirds of the votes cast by Voting Unitholders of the REIT at a meeting of Voting Unitholders called for such purpose. The remaining operating policies may be amended with the approval of a majority of the votes cast by holders of Voting Units at a meeting of Voting Unitholders called for such purpose.

RISK FACTORS

The risks described below are not the only ones facing the REIT and Unitholders. Additional risks not currently known to the REIT or that the REIT currently deems immaterial may also impair business operations. The business, financial condition, revenues or profitability of the REIT could be materially adversely affected by any of these risks. The trading price of the Units could decline due to any of these risks. This Annual Information Form contains forward-looking statements that involve risks and uncertainties. The REIT’s actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the REIT described below and elsewhere in this Annual Information Form. See “Caution Regarding Forward-Looking Statements”.

Risks Relating to Current Economic Conditions

Canadian real estate investment trusts are subject to risks generally incident to the Canadian real estate, credit, capital and financial markets. The global recessionary economic conditions and the global financial liquidity crisis that existed in 2008 and 2009, have resulted in persistent interruptions in the credit and capital markets, devaluations of assets directly or indirectly linked to the Canadian real estate finance markets and the concurrent elimination of long and short-term liquidity from the capital markets. These conditions have had, and the REIT expects will continue to have, an adverse effect on the REIT as well as the assets the REIT has invested in.

Sensitivity to the global economic conditions, and their impact in Canada, may negatively affect the income received from the REIT’s real property assets. Inherent illiquidity may limit the REIT’s ability to vary its portfolio in response to changes in the global, national and/or local economic conditions and may ultimately prevent the REIT from implementing its acquisition and investment strategies. Increased vacancy rates and difficulties re-leasing properties, commonly associated with recessionary economic conditions, may occur and may adversely affect the income received from the REIT’s real property assets. All of these conditions could have an adverse effect on the REIT including causing an event of default under any of the REIT’s mortgage indebtedness and/or credit facilities. Finally, the extent to which the REIT relies on debt or equity financing and the difficulty associated with obtaining such financing increases the likelihood the REIT will be unable to raise equity capital for its ongoing operations or its acquisition and investment strategies, refinance existing indebtedness or result in the REIT receiving less favourable terms than that of existing financing arrangements.

Risks Relating to Real Property Ownership

General

The REIT is subject to risks generally incident to the ownership of real property. The underlying value of its properties and the REIT's income and ability to make distributions to Unitholders will depend on the ability of the REIT to maintain or increase revenues from its properties and to generate income in excess of operating expenses. Income from the REIT's properties may be adversely affected by changes in national or local economic conditions, changes in interest rates and in the availability, cost and terms of mortgage financing, the impact of present or future environmental legislation and compliance with environmental laws, the ongoing need for capital improvements, particularly in older structures, changes in real estate assessed values and taxes payable on such values (including as a result of possible increased assessments caused by the acquisition of properties by the REIT) and other operating expenses, changes in governmental laws, regulations, rules and fiscal policies, changes in zoning laws, civil unrest, acts of God, including earthquakes and other natural disasters and acts of terrorism or war (which may result in uninsured losses). Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing income. In addition, almost all of the Méga Centre leases require payment by the tenant of operating costs at a fixed rate with annual adjustments for changes in the Consumer Price Index. Actual increases or decreases in operating costs may vary significantly from the amounts recoverable in respect thereof. When interest rates increase, the cost of acquiring, developing, expanding or renovating real property increases and real property values may decrease as the number of potential buyers decreases. Similarly, as financing becomes less available, it becomes more difficult to both acquire and to sell real property. Finally, governments can expropriate or take real property for less compensation than an owner believes a property is worth. Almost all of these factors are beyond the REIT's control.

Government Regulation and Environmental Matters

The REIT is subject to federal, provincial and local environmental regulations that apply generally to the ownership of real property. If it fails to comply with those laws, the REIT could be subject to significant fines or other governmental sanctions. Under various federal, provincial and local laws, ordinances and regulations, an owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or petroleum product releases at a property and may be held liable to a governmental entity or to third parties for property damage and for investigation and clean up costs incurred by such parties in connection with contamination. Such liability may be imposed whether or not the owner or operator knew of, or was responsible for, the presence of these hazardous or toxic substances. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to properly remediate such substances, may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. In addition, in connection with the ownership, operation and management of real properties, the REIT could potentially be liable for property damage or injuries to persons and property.

In order to assess the potential for liabilities arising from the environmental condition at its properties, the REIT is required to obtain or examine environmental assessments prepared by environmental consulting firms. The environmental assessments received in respect of the Properties did not reveal, nor is the REIT aware of, any environmental liability that the REIT believes will have a material adverse effect on it. However, the REIT cannot assure Unitholders that any environmental assessments performed have identified or will identify all material environmental conditions, that any prior owner of any property did not create a material environmental condition not known to the REIT or that a material environmental condition does not or will not otherwise exist with respect to its Properties.

Illiquidity

Real estate investments are relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may limit the REIT's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the REIT were to need to sell a property, the proceeds to the REIT might be significantly less than the aggregate carrying value of such property.

Uninsured Losses

The Declaration of Trust requires that the REIT obtain and maintain at all times insurance coverage in respect of its potential liabilities and the accidental loss of value of its assets from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars, acts of terrorism or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or under-insured loss occur, the REIT could lose its investment in, and anticipated profits and cash flows from, the affected property, but the REIT would continue to be obliged to repay any recourse mortgage indebtedness on such property. There can be no assurance that a claim in excess of the insurance coverage or claims not covered by insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. A successful claim against the REIT not covered by, or in excess of, the insurance coverage could have a material adverse effect on the REIT's business, financial condition or results of operations and distributions.

Risks Relating to the Business of the REIT

Investment Concentration

The Properties account for 100% of the REIT's total real property assets. Méga Centre and the Cornwall Square Property account for approximately 54% of the REIT's base rental revenues on an annualized basis. As a result, the REIT is particularly susceptible to adverse market conditions in the areas of greater Montréal, Québec (where Méga Centre is located) and Cornwall, Ontario (where the Cornwall Square Property is located), such as business layoffs or downsizing, industry slowdowns, relocations of businesses, changing demographics and other factors. Any adverse economic or real estate developments in the area of greater Montréal, Québec or Cornwall, Ontario, or in the future in any of the other markets in which the REIT operates, or any decrease in demand for commercial retail real estate space resulting from the local economic or business climate could adversely affect the REIT's rental revenues, which could impair its ability to satisfy its debt service obligations and generate stable positive cash flow from its operations. In addition, because the REIT's investments will consist mainly of commercial retail real estate interests, it will be subject to risks inherent in investments in a single industry and will not benefit from diversification by property type. Demand for commercial retail real estate space could be adversely affected by weakness in the national, regional and local economies, changes in supply of, or demand for, similar or competing properties in an area and the excess amount of commercial retail real estate space in a particular market. In addition, under certain circumstances, Sears and Loblaws (No Frills) in the Cornwall Square Property are permitted under the terms of their leases to "go dark". While such clauses are not uncommon in leases with key tenants of commercial retail properties, if any key tenant were to "go dark", it could have a material adverse effect on the relevant property. To the extent that any of these conditions occur, they are likely to affect market rents for space, which could cause a decrease in the REIT's rental revenue from any of its properties at the expiry of the initial terms of any leases. Any such decrease could impair the REIT's ability to satisfy any debt service obligations and generate stable positive cash flow from its operations.

Competition

The REIT competes with numerous developers, owners and operators in the commercial retail real estate industry, some of which own or may in the future own, facilities that compete directly with the REIT's properties, and some of which may have greater capital resources.

If the REIT's competitors build new facilities that compete with the REIT's properties or offer space at rental rates below current market rates or below the rental rates the REIT charges its tenants, the REIT may lose existing and potential tenants and it may be pressured to discount its rental rates below those it would otherwise charge in order to retain tenants. As a result, the REIT's rental revenues may decrease, which could impair the REIT's ability to satisfy its debt service obligations and to pay distributions to Unitholders. In addition, increased competition for tenants may require the REIT to make capital improvements to facilities that it would not have otherwise made. Any unbudgeted capital improvement the REIT undertakes may reduce cash available for distributions to Unitholders.

Acquisition Strategy

The REIT's business strategy involves expansion through acquisitions and, potentially in the future, development projects. These activities require the REIT to identify acquisition or development candidates or investment opportunities that meet its criteria and are compatible with its growth strategy. The REIT may not be successful in identifying commercial retail real estate facilities that meet its acquisition or development criteria or in completing acquisitions, developments or investments on satisfactory terms. The REIT may also not be able to raise the funds necessary to complete an acquisition, development or investment. Failure to identify or complete acquisitions or developments will slow the REIT's growth. The REIT could also face significant competition for acquisitions and development opportunities. Some of the REIT's competitors have greater financial resources than the REIT and, accordingly, have a greater ability to borrow or raise funds to acquire properties. These competitors may also be willing and/or able to accept more risk than the REIT can prudently manage, including risks with respect to the geographic concentration of investments and the payment of higher prices to acquire properties. This competition for investments may reduce the number of suitable investment opportunities available to the REIT, may increase acquisition costs and may reduce demand for commercial retail real estate space in certain areas where the REIT's real estate properties are located and, as a result, may adversely affect the REIT's operating results.

In addition, even if the REIT were successful in identifying suitable acquisitions or development projects, newly acquired real estate properties may fail to perform as expected and management of the REIT may underestimate the costs associated with the integration of the acquired facilities. In addition, any property expansions the REIT undertakes in the future are subject to a number of risks, including, but not limited to, construction delays or cost overruns that may increase project costs, financing risks, the failure to meet anticipated occupancy or rent levels, failure to receive required zoning, land use and other governmental permits and authorizations and changes in applicable zoning and land use laws. If any of these problems occur, expansion costs for a project will increase, and there may be significant costs incurred for projects that are not completed. In deciding whether to acquire or expand a particular property, the REIT will make certain assumptions regarding the expected future performance of that property. If the REIT's acquisition or expansion facilities fail to perform as expected or incur significant increases in projected costs, the REIT's rental revenues could be lower, and its operating expenses higher, than expected.

Integration of Additional Properties

The REIT intends to acquire additional properties and ancillary businesses in the future. The REIT cannot assure Unitholders that it will be able to successfully integrate these additional properties into its existing portfolio without operating disruptions or unanticipated costs. As the REIT acquires or develops additional properties, the REIT will be subject to risks associated with managing new properties, including tenant retention and mortgage default. In addition, acquisitions or developments may cause disruptions in the REIT's operations and divert management's attention away from day-to-day operations. Furthermore, the REIT's profitability may suffer because of acquisition-related costs or amortization costs for acquired intangible assets. The REIT's failure to successfully integrate any future properties into its portfolio could have an adverse effect on the REIT's operating costs and its ability to generate stable positive cash flow from its operations.

Occupancy and Rental Rates

Delays in re-leasing properties and/or units of properties as vacancies arise would reduce the REIT's revenues and could adversely affect its operating performance. In addition, lower than expected rental rates could adversely affect the REIT's rental revenues and impede its growth. At December 31, 2009, the REIT has vacancies of approximately 51,000 square feet. As well, the REIT has 104,082 square feet of lease expiries in 2010.

Reliance on Key Personnel

The REIT and the Manager depend on the services of certain key personnel, including Ari Silverberg and Floriana Cipollone. These individuals will provide services to the REIT pursuant to the terms of the Management Agreement. The loss of the services of any of these key personnel (as a result of, among other things, resignation, termination of employment, or termination of the Management Agreement) could have an adverse effect on the REIT. In addition, each of these individuals may not devote his or her time exclusively to the affairs of the REIT. Currently, Ari Silverberg and Floriana Cipollone do devote their time exclusively to the business of the REIT.

Dependence on and Relationship with the Manager

The Manager provides management and administrative services to the REIT pursuant to the Management Agreement and the REIT depends on the Manager for all aspects of the day-to-day management of its business and the execution of its business plan. There can be no assurance that if the Manager stopped providing these services, a suitable replacement would be found in a timely manner or at all. The Manager will not be required to provide services exclusively to the REIT and may in some circumstances, subject to the Non-Competition Agreement, manage real estate properties for others.

Debt Financing

The REIT has incurred both unsecured debt and mortgage debt by obtaining loans (including the Acquisition Facility and the Credit Facilities) secured by some or all of the Properties. In addition, the REIT may borrow funds if necessary to make distributions to Unitholders.

Future debt may harm its business and operating results by:

- (a) requiring the REIT to use a substantial portion of its cash flow from operations to pay principal and interest, which will reduce the amount available for distributions;
- (b) making the REIT more vulnerable to economic and industry downturns and reducing its flexibility in responding to changing business and economic conditions; and
- (c) limiting the REIT's ability to borrow more money for operating or capital needs or to finance acquisitions in the future.

In addition to the risks discussed above and those normally associated with debt financing, including the risk that the REIT's cash flow will be insufficient to meet required payments of principal and interest, the REIT will also be subject to the risk that it will not be able to refinance the existing indebtedness on its facilities and that the terms of any refinancing it could obtain would not be as favourable as the terms of its existing indebtedness. If the REIT is not successful in refinancing debt when it becomes due, it may be forced to dispose of facilities or assets on disadvantageous terms, which might adversely affect its ability to service other debt and to meet its other obligations.

Restrictive Covenants

Mortgage indebtedness and/or other credit facilities obtained by the REIT will contain covenants, including limitations on the REIT's ability to incur secured and unsecured indebtedness, sell all or substantially all of its assets and engage in mergers and consolidations and various acquisitions. In addition, mortgage indebtedness and other credit facilities will contain limitations on the REIT's ability to transfer or encumber the mortgaged properties without lender consent. These provisions may restrict the REIT's ability to pursue business initiatives or acquisition transactions that may be in its best interests. They also may prevent the REIT from selling properties at times when, due to market conditions, it may be advantageous to do so. In addition, failure to meet any of the covenants could cause an event of default under and/or acceleration of some or all of the REIT's indebtedness, which would have an adverse effect on the REIT.

Potential Conflicts of Interest

The REIT is subject to various potential conflicts of interest because of the fact that its officers and trustees are engaged in a wide range of business activities. In particular, the REIT's executive officers may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the REIT. In some cases, the REIT's executive officers may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the REIT's business and affairs and that could adversely affect the REIT's operations. These business interests could require significant time and attention of the REIT's executive officers. For instance, many of the officers of the REIT are also officers of the Manager. As well, the officers of the REIT are employed by CAB. The Manager will have economic interests that are different from the REIT, which will create conflicts of interest between the REIT and the Manager. The Board of Trustees of the REIT will monitor and manage these conflicts of interest.

In addition, the REIT may also become involved in other transactions which conflict with the interests of its trustees and the officers who may from time to time deal with persons, firms, institutions or corporations with which the REIT may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the REIT. From time to time, these persons may be competing with the REIT for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under the Declaration of Trust, which are similar to those set out in the OBCA.

Litigation

The REIT may become subject to disputes with tenants, or other commercial parties with whom it maintains relationships or other parties with whom it does business. Any such dispute could result in litigation between the REIT and the other parties. Whether or not any dispute actually proceeds to litigation, the REIT may be required to devote significant resources, including management time and attention, to its successful resolution (through litigation, settlement or otherwise), which would detract from management's ability to focus on the REIT's business. Any such resolution could involve the payment of damages or expenses by the REIT, which may be significant. In addition, any such resolution could involve the REIT's agreement to certain settlement terms that restrict the operation of its business.

Joint Venture Investments

Although the REIT does not presently have any joint venture investments, it may in the future co-invest with third parties through joint ventures. In any such joint venture, the REIT may not be in a position to exercise sole decision-making authority regarding the properties owned through joint ventures. Investments in joint ventures may, under certain circumstances, involve risks not present when a third party is not involved, including the possibility that joint venture partners might become bankrupt or fail to fund their share of required capital contributions. Joint venture partners may have business interests or goals that are inconsistent with the REIT's business interests or goals and may be in a position to take actions contrary to the REIT's policies or objectives. Such investments also have the potential risk of impasse on strategic decisions, such as a sale, because neither the REIT nor the joint venture partner would have full control over the joint venture. Any disputes that may arise between the REIT and its joint venture partners could result in litigation or arbitration that could increase the REIT's expenses and distract its officers and/or trustees from focusing their time and effort on the REIT's business. In addition, the REIT might in certain circumstances be liable for the actions of its joint venture partners.

Potential Undisclosed Liabilities Associated with Acquisitions

The REIT expects to acquire properties that are subject to existing liabilities, some of which may be unknown at the time of the acquisition or which the REIT may fail to uncover in its due diligence. Unknown liabilities might include liabilities for cleanup or remediation of undisclosed environmental conditions, claims by tenants, vendors or other persons dealing with the vendor or predecessor entities (that have not been asserted or threatened to date), tax liabilities, and accrued but unpaid liabilities incurred in the ordinary course of business. While in some instances the REIT may have the right to seek reimbursement against an insurer or another third party for certain of these liabilities, the REIT may not have recourse to the vendor of the properties for any of these liabilities.

Risks Related to the Structure of the REIT

Reliance on External Sources of Capital

Because the REIT expects to make regular cash distributions, it may not be able to fund all of its future capital needs, including capital for acquisitions and property development, with income from operations. The REIT therefore will have to rely on third-party sources of capital, which may or may not be available on favourable terms, if at all. The REIT's access to third-party sources of capital depends on a number of things, including the current state of capital markets, the market's perception of the REIT's growth potential and its current and potential future earnings. If the REIT is unable to obtain third-party sources of capital, it may not be able to acquire or develop assets when strategic opportunities exist, satisfy its debt obligations or make regular distributions to Unitholders.

Restrictions on Redemptions

It is anticipated that the redemption right will not be the primary mechanism for holders of Units to liquidate their investments. Redemption Notes (as defined in the Declaration of Trust) which may be distributed in specie to holders of Units in connection with a redemption will not be listed on any stock exchange and no established market is expected to develop for such securities, and such securities may be subject to an indefinite “hold period” or other resale restrictions under applicable securities laws. Redemption Notes so distributed may not be qualified investments for Plans, depending upon the circumstances at the time. Regulatory approvals will be required in connection with the distribution of Redemption Notes in specie to holders of Units in connection with a redemption. See “Declaration of Trust and Description of Units — Redemption Right”.

The entitlement of Unitholders to receive cash upon the redemption of their Units will not be applicable to Units tendered for redemption if: (i) the total amount payable by the REIT in respect of such Units and all other Units tendered for redemption in the same calendar month exceeds \$50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) at the time such Units are tendered for redemption, the outstanding Units are not listed for trading on a stock exchange or traded or quoted on another market which the Trustees consider, in their sole discretion, provides fair market value prices for the Units; (iii) the trading of Units is suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the redemption date or for more than five trading days during the 10 day trading period prior to the redemption date; and (iv) the redemption of Units would result in the delisting of the Units on the principal stock exchange on which the Units are listed.

Cash Distributions Are Not Guaranteed and May Fluctuate with the REIT’s Performance

Although the REIT currently intends, to the extent possible, to make equal monthly cash distributions of income to the Unitholders, such cash distributions are not guaranteed and may fluctuate with its performance. The REIT will depend on revenue generated from its properties to make such distributions. There can be no assurance regarding the amount of revenue that will be generated by its properties. The amount of distributions may exceed actual cash available to the REIT from time to time and will depend upon numerous factors, including the profitability of its properties, funds used to fund the REIT’s growth initiatives, fluctuations in working capital, interest rates, capital expenditures, principal repayments, redemption of Units, if any and other factors which may be beyond the control of the REIT. The REIT may be required to borrow funds in order to accommodate any such items, including distributions. If the Trustees determine that it would be in the best interests of the REIT, they may reduce for any period the distributions to be made to the Unitholders.

Structural Subordination of Units

In the event of a bankruptcy, liquidation or reorganization of the REIT or any of its subsidiaries, holders of certain of their indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of the REIT and those subsidiaries before any assets are made available for distribution to the Unitholders. The Units will be effectively subordinated to most of the indebtedness and other liabilities of the REIT and its subsidiaries. Neither the REIT nor any of its subsidiaries will be limited in its ability to incur additional secured or unsecured indebtedness.

SIFT Rules

As currently structured, management believes that the REIT qualifies for the REIT Exception to the SIFT Rules. The Declaration of Trust requires that the REIT use its reasonable best efforts not to be a SIFT trust. However, there can be no assurance that subsequent investments or activities undertaken by the REIT will not result in the REIT failing to qualify for the REIT Exception. If the SIFT Rules are applicable to the REIT, the distributable cash of the REIT may be materially reduced. The SIFT Rules may also adversely affect the marketability of the Units and the ability of the REIT to undertake future financings and acquisitions. All of the distributions made during the 2009 taxation year were returns of capital. As such, the SIFT Rules would not have materially affected the REIT or its Unitholders for 2009.

Other Tax-Related Risks

There can be no assurances that Canadian federal income tax laws respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects Unitholders. If the REIT does not qualify, or ceases to qualify, as a “mutual fund trust” under the Tax Act, the income considerations applicable to the REIT would be materially and adversely different in certain respects.

Interest on the subordinated debt of Charter Realty accrues at the REIT level for Canadian federal income tax purposes, whether or not actually paid. The Declaration of Trust provides that a sufficient amount of the REIT’s net income and net realizable capital gains will be distributed each year to Unitholders in cash or otherwise to eliminate the REIT’s liability for tax under Part I of the Tax Act. Where such amount of net income and net realized capital gains in a taxation year exceeds the cash available for distribution in the year, such excess net income and net realized capital gains will be distributed to Unitholders in the form of additional Units. Unitholders will generally be required to include an amount equal to the fair market value of those Units (excluding an amount corresponding to the non-taxable portion of any net realized capital gains) in their taxable income, in circumstances where they do not directly receive a cash distribution.

Real estate investment trust and income fund structures often involve significant amounts of inter-company or similar debt, generating substantial interest expense, which serves to reduce earnings and therefore income tax payable. The structure of the REIT and its subsidiaries (including Charter Realty) may involve significant amounts of such debt. Should the REIT and its subsidiaries adopt such a structure, there can be no assurance that taxation authorities will not seek to challenge the amount of interest expense deducted. If such a challenge were to succeed, it could adversely affect the amount of cash available to the REIT for distribution to Unitholders. Management of the REIT believes that the initial interest expense inherent in the structure of the REIT is supportable and reasonable in the circumstances. On October 31, 2003 the Department of Finance released, for public comment, proposed amendments to the Tax Act that relate to the deductibility of interest and other expenses for income tax purposes for taxation years commencing after 2004. In general, the proposed amendments may deny the realization of losses in respect of a business if there is no reasonable expectation that the business will produce a cumulative profit over the period that the business can reasonably be expected to be carried on. Management believes that the proposed amendments will not have a material effect on its tax position. On February 23, 2005, the Minister of Finance announced that an alternative proposal will be released for comment which will address concerns that had been expressed during the consultation process on the “reasonable expectation of profit” test and the potential limitation on deductibility of ordinary commercial expenses. No such legislative proposal has been released to date.

Although the REIT is of the view that all expenses to be claimed by the REIT will be reasonable and deductible and that the cost amount and capital cost allowance claims of the REIT and the price at which non-arm’s length transfers of property have taken or will take place have been or will be correctly determined, there can be no assurance that the Tax Act or the interpretation of the Tax Act will not change, or that the CRA will agree. If the CRA successfully challenges the deductibility of such expenses or the proceeds realized on a non-arm’s length transfer of property, the taxable income of the REIT (or its subsidiaries) and indirectly the Unitholders may increase or change. The extent to which distributions will be non-taxable in the future will depend in part on the extent to which the REIT is able to deduct capital cost allowance relating to its properties.

Unitholder Liability

The Declaration of Trust provides that no Unitholder shall be subject to any liability whatsoever to any person in connection with a holding of Units. However, in certain jurisdictions, there remains a risk, which is considered by the REIT to be remote in the circumstances, that a Unitholder could be held personally liable, despite such statement in the Declaration of Trust to the contrary, for the obligations of the REIT to the extent that claims are not satisfied out of the assets of the REIT. The affairs of the REIT will be conducted to seek to minimize such risk wherever possible.

Nature of Investment

A holder of a Unit does not hold a share of a body corporate. Holders of Units do not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions. The rights of holders of Units will be based primarily on the Declaration of Trust. There is no

statute governing the affairs of the REIT equivalent to the OBCA or the Canada Business Corporations Act which sets out the rights and entitlements of shareholders of corporations in various circumstances.

The Units are not “deposits” within the meaning of the Canada Deposit Insurance Corporation Act, nor are they be insured under the provisions of that Act or any other legislation. Furthermore, the REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Dilution

The number of Units the REIT is authorized to issue is unlimited. The REIT may, in its sole discretion, issue additional Units from time to time, and the interests of the holders of Units may be diluted thereby.

Potential Volatility of Unit Price

The market price of the Units may be volatile and could be subject to wide fluctuations due to a number of factors, including but not limited to: actual or anticipated fluctuations in the REIT’s results of operations; changes in estimates of the REIT’s future results of operations by management or securities analysts; and general industry changes. In addition, the financial markets have in the past experienced significant price and value fluctuations that have particularly affected the market prices of equity securities of many Exchange and real estate issuers and that sometimes have been unrelated to the operating performance of these companies. Broad market fluctuations, as well as economic conditions generally and in the real estate industry specifically, may adversely affect the market price of the Units.

Limited Prior Public Market

The Units have a limited record of trading publicly on the Exchange. The REIT cannot predict at what price the Units will trade and there can be no assurance that an active trading market will be maintained or, if maintained, that such a market will be sustained. A publicly traded REIT will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets.

Restriction on Ownership of Units

Pursuant to the terms of the Declaration of Trust, the REIT must not be established or maintained primarily for the benefit of Non-Residents. As a result, the Declaration contains provisions limiting the ownership of Units by Non-Residents. These restrictions may limit or remove the rights of certain Unitholders, including Non-Residents. As a result, these restrictions may limit the demand for Units from certain Unitholders and thereby adversely affect the liquidity and market value of the Units.

DISTRIBUTIONS

Distribution Policy

The amount of the REIT’s cash distributions is determined by, or in accordance with guidelines established from time to time by, the Trustees. It is the intention of the Trustees to make the aggregate amount of cash distributions made in respect of a calendar year, not be less than the amount necessary to ensure that the REIT will not be liable to pay income tax under Part I of the Tax Act for such year. Distributions are paid on or about the 15th day following the end of each month. The REIT’s Trustees have discretion in declaring distributions and review these distributions on a regular basis.

2009 Distributions

For the financial year ended December 31, 2009, the REIT declared distributions to Unitholders totalling \$0.16 per Unit. For 2009, all of the distributions made 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. The following table sets forth the per Unit amount of monthly cash distributions paid by the REIT in respect of the financial year ended December 31, 2009:

| Distribution Date | Distribution per Unit (C\$) |
|--------------------------|------------------------------------|
| February 13, 2009 | \$0.01333 |
| March 13, 2009 | 0.01333 |
| April 15, 2009 | 0.01333 |
| May 15, 2009 | 0.01333 |
| June 15, 2009 | 0.01333 |
| July 15, 2009 | 0.01333 |
| August 14, 2009 | 0.01333 |
| September 15, 2009 | 0.01333 |
| October 15, 2009 | 0.01333 |
| November 13, 2009 | 0.01333 |
| December 15, 2009 | 0.01333 |
| January 15, 2010 | 0.01333 |
| Total | \$0.16 |

Distribution Reinvestment and Optional Unit Purchase Plan

On January 11, 2008, the REIT adopted the DRIP to permit eligible Unitholders to reinvest monthly distributions (each a “Distribution”) in additional Units. To the extent permitted by applicable law and regulatory rulings, a participating Unitholder (a “Plan Participant”) also has the option to purchase Units with additional cash payments (each an “Optional Cash Payment”), provided that Optional Cash Payments by any Plan Participant shall not be less than \$1,000 per Distribution Payment Date and not more than \$12,000 per calendar year. Plan Units will be issued directly from the treasury of the REIT at a price based on the volume-weighted average of the closing price for the 20 trading days immediately preceding the relevant distribution date. Plan Participants will receive “bonus units” in an amount equal in value to 3% of each cash distribution.

To enrol in the DRIP, beneficial Unitholders must contact their broker who is a CDS participant and who holds the Unitholder’s uncertificated Units. Registered Unitholders must contact Computershare Trust Company of Canada. Once enrolled, participation in the DRIP will continue automatically unless terminated. At this time Non-Residents are not eligible. Subject to any relevant agreement governing the account in which Units are held, participation in the DRIP may be terminated at any time prior to the CDS cut-off date in respect of a Distribution.

As of the date of this Annual Information Form, holders of approximately 7% of the issued and outstanding Units have enrolled in the DRIP.

CAPITALIZATION

As of December 31, 2009, there were 18,465,531 issued and outstanding Units and no issued and outstanding Special Voting Units.

Normal Course Issuer Bid

On August 15, 2008 the REIT announced its intention to purchase for cancellation up to 894,262 Units, representing approximately 5% of the issued and outstanding Units, by way of a normal course issuer bid (“NCIB”) through the facilities of the Exchange. Purchases under the NCIB terminated on August 19, 2009. The REIT did not purchase

in any 30-day period more than 357,704 Units, being 2% of the issued and outstanding Units as at the date of acceptance of the notice of the NCIB by the Exchange. For the year ended December 31, 2009, 112,000 Units were purchased by the REIT under the NCIB at an average price of \$0.86 per Unit. From inception of the NCIB to its termination, 283,900 Units have been purchased by the REIT under the NCIB at an average price of \$1.03 per Unit.

MARKET FOR SECURITIES

The Units are listed and posted for trading on the Exchange under the symbol “CRH.UN”. The following table sets forth the reported high and low prices and the trading volume for the Units on the Exchange for the periods indicated:

| Month | High (C\$) | Low (C\$) | Volume |
|-----------------|---------------|--------------|---------|
| 2009 | | | |
| January | 1.10 | 0.70 | 109,800 |
| February | 1.00 | 0.65 | 73,000 |
| March | 0.90 | 0.64 | 123,700 |
| April | 1.00 | 0.71 | 168,300 |
| May | 1.00 | 0.77 | 310,400 |
| June | 1.00 | 0.81 | 325,700 |
| July | 1.25 | 0.93 | 246,800 |
| August | 1.40 | 1.10 | 225,700 |
| September | 1.40 | 1.15 | 136,100 |
| October | 1.28 | 1.06 | 99,300 |
| November | 1.46 | 1.11 | 168,800 |
| December | 1.40 | 1.12 | 231,200 |

TRUSTEES AND OFFICERS

Board of Trustees

General

The investment guidelines and operating policies of the REIT are subject to the control and direction of the Board of Trustees, a majority of whom must be resident Canadians and a majority of whom must be independent within the meaning of applicable securities laws (the “Independent Trustees”). The Manager provides the officers, advisory, asset management and administrative services to the REIT, pursuant to the Management Agreement.

The Board of Trustees of the REIT consists of five Trustees, three of whom are Independent Trustees. Each Trustee’s term expires at the next annual meeting of Voting Unitholders. During 2009, the Board of Trustees consisted of John F. Driscoll, Janet Graham, John van Haastrecht, Saul Shulman and Richard J. Zarzeczny. Saul Shulman replaced Timothy Unwin, who resigned his position with the Board of Trustees effective February 27, 2009. Pursuant to the terms of the Management Agreement, the Manager presently has the right to nominate two individuals to stand for election as Trustees. The number of individuals to be nominated by the Manager will be proportionately adjusted to reflect any increase or decrease in the number of Trustees. See “Declaration of Trust and Description of Units — Trustees”.

The standard of care and duties of the Trustees provided in the Declaration of Trust are similar to those imposed on directors of a corporation governed by the OBCA. Accordingly, each Trustee is required to exercise the powers and discharge the duties of his or her office honestly, in good faith and in the best interests of the REIT and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Conflict of Interest Restrictions and Provisions

The Declaration of Trust contains “conflict of interest” provisions to protect Unitholders without creating undue limitations on the REIT. As the Trustees are engaged in a wide range of real estate and other activities, the Declaration of Trust contains provisions, similar to those contained in the OBCA, that require each Trustee to disclose to the REIT any interest in a material contract or transaction or proposed material contract or transaction with the REIT (including a contract or transaction involving the making or disposition of any investment in real property or a joint venture agreement) or the fact that such person is a director or officer of, or otherwise has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the REIT. Such disclosure is required to be made at the first meeting at which a proposed contract or transaction is considered. In any case, a Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating to (i) his or her remuneration as a Trustee, director or officer of the REIT or a subsidiary thereof, or (ii) insurance or indemnity.

Mandate of the Board of Trustees

The role of the REIT’s Board of Trustees is one of stewardship and oversight of the REIT and its business. The Board of Trustees is responsible for overseeing management and approving major decisions. In fulfilling its mandate, the Board of Trustees is responsible, among other things, for: (i) participating in the development of and approving the strategy of the REIT; (ii) identifying and managing risk exposure; (iii) ensuring the integrity and adequacy of the REIT’s internal controls and management information systems; (iv) defining the roles and responsibilities of management (including the Manager); (v) reviewing and approving the business and investment objectives to be met by management of the REIT; (vi) assessing the performance of management; (vii) reviewing the REIT’s debt management strategy; (viii) succession planning; (ix) ensuring effective and adequate communication with the Unitholders and other stakeholders as well as the public at large; and (x) establishing committees of the Board of Trustees, where required or prudent, and defining their mandate.

Relationship of the Board of Trustees and Management

The REIT’s Board of Trustees has in place appropriate structures to ensure that it can function independently of management, including the requirement that all committees, with the exception of the audit committee, be comprised of a majority of Independent Trustees. The audit committee will be comprised entirely of Independent Trustees.

The responsibilities of the Chair of the Board of Trustees, John F. Driscoll, include overseeing the Board’s discharge of its responsibilities. The Chair’s role and responsibility is to manage the affairs of the Board of Trustees and monitor its effectiveness.

Management’s responsibilities are determined by the REIT’s Board of Trustees. All major policy decisions relating to the business of the REIT are made by the Board of Trustees or a committee thereof.

Corporate Governance of the REIT

In lieu of a corporate governance committee, the Trustees are directly responsible for developing the REIT’s approach to governance issues, filling vacancies among the Trustees and periodically reviewing the composition and effectiveness of the Trustees and the contribution of individual Trustees.

Audit Committee

The REIT’s audit committee is comprised of the three Independent Trustees. During 2009, the audit committee consisted of Janet Graham, John van Haastreht and Saul Shulman, with Ms. Graham serving as chair. Saul Shulman replaced Timothy Unwin, who resigned his position with the Board of Trustees and the audit committee effective February 27, 2009. The audit committee assists the Trustees in fulfilling their responsibilities of oversight and supervision of the accounting and financial reporting practices and procedures of the REIT, the adequacy of internal accounting controls and procedures, and the quality and integrity of financial statements of the REIT. In addition, the audit committee is responsible for directing the auditors’ examination of specific areas and for the selection of independent auditors to be appointed by the holders of Voting Units.

Remuneration of Trustees

Each of the Trustees who are not officers of the REIT (except the Chairman) receive from the REIT an annual retainer initially in the amount of \$20,000 per year plus a fee of \$1,000 for each meeting of the Trustees attended. The chair of the audit committee receives an extra \$500 for each meeting of the audit committee attended. The Chairman receives no remuneration from the REIT. Trustees are also reimbursed for reasonable travel and other expenses incurred by them in attending meetings of the Trustees or any committee meeting. The Trustees may also be granted Unit Options from time to time.

Trustees and Officers

The following table sets forth the name, municipality of residence, positions with the REIT, as well as the principal occupation of each trustee and officer of the REIT:

| Name and Municipality of Residence | Position(s) | Principal Occupation | Number of Units Owned/Controlled |
|-------------------------------------------------------------------|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| JOHN F. DRISCOLL ⁽¹⁾⁽²⁾ Toronto, Ontario | Chairman and Trustee of the REIT | President of J.F. Driscoll Investment Corp; President and CEO of Sentry Select Capital Inc.; Chairman of CAB | 1,388,733 |
| ARI SILVERBERG ⁽³⁾⁽⁴⁾ Toronto, Ontario | President and Chief Executive Officer of the REIT | President and Chief Executive Officer of the REIT | 211,573 |
| FLORIANA CIPOLLONE ⁽³⁾ Mississauga, Ontario | Chief Financial Officer of the REIT | Chief Financial Officer of the REIT | 37,521 |
| HELEN MARTIN ⁽⁵⁾ Toronto, Ontario | Corporate Secretary of the REIT | General Counsel and Corporate Secretary CAB | Nil |
| JANET GRAHAM ⁽⁶⁾⁽⁷⁾ Toronto, Ontario | Trustee of the REIT | Managing Director, IQ Alliance Incorporated | 12,350 |
| JOHN VAN HAASTRECHT ⁽⁷⁾ Toronto, Ontario | Trustee of the REIT | President, Vanreal Ltd. | 31,055 |
| SAUL SHULMAN ⁽⁷⁾⁽⁸⁾ Toronto, Ontario | Trustee of the REIT | Chief Executive Officer, MLG Management Inc. | Nil |
| RICHARD J. ZARZECZNY ⁽²⁾ Stouffville, Ontario | Trustee of the REIT | President of Canadian Enerdata Limited | 5,000 |

Notes:

(1) Chair of the Board of Trustees.

(2) Nominee of the Manager. See "Declaration of Trust and Description of Units - Trustees".

(3) Devotes substantially all of his/her time to the business of the REIT.

(4) Mr. Silverberg became President and Chief Executive Officer on October 13, 2009. Prior to that, he was the REIT's President and Chief Operating Officer.

(5) Ms. Martin became Corporate Secretary of the REIT on November 4, 2009.

(6) Chair of the Board of Trustees' audit committee.

(7) Member of the Board of Trustees' audit committee.

(8) Mr. Shulman became a Trustee of the REIT on March 24, 2009.

As of the date of this Annual Information Form, the trustees and officers of the REIT as a group, directly or indirectly, beneficially own or exercise voting control over 1,686,232 Units, representing approximately 9% of the issued and outstanding Units.

The following are biographies of the Trustees and officers of the REIT:

John F. Driscoll — John F. Driscoll is the Chairman of the Board of Trustees of the REIT and the Chairman of CAB. Mr. Driscoll is also the founding President, Chairman and Chief Executive Officer of Sentry Select Capital Inc. He also founded and has been Chairman of NCE Resources Group since 1984, and Chairman and founder of Petrofund Energy Trust from 1988 to 2006. Mr. Driscoll founded Petrofund Energy Trust with an initial capitalization of \$12 million. In 2006, Petrofund Energy Trust was sold to Penn West Energy Trust for \$3.7 billion, creating the largest energy trust in North America at the time with an enterprise value of approximately \$11 billion.

Mr. Driscoll was the founder of Allied Oil & Gas Corp. and Endev Energy Inc., holding the position of Chairman from 1999 to 2001 and from 2002 to 2008, respectively. He also has been Chairman of Inter Pipeline Fund, since October 2002. Since 1981, Mr. Driscoll has been President of J.F. Driscoll Investment Corp., a company specializing in investment management and related advisory and consulting services. During his career Mr. Driscoll was responsible for raising over \$14 billion of capital in the Canadian equity markets. Mr. Driscoll received his Bachelor of Science degree from the Boston College Business School and attended the New York Institute of Finance for advanced business studies. He has more than 40 years of diversified business experience. He is a member of the CFA Institute and also attained the professional manager designation with the Canadian Institute of Management. He has founded numerous public partnerships as well as public and private energy and investment-related companies. He was a member of the Royal Ontario Museum Foundation Board of Directors from January 2001 to February 2008 and served as Vice-Chair from June 2003 to February 2008.

Ari Silverberg — Ari Silverberg is the President and Chief Executive Officer of the REIT. Mr. Silverberg has significant experience in negotiating, structuring and managing real estate transactions. Previously, Mr. Silverberg worked as a senior director at Chicago-based General Growth Properties Inc., where he was responsible for the evaluation, acquisition and development of retail and mixed-use real estate opportunities. He also served as a member of RioCan Real Estate Investment Trust's development group in Toronto. Mr. Silverberg earned his Master of Business Administration in 2001 from the Wharton School at the University of Pennsylvania. Mr. Silverberg also holds a Bachelor of Laws degree from the University of British Columbia and a Bachelor of Arts degree from the University of Western Ontario.

Floriana Cipollone — Floriana Cipollone is the Chief Financial Officer of the REIT. Ms. Cipollone is a Chartered Accountant with approximately 20 years of diversified business experience. Previously, Ms. Cipollone was Vice-President, Corporate Planning & Strategy of O&Y Properties Corporation, and Vice-President, Finance of O&Y Real Estate Investment Trust. Ms. Cipollone was actively involved in the creation of O&Y REIT and in O&Y's strategic, capital markets and financing activities. Ms. Cipollone earned her Bachelor of Commerce degree from the University of Toronto in 1990 and has been a member of the Institute of Chartered Accountants of Ontario since 1992.

Helen Martin — Helen Martin became the Corporate Secretary of the REIT on November 4, 2009. Ms. Martin also serves as General Counsel and Corporate Secretary of CAB and has served in that capacity or in the capacity of In-House Counsel of CAB since November 2008. From April 2007 to November 2008, Ms. Martin was In-House Counsel of Sentry Select Capital Inc. Prior to April 2007, Ms. Martin worked as an associate with Blake, Cassels & Graydon for approximately two years where she practiced securities law. Prior to that Ms. Martin articulated with and was a summer student with Davies Ward Phillips & Vineberg. Ms. Martin received her call to the Bar of Ontario in 2004, after she earned her Bachelor of Laws degree from the University of Toronto in 2003. She earned a Bachelor of Arts (Honours) degree from the University of Victoria in 2000.

Janet Graham — Janet Graham is a Trustee of the REIT. Since August 2002, Ms. Graham has been a Managing Director of IQ Alliance Incorporated, a Toronto-based real estate advisory services firm. Prior to joining IQ Alliance Incorporated, Ms. Graham was an independent consultant for a number of years, delivering real estate related financial advisory services to major corporate clients. Prior to March 1996, Ms. Graham held senior positions at a Canadian chartered bank and its affiliated investment bank for 15 years specializing in corporate finance and corporate lending to real estate and other companies. Ms. Graham is also a member of the Board of Directors of Crystal River Capital, Inc., a public Maryland corporation, a member of the Board of Directors of Leisureworld Senior Care Corporation, a TSX-listed public corporation and a member of the Board of Directors of Toronto Waterfront Revitalization Corporation, a corporation without share capital. Ms. Graham holds a Bachelor of Applied Science from Guelph University and a Master of Business Administration from York University and is a chartered accountant.

John van Haastrecht — John van Haastrecht is a Trustee of the REIT. Mr. van Haastrecht is a Chartered Director and is currently the President of Vanreal Ltd., an operator and developer of commercial retail shopping centres that was founded by Mr. van Haastrecht in 2001. Prior to that, Mr. van Haastrecht was a trustee and the President and Chief Executive Officer of Morguard Real Estate Investment Trust, a publicly traded real estate investment trust. In addition to his business activities, Mr. van Haastrecht was also past President of the Board of the Royal Military College Foundation. Mr. van Haastrecht graduated from the Royal Military College with an Applied Science Degree.

Saul Shulman — Saul Shulman became a Trustee of the REIT on March 24, 2009. Since January 1, 2005, Mr. Shulman has been the Chief Executive Officer of MLG Management Inc. Prior to this, he was a partner at Goodman and Carr LLP for 39 years. He is also a trustee of Brookfield Renewable Power Trust, a hydro company, a director of Tricon Capital Group Inc., a leading provider of equity and mezzanine loans to North America's real estate development industry and a director of 1281216 Ontario Inc. (Castlemore Golf & Country Club/Intracorp Developments Ltd.), a residential developer. He also serves as a chairman for a number of private companies. Mr. Shulman is a former trustee of Summit Real Estate Investment Trust (now ING Real Estate Investment Trust), a public real estate investment trust and has previously held directorship positions with: Brookfield Asset Management, a public real estate, hydro and asset management company; Brookfield Power Inc., a power operation; and JDS Investment Limited, a public real estate company. In 1983, Mr. Shulman was appointed as Special Counsel to the Board of Directors of Mascan Corp. (the Board was appointed by the Supreme Court of Ontario), a publicly traded property developer. Mr. Shulman earned a law degree from Osgoode Hall in 1963 and was appointed Queen's Counsel in 1984. He also earned a Bachelor of Commerce degree from the University of Windsor in 1960.

Richard J. Zarzeczny — Richard J. Zarzeczny is a Trustee of the REIT and a director of CAB. Since 1984, Mr. Zarzeczny has been president of Canadian Enerdata Limited, an energy and economic consulting firm specializing in oil and gas industry analysis and price forecasting. He is also publisher/editor of the Canadian Gas Price Reporter, the industry benchmark for Canadian natural gas prices and price indices. Mr. Zarzeczny graduated from Simon Fraser University in 1980 with a Master of Arts degree in Economics specializing in econometrics and in 1975 received a Master of Arts degree in Mathematics from the University of Regina.

Unit Option Plan

The REIT has adopted a unit option plan (the "Unit Option Plan") that authorizes the REIT to grant options for the purchase of Units ("Unit Options") to any employee, officer, Trustee, director or consultant of the REIT, its subsidiaries and/or the Manager to whom Unit Options can be granted in reliance on a prospectus and registration exemption under applicable securities laws ("Eligible Persons", and each such person holding Unit Options and participating in the Unit Option Plan is hereinafter referred to as an "Optionee"). The number of Unit Options issuable under the Unit Option Plan is subject to the following restrictions:

- (a) No single Optionee may be granted Unit Options to purchase a number of Units equalling more than 5% of the issued Units in any one 12-month period;
- (b) Unit Options shall not be granted if the exercise thereof could result in the issuance of more than 2% of the issued Units in any one 12-month period to any one consultant of the REIT or its subsidiaries;
- (c) Unit Options shall not be granted if the exercise thereof could result in the issuance of more than 2% of the issued Units in any one 12-month period to persons employed to provide "Investor Relations Activities" (as such terms are defined in the policies of the applicable stock exchange) for the REIT. Unit Options granted to consultants performing Investor Relations Activities for the REIT will contain vesting provisions such that vesting occurs over at least 12 months with no more than 25% of the options vesting in any three month period; and
- (d) The number of Units reserved for issuance under the Unit Option Plan to Eligible Persons, at any time, cannot exceed 10% of issued and outstanding securities.

The Unit Option Plan provides that the terms of the Unit Options granted and the Unit Option prices shall be fixed by the Trustees subject to the price and other restrictions imposed by the relevant regulatory authorities, but shall not be less than the market price per Unit at the time of grant less the permissible discount permitted by the rules of any stock exchange or other regulatory body having jurisdiction. Unit Options granted under the Unit Option Plan are not transferable or assignable. Unit Options granted under the Unit Option Plan shall be for a term determined by the Trustees but in any event must be exercisable for a period not in excess of five years. Unit Options granted under the Unit Option Plan shall vest in such a manner as determined by the Trustees and the exercise price must be paid in full upon exercise of the Unit Option. The administration and operation of the Unit Option Plan may be delegated by the Board of Trustees to a committee of the Trustees, any officer of the REIT or to a duly appointed manager of the affairs of the REIT.

If an Optionee ceases to be an Eligible Person for any reason other than death, retirement or permanent disability, the Optionee will have a period not in excess of 90 days from the date the person ceased to be an Eligible Person to exercise Unit Options held to the extent that the Optionee was entitled to exercise the Unit Options at the date of such cessation. In the event of death of the Optionee, Unit Options previously granted are exercisable for a period not in excess of 180 days next succeeding such death to the extent that the Optionee was entitled to exercise the Unit Option at the date of death. In the event of termination of employment by reason of retirement or disability, the Optionee will have a period not in excess of 90 days from the date the person ceased to be an Eligible Person to exercise the Unit Options held to the extent that the Optionee was entitled to exercise the Unit Options at the date of such cessation, provided that if the Optionee dies during such period, then such period shall be extended for 90 days following death. Notwithstanding the foregoing, Unit Options granted to an Optionee engaged or employed by the REIT in investor relations must expire within 30 days after the Optionee ceases to be engaged or employed by the REIT to provide investor relations activities. The Board of Trustees may at any time discontinue the Unit Option Plan and, subject to applicable regulatory approval, may amend the terms of the Unit Option Plan, provided that no amendment may be made without the consent of an Optionee, if it in any manner adversely affects an Optionee's rights under any option previously granted to such Optionee under the Unit Option Plan.

Trustees' and Officers' Liability Insurance and Indemnification

Under the REIT's trustees', directors' and officers' insurance coverage, the REIT will be reimbursed for payments made under indemnity provisions on behalf of their respective Trustees, directors and officers contained in its and its subsidiaries' respective constating documents, subject to a deductible for each loss. Individual Trustees, directors and officers will also be reimbursed for losses arising during the performance of their duties for which they are not indemnified by the REIT, subject to a deductible that will be paid by the REIT. The Declaration of Trust also provides for the indemnification in certain circumstances of Trustees, directors and officers and persons serving in an equivalent capacity (including the Manager and its directors, officers and employees) from and against liability and costs in respect of any action or suit against them in respect of the execution of their duties of office. The Trustees and officers have also entered into contractual indemnities with regard to the above indemnification obligations.

DECLARATION OF TRUST AND DESCRIPTION OF UNITS

The following is a summary of the material attributes and characteristics of the Units and certain provisions of the Declaration of Trust, which summary does not purport to be complete. Reference is made to the Declaration of Trust for a complete description of the Units and the full text of its provisions.

Rights of Unitholders

The rights of the Unitholders are established by the Declaration of Trust. Although the Declaration of Trust confers upon a Unitholder many of the same protections, rights and remedies an investor would have as a shareholder of a corporation governed by the OBCA, significant differences exist, some of which are described below. Many OBCA requirements relating to the governance and management of a corporation have been incorporated in the Declaration of Trust. For example, Unitholders are entitled to exercise voting rights in respect of their holdings of Units in a manner comparable to shareholders of an OBCA corporation and to elect the Trustees and appoint the auditors of the REIT. The Declaration of Trust also includes provisions comparable to those of the OBCA dealing with the calling and holding of meetings of Voting Unitholders and Trustees, and procedures at such meetings and the right of Voting Unitholders to participate in the decision-making process when certain fundamental actions are proposed. The matters in respect of which Voting Unitholder approval is required under the Declaration of Trust are generally less extensive than the rights conferred on shareholders of an OBCA corporation. Such Voting Unitholder approval rights are supplemented by securities laws that are generally applicable to issuers (whether corporations, trusts or other entities) that are "reporting issuers" or the equivalent or listed on the Exchange.

The Declaration of Trust contains "conflicts of interest" provisions similar to those contained in the OBCA that serve to protect Unitholders without creating undue limitations on the REIT. See "Trustees and Officers — Board of Trustees — Conflict of Interest Restrictions and Provisions". Unitholders do not have recourse to dissent rights under which shareholders of an OBCA corporation are entitled to receive the fair value of their shares if certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the

addition, change or removal of provisions restricting (i) the business that the corporation can carry on, or (ii) the issue, transfer or ownership of shares). As an alternative, Unitholders seeking to terminate their investment in the REIT are entitled to receive, subject to certain conditions and limitations, their pro rata share of the REIT's net assets through the exercise of the redemption rights provided by the Declaration of Trust as described under "Redemption Right" below. Unitholders similarly do not have recourse to the statutory oppression remedy available to shareholders of an OBCA corporation where a corporation's actions are oppressive, unfairly prejudicial or disregard the interests of securityholders and certain other parties. Shareholders of an OBCA corporation may also apply to a court to order the liquidation and dissolution of the corporation in such circumstances, whereas Unitholders may rely only on the general provisions of the Declaration of Trust, which permit the dissolution of the REIT pursuant to a special resolution. Shareholders of an OBCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of a corporation and its affiliates is carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The Declaration of Trust does not allow Unitholders to pass resolutions appointing an inspector to investigate the Trustees' performance of their responsibilities and duties. The OBCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Declaration of Trust does not include a comparable right of the Unitholders to commence or participate in legal proceedings with respect to the REIT.

Units and Special Voting Units

The beneficial interests in the REIT are divided into interests of two classes, described and designated as "Units" and "Special Voting Units", respectively. An unlimited number of Units and Special Voting Units are issuable pursuant to the Declaration of Trust. Each Unit is transferable and represents an equal undivided beneficial interest in any distributions from the REIT whether of net income, net realized capital gains or other amounts and in the net assets of the REIT in the event of a termination or winding-up of the REIT. Units are not subject to future calls or assessments and entitle a holder thereof to one vote for each whole Unit held at all meetings of Voting Unitholders. Except as set out under "Pre-emptive Rights" and "Redemption Right" below, the Units have no conversion, retraction, redemption or pre-emptive rights.

Special Voting Units may only be issued in connection with or in relation to securities exchangeable, directly or indirectly, for Units ("Exchangeable Securities"), in each case for the purpose of providing voting rights with respect to the REIT to the holders of such securities. Currently, there are no Special Voting Units outstanding. However, if the Trustees so determine, Special Voting Units may be issued in the future in conjunction with, and will be attached to Exchangeable Securities to which they relate, and will be evidenced only by the certificates representing such Exchangeable Securities. Special Voting Units will not be transferable separately from the Exchangeable Securities to which they are attached. Each Special Voting Unit will entitle the holder thereof to that number of votes at any meeting of Voting Unitholders that is equal to the number of Units that may be obtained upon the exchange (direct or indirect) of the Exchangeable Security to which it is attached. Upon the exchange, redemption or conversion of an Exchangeable Security for Units, the Special Voting Unit that is attached to such Exchangeable Security will immediately be cancelled without any further action of the Trustees, and the former holder of such Special Voting Unit will cease to have any rights with respect thereto. Issued and outstanding Units and Special Voting Units may be subdivided or consolidated from time to time by the Trustees without the approval of Voting Unitholders.

Fractions of Units may be issued, including pursuant to distributions of additional Units to all Unitholders. No certificates will be issued for fractional Units. Fractional Units shall not, except to the extent that they may represent in the aggregate one or more whole Units, entitle the holder thereof to notice of, or to attend or to vote at meetings of Unitholders. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of such act or any other legislation. Furthermore, the REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Pre-emptive Rights

Provided that CAB and its affiliates beneficially own, directly or indirectly, in the aggregate, at least 10% of the issued and outstanding Units calculated on a non-diluted basis, the Trustees shall not issue or offer or agree to issue, any Units, or any securities which are convertible or exchangeable for Units (collectively, with any offered Units, the "Pre-Emptive Units"), to any person, unless, in addition to any other approvals required under the Declaration of

Trust, the Trustees first make an offer (the “CAB Offer”), by written notice to CAB to sell to CAB that number of Pre-Emptive Units (the “CAB Units”) as would be required to ensure that on the completion of the Offering, CAB would maintain the pro rata ownership level it held prior to the Offering, on a non-diluted basis, at an issue price per Pre-Emptive Unit determined by the Trustees. All of the CAB Units not subscribed for by CAB within the time limit specified in the CAB Offer will be available for issuance, and may be issued, by the REIT to any person at not less than the price per Pre-Emptive Unit provided in the CAB Offer. The REIT will only be required to make a CAB Offer with respect to any issue, offer or agreement to offer Pre-Emptive Units where the distribution of Pre-Emptive Units is made pursuant to a private placement or public offering for cash. No other Unitholder is entitled, as a matter of right, to any pre-emptive right to acquire any Units, unless otherwise expressly agreed to in writing by the REIT.

Trustees

The Declaration of Trust provides that the REIT must have a minimum of three and a maximum of 11 trustees, a majority of whom must be Independent Trustees and must be “resident in Canada” for purposes of the Tax Act. So long as the Management Agreement is in effect, prior to each annual meeting of Voting Unitholders and any special meeting of Voting Unitholders at which Trustees are to be elected, and so long as the number of Trustees to be elected is five the Manager shall be entitled to designate two individuals (the “Proposed Manager Trustees”) (which may include the reappointment of incumbent Trustees) to stand for election as Trustees at such meeting. The designation of the Proposed Manager Trustees shall be made by written notice (the “Proposed Manager Trustee Notice”) signed by an authorized signatory of the Manager to the Chair of the Trustees. The Manager shall ensure prior to the designation of a Proposed Manager Trustee that such individual is qualified to act as a Trustee pursuant to the requirements of the Declaration of Trust, and that the Proposed Manager Trustees, individually and collectively, meet all applicable legal and other requirements respecting the qualifications of individuals acting as Trustees, including, without limitation, with respect to residency, financial literacy and independence. Upon notification by the REIT that any Proposed Manager Trustee is not qualified to act as a Trustee, the Manager shall forthwith designate a substitute Trustee who is qualified to act as a Trustee. Notwithstanding anything else contained herein, if the Manager fails to provide the Proposed Manager Trustee Notice to the Chair within five Business Days after the record date of the meeting at which the Trustees will stand for election, the existing Trustees shall designate the Proposed Manager Trustees (which may include the reappointment of incumbent Trustees).

The number of Proposed Manager Trustees designated by the Manager shall be adjusted proportionately to reflect any increase or decrease in the number of Trustees. In the event that any such adjustment results in a fractional number of Proposed Manager Trustees to be designated by the Manager, such fraction shall be rounded upwards to the closest whole number unless this would cause the number of Proposed Manager Trustees to constitute more than 49% of all of the Trustees in which case such fractional number shall be rounded downward to the closest whole number. Trustees will be elected at each annual meeting of Voting Unitholders to hold office for a term expiring at the close of the next annual meeting. A quorum of Trustees may designate an individual to fill a vacancy in the Trustees, except a vacancy resulting from an increase in the number of Trustees (other than as noted below) or from a failure of the Voting Unitholders to elect the required number of Trustees at a meeting of Voting Unitholders called for such purpose. If the vacancy has arisen from a failure of the Voting Unitholders to elect the required number of Trustees at a meeting of Voting Unitholders called for such purpose, the Trustees will promptly call a special meeting of Voting Unitholders to fill the vacancy. If the Trustees fail to call that meeting or if there are not Trustees then in office, any Voting Unitholder may call the meeting. The Trustees may, between annual meetings of Voting Unitholders, appoint one or more additional Trustees to serve until the next annual meeting of Voting Unitholders, but the number of additional Trustees so appointed may not at any time exceed one-third of the number of Trustees who held office at the expiration of the immediately preceding annual meeting of Voting Unitholders.

A Trustee may resign upon written notice to the REIT and/or may be removed by a resolution passed by a majority of the Voting Unitholders. A vacancy created by the removal or resignation of a Trustee may be filled at the same meeting of Voting Unitholders, failing which it may be filled by the remaining Trustees. The Declaration of Trust provides that, subject to its terms and conditions, the Board of Trustees will have full, absolute and exclusive power, control and authority over the assets of the REIT and over the affairs of the REIT to the same extent as if the Trustees were the sole and absolute legal and beneficial owners of the assets of the REIT and may, in respect of the assets of the REIT, exercise any and all rights, powers and privileges that could be exercised by a legal and beneficial owner thereof. Subject to such terms and conditions and the terms and conditions contained in the Management Agreement, the Trustees are responsible for, among other things:

- (a) supervising the activities and managing the investments and the affairs of the REIT;
- (b) maintaining records and providing reports to Voting Unitholders;
- (c) effecting payments of distributions from the REIT to Unitholders;
- (d) lending and borrowing money or other property on behalf of the REIT; and
- (e) appointing the officers of the REIT.

The Declaration of Trust provides that the Trustees must act honestly and in good faith with a view to the best interests of the REIT and in connection therewith must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that each Trustee, as well as former Trustees, and their respective heirs and legal representatives, or any other person acting in a similar capacity, will be entitled to indemnification from the REIT in respect of the exercise of that person's powers, and the discharge of that person's duties, provided that the person acted honestly and in good faith with a view to the best interests of the REIT and the Unitholders and, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the person had reasonable grounds for believing that his or her conduct was lawful.

Meetings of Voting Unitholders

The Declaration of Trust provides that meetings of Voting Unitholders will be required to be called and held annually, commencing in 2008, for the purpose of (a) presenting the audited financial statements of the Trust for the immediately preceding fiscal year; (b) electing Trustees; (c) appointing auditors of the REIT; and (d) transacting such other business as the Trustees may determine or as may be properly brought before the meeting.

A meeting of Voting Unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned in writing by the Voting Unitholders representing not less than 10% of the votes attached to all outstanding Voting Units. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Voting Unitholders may attend and vote at all meetings of the Voting Unitholders either in person or by proxy and a proxyholder need not be a Voting Unitholder. Two persons present in person or represented by proxy and representing in the aggregate at least 10% of the votes attached to all outstanding Voting Units shall constitute a quorum for the transaction of business at all such meetings. At any meeting at which a quorum is not present within 30 minutes after the time fixed for the holding of such meeting, the meeting, if convened upon the request of the Voting Unitholders, shall be dissolved, but in any other case, the meeting will stand adjourned to a day not less than seven days later and to a place and time as chosen by the chair of the meeting, and if at such adjourned meeting a quorum is not present, the Voting Unitholders present either in person or by proxy shall be deemed to constitute a quorum.

The Declaration of Trust provides that without approval by special resolution at a meeting of Voting Unitholders called for such purpose, the Trustees shall not, among other things, authorize:

- (a) any combination, merger, amalgamation or arrangement of the REIT or any of the REIT's subsidiaries, as the case may be, any sale of all or substantially all of the assets of the REIT or any of the REIT's subsidiaries, as the case may be, or the liquidation or dissolution of the REIT or any of the REIT's subsidiaries, as the case may be, (other than in each case as part of an internal reorganization of the assets of the REIT and/or any of the REIT's subsidiaries, as the case may be, as approved by the Trustees);
- (b) any amendment to the investment guidelines or any amendment contained in paragraph (b) of the REIT's operating policies, provided that the other operating policies may be amended by ordinary resolution;
- (c) an exchange, reclassification or cancellation of all or part of the Units or Special Voting Units;
- (d) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units or Special Voting Units;

- (e) the termination of the REIT; or
- (f) the constraint on the issue, transfer or ownership of Units or Special Voting Units or the change or removal of such constraint.

Purchases of Units

The REIT may from time to time purchase Units for cancellation in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies.

Redemption Right

Units are redeemable at any time on demand by the holders thereof upon delivery to the REIT of a duly completed and properly executed notice requesting redemption in a form approved by the Trustees specifying the number of Units to be redeemed. For Units issued in book-entry form, a Unitholder who wishes to exercise the redemption right will be required to obtain a redemption notice form from the Unitholder's investment dealer, who will be required to deliver the completed redemption notice form to the REIT at its head office and to CDS. As of the close of business on the date the Units are surrendered for redemption, all rights to and under the Units tendered for redemption shall (subject to the following) be surrendered and the holder thereof shall be entitled to receive a price per Unit (the "Redemption Price") equal to the lesser of:

- (a) 90% of the Market Price of the Units on the principal stock exchange on which the Units are listed (or, if the Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading) during the period of the last 10 trading days on such stock exchange or market ending immediately prior to the date on which the Units were tendered for redemption; and
- (b) the Closing Market Price of the Units on the date on which the Units were tendered for redemption on the principal stock exchange on which Units are listed (or, if Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading).

For the purposes of determining the Redemption Price, "Market Price" will be the amount equal to the weighted average of the trading prices of the Units on the applicable market or exchange for each of the trading days on which there was a trade during the specified trading day period; provided that if there was trading on the applicable exchange or market for fewer than five of the trading days during the specified trading day period, "Market Price" will be the average of the following prices established for each of the trading days during the specified trading day period: the average of the last bid and ask prices for each trading day on which there was no trading and the weighted average trading prices of the Units for each trading day on which there was trading. For the purposes of determining the Redemption Price, "Closing Market Price" will be: (i) an amount equal to the closing price of the Units on the applicable market or exchange if there was a trade on the specified date and the applicable market or exchange provides a closing price; (ii) an amount equal to the average of the highest and lowest prices of Units on the applicable market or exchange if there was trading on the specified date and the applicable market or exchange provides only the highest and lowest trading prices of Units traded on a particular day; or (iii) the average of the last bid and ask prices on the applicable market or exchange if there was no trading on the specified date.

The aggregate Redemption Price payable by the REIT in respect of any Units surrendered for redemption during any calendar month will be satisfied by way of a cash payment by the REIT no later than the last day of the calendar month following the calendar month in which the Units were tendered for redemption, provided that the entitlement of the Unitholders to receive cash upon the redemption of their Units will not be applicable to Units tendered for redemption by a Unitholder, if:

- (a) the total amount payable in cash by the REIT in respect of such Units and all other Units tendered for redemption in the same calendar month exceeds \$50,000 (the "Monthly Limit"), provided that the Trustees may, in their sole discretion, waive such limitation in respect of all Units tendered for redemption in any calendar month;
- (b) on the date the Units are tendered for redemption, the outstanding Units are not listed for trading or quoted on any stock exchange or market that the Trustees consider, in their sole discretion, to provide a representative fair market value price for the Units;

- (c) on the date the Units are tendered for redemption or if, for more than five trading days during the 10 trading day period immediately prior to the date on which such Units were tendered for redemption, the normal trading of the outstanding Units is suspended or halted on any stock exchange on which the Units are listed for trading or, if not so listed, on any market on which the Units are quoted for trading; or
- (d) the redemption of the Units will result in the delisting of the Units on the principal stock exchange on which the Units are listed.

If a Unitholder is not entitled to receive cash upon the redemption of the Units as a result of the Monthly Limit, then such holder of Units shall, instead of the Redemption Price per Unit otherwise payable in respect of such Units, be entitled to receive a price per Unit (the “In specie Redemption Price”) equal to the fair market value of a Unit as determined by the Trustees, and the In specie Redemption Price shall, subject to all necessary regulatory approvals, be paid and satisfied by the REIT issuing redemption notes (“Redemption Notes”) having an aggregate principal amount equal to the aggregate In specie Redemption Price of the Units tendered for redemption. In the event of distributions of Redemption Notes, each Redemption Note so distributed to the redeeming holder of Units shall be in the principal amount of \$100 or such other amount as may be determined by the Trustees. The term of such Redemption Notes would be no later than five years and would bear an interest equal to the market rate of interest as determined at the time of issuance by the Trustees. No fractional Redemption Notes shall be distributed and where the number of Redemption Notes to be received upon redemption by a holder of Units would otherwise include a fraction, that number shall be rounded down to the next lowest whole number.

It is anticipated that the redemption right described above will not be the primary mechanism for Unitholders to dispose of their Units. The Redemption Notes that may be distributed in specie to Unitholders in connection with a redemption will not be listed on any stock exchange, no market is expected to develop in Redemption Notes and such Redemption Notes may be subject to an indefinite “hold period” or other resale restrictions under applicable securities laws.

Issuance of Units

Subject to the investment guidelines and operating policies of the REIT, the REIT may issue new Units and other securities of the REIT (including Special Voting Units issued in conjunction with the issuance of Exchangeable Securities) from time to time, in such manner, for such consideration and to such person, persons or class of persons as the Trustees shall determine. Except as set out under “— Pre-Emptive Rights”, Unitholders do not have any pre-emptive rights whereby securities proposed to be issued are first offered to existing Unitholders.

Any income of the REIT that is unavailable for cash distribution will, to the extent necessary to ensure that the REIT does not have any income tax liability under Part I of the Tax Act, be distributed to Unitholders in the form of additional Units. Such additional Units will be issued pursuant to exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing. The Declaration of Trust provides that immediately after any pro rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution (except where tax was required to be withheld in respect of the Unitholder’s share of the distribution as described below). In this case, the number of Units held by a Unitholder prior to the non-cash distribution will be deemed to represent the same number of Units held by the Unitholder after the non-cash distribution and the consolidation. Where amounts so distributed represent income, Non-Resident Unitholders will be subject to withholding tax and the consolidation will not result in such Non-Resident Unitholders holding the same number of Units.

Limitation on Ownership

In order for the REIT to maintain its status as a “mutual fund trust” under the Tax Act, the REIT must not be established or maintained primarily for the benefit of Non-Residents. Accordingly, the Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident. The Trustees may require the REIT to refuse to accept a subscription for securities of the REIT from, or issue or register a transfer of securities of the REIT to, a person unless the person provides a declaration that the securities of the REIT to be issued or transferred to such person will not when issued or transferred be beneficially owned by a Non-Resident. The

Trustees may send a notice to Non-Resident holders of Units, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a period of not less than 60 days, unless otherwise specified by the Trustees. If the Unitholders receiving such notice have not sold the specified number of such Units or provided the Trustees with satisfactory evidence that such Units are not beneficially owned by Non-Residents within such period, the Trustees may, on behalf of such registered Unitholder, sell such Units and, in the interim and to the extent applicable, suspend the voting and distribution rights attached to such Units of the REIT and make any distribution in respect of such securities by depositing such amount in a separate bank account in a Canadian chartered bank (net of any applicable taxes). The Trustees may delist any listed Units of the REIT from any non-Canadian stock exchange, and may take such other actions as the Trustees determine, in their sole discretion, are appropriate in the circumstances that will reduce or limit the number of securities of the REIT held by Non-Residents. These restrictions may limit or remove the rights of certain Unitholders, including Non-Residents of Canada. As a result, these restrictions may limit the demand for Units from certain Unitholders and thereby adversely affect the liquidity and market value of the Units.

Information and Reports

The REIT will furnish to Voting Unitholders such financial statements (including quarterly and annual financial statements) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Voting Unitholders' tax returns under the Tax Act and equivalent provincial legislation. Prior to each annual or special meeting of Voting Unitholders, the Trustees will provide the Voting Unitholders (along with notice of such meeting) information similar to that required to be provided to shareholders of a public corporation governed by the OBCA. In preparing its management's discussion and analysis of financial condition and results of operations, the REIT will provide, to the extent possible, comparative financial information.

Amendments to Declaration of Trust

The Declaration of Trust may be amended or altered from time to time. Certain amendments require approval by special resolution at a meeting of the Voting Unitholders called for such purpose. Other amendments to the Declaration of Trust require approval by a majority of the votes cast in respect of the amendment at a meeting of the Voting Unitholders called for such purpose. The Trustees may, without the approval of the Voting Unitholders, make certain amendments to the Declaration of Trust, including amendments:

- (a) aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over (i) the Trustees or the REIT, (ii) the status of the REIT as a "mutual fund trust" under the Tax Act, or (iii) the distribution of Voting Units, and to the extent reasonably practicable, ensuring the Trust will not be a SIFT Trust for the purposes of the SIFT Rules or any final legislation implementing the SIFT Rules;
- (b) which, in the opinion of the Trustees, provide additional protection or added benefits for the Voting Unitholders;
- (c) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Voting Unitholders;
- (d) which, in the opinion of the Trustees, are necessary or desirable to remove conflicts or inconsistencies between the disclosure in the Information Circular and the Declaration of Trust;
- (e) which, in the opinion of the Trustees, are necessary or desirable as a result of changes in generally accepted accounting principles (including accounting guidelines) or taxation or other laws or the administration or enforcement thereof;
- (f) which, in the opinion of the Trustees, are necessary or desirable to enable the REIT to issue Units for which the purchase price is payable on an instalment basis; or
- (g) for any purpose (except one in respect of which a vote is specifically otherwise required) which, in the opinion of the Trustees, is not prejudicial to Voting Unitholders and is necessary or desirable.

Book-Based System

Although the REIT may issue Units directly to Unitholders in registered certificate form, the Units held by most Unitholders will be represented in the form of one or more fully registered global unit certificates (the “Global Unit Certificates”) held by, or on behalf of, CDS, as depository for the participants of CDS, registered in the name of CDS or its nominee, and registration of ownership and transfers of such Units will be effected only through the book-based system administered by CDS. No holder of a beneficial interest in a Unit (a “Beneficial Owner”) represented by a Global Unit Certificate will be entitled to a certificate or other instrument from the REIT evidencing that holder’s ownership thereof, and no Beneficial Owner will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of the Beneficial Owners. CDS will be responsible for establishing and maintaining book-entry accounts for its participants having interests in the Global Unit Certificates. Sales of interests in the Global Unit Certificates can only be completed through participants in the depository services of CDS.

The REIT has the option to terminate registration of the Units through the CDS book-based system, in which case certificates for the Units in fully registered form would be issued to beneficial owners of those Units or their nominees.

Term of the REIT

The REIT has been established for a term ending 21 years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth II, alive on March 27th, 2007. On a date selected by the Trustees that is not more than two years prior to the expiry of the term of the REIT, the Trustees are obligated to commence to wind-up the affairs of the REIT so that it will terminate on the expiration of the term. In addition, at any time prior to the expiry of the term of the REIT, the Voting Unitholders may, by special resolution, require the Trustees to commence the termination, liquidation or wind-up of the affairs of the REIT.

The Declaration of Trust provides that, upon being required to commence the termination, liquidation or winding-up of the affairs of the REIT, the Trustees will give notice thereof to the Voting Unitholders, which notice shall designate the time or times at which Unitholders may surrender their Units and Special Voting Units for cancellation and the date at which the register of Units and Special Voting Units will be closed. After the date the register is closed, the Trustees will proceed to wind up the affairs of the REIT as soon as may be reasonably practicable and for such purpose will, subject to any direction to the contrary in respect of a termination authorized by a resolution of the Voting Unitholders, cause the REIT to fulfill or discharge the contracts of the REIT, perform or cause the auditor of the REIT to perform any final audit of the REIT’s assets, cause the REIT to collect its assets, sell, convey, assign, exchange, transfer or otherwise dispose of all or any part of its remaining assets, to one or more persons in one transaction or a series of transactions at public or private sale for consideration that may consist in whole or in part of cash, securities or other property of any kind, discharge or pay its liabilities, and do all other acts appropriate to liquidate the REIT. After paying, retiring, discharging or making provision for payment, retirement or discharge of all known liabilities and obligations of the REIT, the Trustees will distribute the remaining part of the proceeds of the sale of the Units, the Redemption Notes and other assets comprising the REIT together with any cash forming part of the assets of the REIT among the Unitholders in accordance with their pro rata interests. If the Trustees are unable to sell all or any of the Units, the Redemption Notes or other assets which comprise part of the REIT by the date set for termination, the Trustees may distribute the remaining Units, Redemption Notes or other assets in specie directly to the Unitholders in accordance with their pro rata interests subject to obtaining all required regulatory approvals.

Transfer and Exchange of Units

Transfers of beneficial ownership of Units represented by Global Unit Certificates will be effected through records maintained by the depository for such Global Unit Certificates or its nominees (with respect to interests of participants) and on the records of participants (with respect to interests of persons other than participants). Unless the REIT elects, in its sole discretion, to prepare and deliver definitive Unit certificates, Beneficial Owners who are not participants in the depository’s book-entry system, but who desire to purchase, sell or otherwise transfer ownership of or other interest in Global Unit Certificates, may do so only through participants in the depository’s system.

The ability of a Beneficial Owner of an interest in a Unit represented by a Global Unit Certificate to pledge the Unit or otherwise take action with respect to such owner's interest in the Unit represented by a Global Unit Certificate (other than through a participant) may be limited due to the lack of a physical certificate.

PROMOTER

There were no promoters within the two years immediately preceding the date of this Annual Information Form.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The REIT and its subsidiaries may be subject to certain claims and lawsuits from time to time in the course of carrying on business. Management is not aware of any material litigation outstanding, threatened or pending as of the date of this Annual Information Form by or against the REIT.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

John F. Driscoll is a Trustee and Chairman of the REIT and is a director of the Manager. The Manager is a wholly-owned subsidiary of CAB. Mr. Driscoll currently owns approximately 13.0% of the outstanding voting shares of CAB and is a director and Chairman of CAB. Richard Zarzeczney is a Trustee of the REIT. Mr. Zarzeczney is also a director of CAB. Ari Silverberg, Floriana Cipollone and Helen Martin are officers of the REIT and officers of the Manager. Helen Martin is also an officer of CAB. CAB is the owner of the Manager which is a party to the Management Agreement with the REIT. Both the Manager and CAB entered into the Non-Competition Agreement with the REIT.

No other informed person (within the meaning of applicable securities laws) of the REIT, and no Trustee, or any of their respective associates or affiliates, has had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the inception date of the REIT except as disclosed in this Annual Information Form.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent of the REIT is Computershare Investor Services Inc. at its principal transfer office in Toronto, Ontario.

MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, entered into by the REIT in 2009, or prior to 2009 but which were still in effect on December 31, 2009:

- (a) the Declaration of Trust, described above under "Declaration of Trust and Description of Units";
- (b) the Acquisition Facility, described above under "General Development of the Business – Acquisition Facility";
- (c) the Management Agreement, described above under "Asset Management of the REIT – Management Agreement";
- (d) the Non-Competition Agreement, described above under "Asset Management of the REIT – Non-Competition Agreement"; and
- (e) the Credit Facilities described above under "General Development of the Business – Credit Facilities".

Copies of the foregoing may be inspected at the head office of the REIT during normal business hours upon reasonable prior notice.

INTEREST OF EXPERTS

The financial statements of the REIT for the year ended December 31, 2009 have been audited by Deloitte LLP, Toronto, Ontario, which is independent in accordance with the auditors' rules of professional conduct in the Province of Ontario.

ADDITIONAL INFORMATION

Additional information relating to the REIT may be found on the System for Electronic Document Analysis and Retrieval which can be accessed at www.sedar.com. Additional information, Trustees' and officers' remuneration and indebtedness, principal holders of Units and securities authorized for issuance under equity compensation plans, if applicable, will be contained in the REIT's information circular for its annual meeting of Unitholders anticipated to be held in June 2010. Additional financial information is also provided in the REIT's financial statements and management's discussion and analysis for the year ended December 31, 2009.