CHARTER

REAL ESTATE INVESTMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

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ADVISORY

This *Management's Discussion and Analysis* ("MD&A") presents an analysis of the financial condition of Charter Real Estate Investment Trust ("Charter" or the "REIT") for the three and six months ended June 30, 2010. The MD&A should be read in conjunction with the unaudited interim consolidated financial statements and the accompanying notes of the REIT for the three and six months ended June 30, 2010 and the audited consolidated financial statements and the accompanying notes of the REIT for the year ended December 31, 2009. Historical results, including trends which might appear, should not be taken as indicative of future operations or results.

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

This MD&A and other public announcements by the REIT may contain information that to the extent they are not historical fact, may constitute "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information involves significant known and unknown risks, uncertainties and assumptions. Important assumptions relating to the forward-looking information contained in this MD&A include expansion, capital expenditures, competitive conditions, gross economic conditions and current levels of distributions. Forward-looking information includes information concerning the REIT's future financial performance, business strategy, plans, goals, and objectives. Forward-looking information generally can be identified by the use of forward-looking terminology such as "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate", "outlook", "aim" and other similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management.

These statements involve known and unknown risks, uncertainties and other factors that could cause actual results or events to differ materially from those anticipated in such forward-looking statements, and accordingly, no undue reliance should be placed on any such forward-looking statements. Those risks and uncertainties include, among other things: the ability of the REIT to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits; risks associated with the current economic conditions; real property ownership, including occupancy rates; competitive conditions in the business in which the REIT participates; the outcome of pending legal proceedings, if any exist; general economic conditions and normal business uncertainty; interest rate fluctuations and other changes in borrowing and borrowing costs; environmental matters; reliance on external sources of capital; and changes to the laws, rules, and regulations applicable to the REIT or the markets in which the REIT operates. Additional information about these risks and uncertainties and any corresponding plan to mitigate these risks, where possible, is contained in the REIT's filings with securities regulators, including the REIT's Annual Information Form dated April 12, 2010 which is available on www.sedar.com.

Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with this forward-looking information. The REIT intends the forward-looking information to speak only as of the first time made and does not undertake to update or revise it whether as a result of new information, future events or otherwise, except as required by law.

This MD&A is dated August 12, 2010 and presents material information up to this date, unless otherwise noted.

OVERVIEW AND BUSINESS STRATEGY

A year ago in April 2009, the Board of Trustees of the REIT began to consider the various strategic alternatives available to Charter, given the lack of growth in the business as a result of the challenging economic and stock market environment that the REIT faced. As a result of this strategic review and the strategic process that followed, the REIT entered into a transaction with League Assets Corp. ("League") that has resulted in a transformational change in the REIT's ownership structure. This transaction closed on June 4, 2010. An affiliate of League Assets Corp. bought C.A. Bancorp's 33% ownership position in Charter and entered into a new asset management agreement with Charter, thereby becoming Charter's major unitholder and new sponsor. League Assets Corp. is a Victoria, B.C.-based real estate company that indirectly owns and manages in excess of $400,000,000 in commercial and residential properties.

As part of the transaction and change in ownership, League also agreed to invest additional money in Charter through supporting a rights offering that closed on July 23, 2010. An additional $9,404,413 has been invested in Charter by an affiliate of League, so that affiliates of League currently own approximately 49.9% of the units of Charter.

Charter's trustees in conjunction with League will undertake a detailed review of the strategy and operations of Charter and of the opportunities available to the REIT in the short and mid-term.

The REIT's business strategy is to focus 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 currently owns ten retail properties located in Ontario and Quebec. The REIT trades on the TSX Venture Exchange under the symbol CRH.UN.

Management is of the view that retail centres are attractive investments because they offer stable cash flow where the majority of rents are derived from national and regional retailers with multi-year leases, as is the case with Charter's portfolio. These centres typically provide growth opportunities through the lease-up of vacant space, the upward trend in rental rates through contractual escalations and through management's active re-merchandising and re-development of the properties. The REIT looks 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. Charter's goal is to own "institutional-grade" properties or properties with the potential to become "institutional-grade" through re-merchandising and re-development activities.

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

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

Charter as currently structured, qualifies as a "real estate investment trust" under SIFT tax legislation. Under the SIFT legislation, certain distributions to investors from certain publicly listed or traded trusts and partnerships (or "SIFTs") other than real estate investment trusts, will be subject to tax at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations and will be taxed in the hands of unitholders as though they were a dividend from a taxable Canadian corporation. The result is that SIFTs (other than real estate investment trusts) will be taxed in a similar manner to corporations and their investors will be taxed in a manner similar to investors in a corporation.

In keeping with the aforementioned business strategy, Charter is continuing to focus on improving its existing assets through redevelopment and leasing initiatives in 2010 and with a solidified new sponsorship and replenished treasury, is actively looking for asset acquisitions.

EXECUTIVE SUMMARY

The REIT continues its goal of trying to generate organic growth through redevelopment and re-leasing activities at its existing centres. The redevelopment of its Châteauguay property, through the replacement of a 15,000 square foot cinema tenant with an 18,138 square foot Pharmaprix (Shoppers Drug Mart) store for a 15 year term, was completed in the first quarter of 2010 with Pharmaprix commencing operations in early March. Another retail tenant at the property was also secured for the majority of the 12,012 square feet that expired on March 31, 2010. The new tenant will occupy 10,100 square feet of this space and is expected to initiate rental payments in the fourth quarter of 2010.

The REIT is also pleased to report that Michael Rossy Ltd. ("Rossy"), a junior department store operator based in Montreal, has leased the 23,000 square feet of vacant former SAAN space at the Place Val Est property in Sudbury, Ontario during the second quarter. Rossy has commenced operating at the end of July and will begin rental payments at the end of the third quarter.

Overall occupancy for Charter at the end of the quarter was 95.1%, marginally below the second quarter 2009 occupancy of 95.9% but up significantly from 92.0% at the end of the first quarter 2010. The initial impact of these leasing improvements on net operating income will begin in the third quarter of 2010 with the Rossy deal described above, while it is expected that the full impact will not be reflected until the first quarter of 2011.

In terms of Charter's results for the second quarter of 2010, funds from operations were down year over year as a result of an 8.6% reduction in net operating income from the properties, a 9.1% increase in interest expense and the incurrence of significant one-time corporate transaction costs. Net operating income was negatively impacted by the high vacancy rate at Place Val Est mostly related to the vacant former SAAN space which has now been leased, as well as the underperformance at the Méga Centre property. At Cornwall Square, net operating income declined as a result of some small in-line tenant vacancies as well as a decrease in common area maintenance recoveries from certain tenants. Interest expense was negatively impacted by an increase in interest rates and in the interest rate spread that the bank is now charging on the operating and acquisition facility that the REIT has. Excluding the impact of corporate transaction costs which are one-time in nature, funds from operations would have been $0.04 per unit.

Funds from operations for the quarter ended June 30, 2010 decreased compared to the quarter ended March 31, 2010, primarily due to an increase in general and administrative expenses and an increase in one-time corporate transaction costs. These costs were partly offset by an increase in net operating income which should continue to improve with the REIT's successful leasing efforts. Excluding the impact of corporate transaction costs which are one-time in nature, funds from operations were flat compared to the quarter ended March 31, 2010 (also excluding corporate transaction costs) at $0.04 per unit.

For the six months ended June 30, 2010, excluding corporate transaction costs which are one-time in nature, funds from operations would have been $1,565,452, or $0.09 per unit.

The following are summary charts of selected key financial information and statistics:

	Q2 2010	Q2 2009	Q1 2010
NOI and same-property NOI(1)	**$ 2,440,859**	$ 2,671,111	$ 2,417,950
FFO(1)	**$ 56,505**	$ 1,082,186	$ 705,058
FFO per unit - diluted(1)	**$ 0.003**	$ 0.06	$ 0.04
FFO (excl. corp. trans. costs) (1)	**$ 751,893**	$ 1,089,186	$ 813,559
FFO per unit – diluted (excl. corp. trans. costs) (1)	**$ 0.04**	$ 0.06	$ 0.04
Net loss	**$ 1,374,164**	$ 664,561	$ 797,906
Net loss per unit – diluted	**$ 0.07**	$ 0.04	$ 0.04
Distributions	**$ 743,173**	$ 737,450	$ 741,127
Distributions per unit(2)	**$ 0.040**	$ 0.040	$ 0.040
Cash distributions(3)	**$ 679,494**	$ 525,804	$ 678,915
Cash distributions per unit(3)	**$ 0.037**	$ 0.029	$ 0.037
Total assets	**$132,382,690**	$135,366,331	$133,762,269
Total debt(4)	**$ 93,540,250**	$ 91,734,304	$ 93,208,088
Debt-to-gross book value(5)	**63.5%**	63.3%	63.3%
Interest coverage ratio	**1.62**	1.91	1.66
Debt service coverage ratio	**1.32**	1.59	1.36
Weighted average interest rate(6)	**5.88%**	5.87%	5.88%
Portfolio occupancy	**95.1%**	95.9%	92.0%

	Six months ended June 30, 2010	2009
NOI and same-property NOI(1)	**$ 4,858,809**	$ 5,465,917
FFO(1)	**$ 761,563**	$ 2,296,605
FFO per unit - diluted(1)	**$ 0.04**	$ 0.13
FFO (excl. corp. trans. costs) (1)	**$ 1,565,452**	$ 2,307,105
FFO per unit – diluted (excl. corp. trans. costs) (1)	**$ 0.09**	$ 0.13
Net loss	**$ 2,172,070**	$ 859,276
Net loss per unit – diluted	**$ 0.12**	$ 0.05
Distributions	**$ 1,484,300**	$ 1,465,187
Distributions per unit(2)	**$ 0.08**	$ 0.08
Cash distributions(3)	**$ 1,358,409**	$ 1,084,095
Cash distributions per unit(3)	**$ 0.074**	$ 0.06
Total assets	**$ 132,382,690**	$135,366,331
Total debt(4)	**$ 93,540,250**	$ 91,734,304
Debt-to-gross book value(5)	**63.5%**	63.3%
Interest coverage ratio	**1.64**	1.99
Debt service coverage ratio	**1.34**	1.69
Weighted average interest rate(6)	**5.88%**	5.87%
Portfolio occupancy	**95.1%**	95.9%

(1) Net operating income or "NOI" and funds from operations or "FFO" are non-GAAP financial measures widely used in the real estate industry. See "Financial Review" section for further details and advisories.
(2) Excluding the 3% bonus units given to participants in the Distribution Reinvestment and Optional Unit Purchase Plan.
(3) Represents distributions to unitholders net of the distribution reinvestment plan.
(4) Includes secured debt and credit facility.
(5) See calculation under "Debt-to-Gross Book Value" under "Financial Review" section.
(6) Represents the weighted average interest rate for secured debt excluding the operating and acquisition facility, which has a floating rate of interest.

REAL ESTATE PORTFOLIO

Real Estate Portfolio

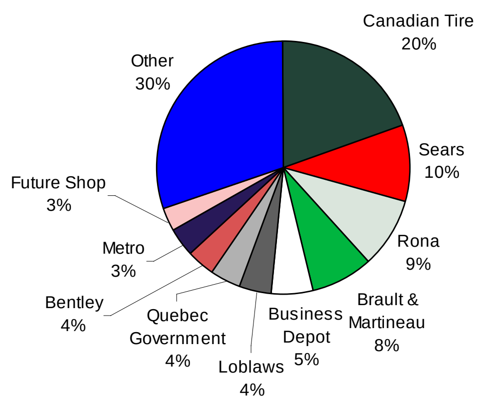
The REIT currently owns ten retail and mixed-use retail properties in Ontario and Quebec as follows:

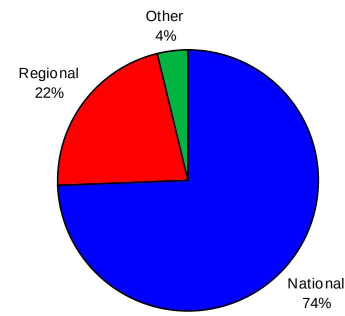
				Gross Leaseable Area (sq.ft.)				
Property and location	**Property type**	**Date built /redeveloped**	**Anchor tenants**	**Retail[1]**	**Storage space**	**Occupancy[2] [3]**	**% of annualized base rental revenue[3]**	**Weighted average rent[3]**
Ontario:								
Cornwall Square Cornwall, Ontario	Enclosed Mall	1979/1989	Sears Loblaws (No Frills)	249,994	1,258	97.9%	27.9%	$11.47
Place Val Est Sudbury, Ontario	Grocery-anchored Strip Centre	1983/1987, 1990, 1998	Metro	110,598	-	92.8%	10.5%	$10.26
Canadian Tire Property Brockville, Ontario	Free Standing	1995/2006	Canadian Tire	70,380	-	100%	7.7%	$11.00
Canadian Tire Property Strathroy, Ontario	Free Standing	2005	Canadian Tire	67,834	-	100%	7.4%	$11.00
Canadian Tire Property Wasaga Beach, Ontario	Free Standing	2007	Canadian Tire	54,081	-	100%	6.0%	$11.00
Rona Property Exeter, Ontario	Free Standing	1996/2000	Rona	42,780	-	100%	1.5%	$3.54
Rona Property Seaforth, Ontario	Free Standing	1962/2000	Rona	19,622	-	100%	0.5%	$2.47
Rona Property Zurich, Ontario	Free Standing	1961/2000	Rona	24,400	-	100%	0.4%	$1.49
Quebec:								
Méga Centre Montreal, Quebec	Community Power Centre	1973/1993, 1999, 2000, 2004	Brault & Martineau Staples Future Shop	277,477	36,081	88.6%	24.9%	$10.18
Châteauguay Montreal, Quebec	Mixed-use Strip Centre	1970/1994, 2010	Shoppers Drug Mart Staples	114,756	-	94.8%	13.2%	$12.19
Total				**1,031,922**	**37,339**	**95.1%** [4]	**100%**	**$10.24** [4]

Notes:

(1) Includes office space in mixed-use retail properties.
(2) Excluding storage space.
(3) Calculated at June 30, 2010 and includes any material new/renewal leasing done by August 12, 2010.
(4) Represents weighted average for the portfolio.

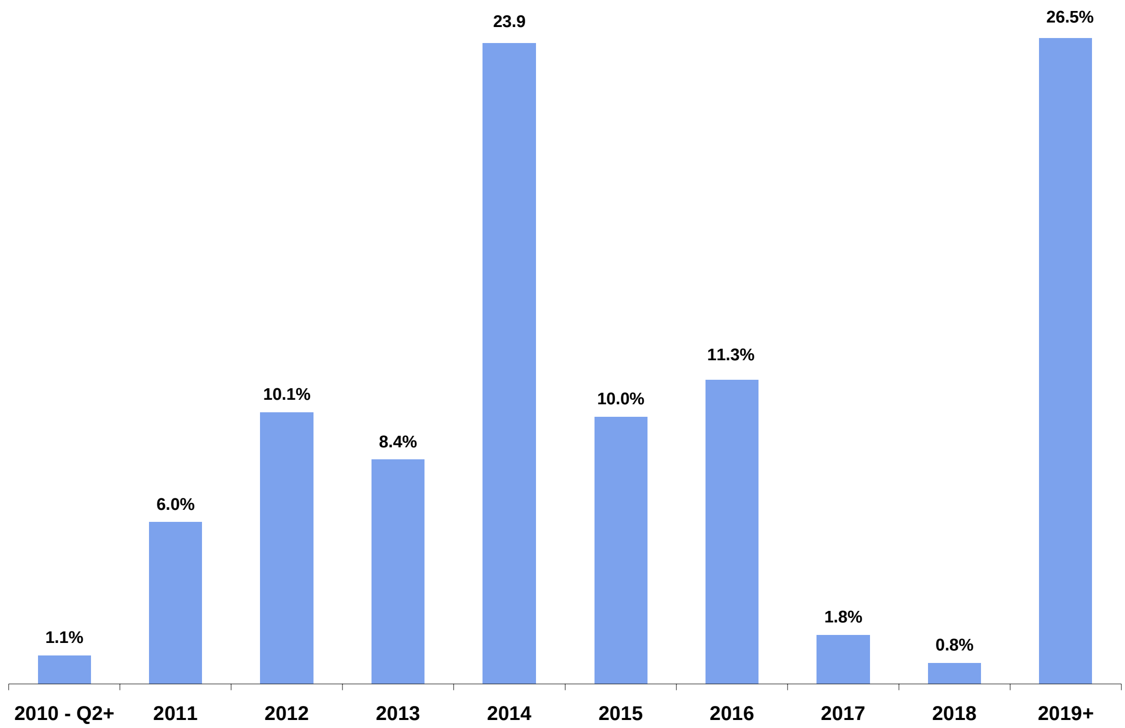
The REIT has a strong mix of national and regional tenants. The tenant mix for the properties at the end of the second quarter is as follows:





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

The weighted average term to maturity of existing leases is approximately 7 years. The chart below shows the lease expiration schedule of the properties as a percentage of leased square feet for the remainder of 2010 and beyond:



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

Leasing Activity and Occupancy

For the six months ended June 30, 2010, the portfolio had lease expiries of 51,139 square feet at an average base rent of $13.10 per square foot. Of these, new or renewal leases of 47,953 square feet have been entered into at an average base rent of $11.78 per square foot. For the year, the portfolio has lease expiries of 108,869 square feet at an average base rent of $10.53 per square foot. Of these, new or renewal leases of 95,252 square feet (or approximately 87% of expiries) have been entered into at an average base rent of $9.56 per square foot.

The average occupancy rate for the portfolio was 95.1%, compared to 95.9% at June 30, 2009 and 92.0% at March 31, 2010. The improved occupancy from the first quarter was mainly due to new lease deals entered into at the Châteauguay and Place Val Est properties described in the Executive Summary above and further described below. Rental payments from these lease deals are scheduled to commence in the next two quarters.

Lease expiries for 2010 and new leasing/renewals completed by the date of this MD&A are as follows:

	Q1	Q2	Q3	Q4	Total	
Lease expiries	36,203	14,936	9,068	48,662	108,869	
Base rent per square foot	$13.57	$11.96	$15.15	$6.96	$10.53	(1)
New leasing/renewals	34,291	13,662	-	47,299	95,252	
Base rent per square foot	$11.49	$12.50	$-	$7.31	$9.56	(1)

(1) weighted average

At the Châteauguay property in Montreal, the lease for a retail tenant occupying 12,012 square feet expired on March 31, 2010. The REIT has entered into a binding offer with a new tenant to take 10,100 square feet of this space. The new tenant is expected to initiate rental payments in the fourth quarter.

At the Méga Centre property in Montreal, a local dollar store operator occupying 18,573 square feet vacated its premises in February 2010. This vacancy is impacting net operating income by up to $210,000 annually. The above chart does not include this vacancy as an expiry in 2010. During the second quarter, Charter entered into a lease extension with Bentley Leathers Inc. The lease was set to expire at the end of September 2010 but was recently extended to January 31, 2012. The original Bentley lease contained a significant percentage rent component; as part of the lease extension, the REIT has negotiated a fixed base rent from the tenant beginning May 1, 2010, which is positively impacting net operating income by approximately $140,000 on an annual basis. The REIT does not foresee this tenant as a long term tenant but wanted to ensure that cash flow remained in place as it actively looks to improve the overall tenant mix at the centre and lease all of the currently vacant space. Charter believes that Méga Centre's location, transportation access, visibility and the surrounding community's demographics are positive in terms of being able to redevelop, re-lease and stabilize this centre.

At Place Val Est, Rossy, a junior department store operator based in Montreal, has leased the 23,000 square feet of vacant former SAAN space. Rossy has commenced operating at the end of July and will begin rental payments at the end of the third quarter. The lease contains both a fixed base rent and significant percentage rent component that, combined, could impact net operating income by between $160,000 and $220,000 annually.

At Cornwall Square, 24,758 square feet expired during the first six months of the year at an average base rent of $16.93 per square foot. All of the square footage was occupied by small in-line tenants, and all of it has been renewed at an average base rent of $14.70 per square foot. Shoppers Drug Mart Inc. is leasing approximately 7,600 square feet at Cornwall Square and was the most significant expiry at the centre in the second half of 2010; however, Shoppers has exercised its option to renew the lease. As well, The Children's Place has agreed to lease approximately 4,000 square feet with rental payments commencing in the second quarter of 2011.

OTHER 2010 EVENTS

New Sponsorship

In April 2009, the Board of Trustees of the REIT began to consider the various strategic alternatives available to Charter and a committee of independent trustees (the "Independent Committee") was formed, comprised of Saul Shulman and John van Haastrecht and chaired by Janet Graham.

The mandate of the Independent Committee was to identify strategic alternatives that would enhance unitholder value including, without limitation, entering into strategic alliances, the sale of all or some of the assets of Charter, the purchase by others of some or all of the outstanding units of Charter, including by existing major unitholders, the issuance of units of Charter from treasury to others in exchange for either cash or non-cash consideration, and the recapitalization of Charter to enable additional acquisitions and the internalization of management of Charter. To assist in this mandate, in October 2009, the Independent Committee formally engaged the services of TD Securities Inc. to act as its financial advisor and McCarthy Tétrault LLP to act as its legal counsel.

Throughout the balance of 2009 and the early part of 2010, discussions were held with various parties pursuant to confidentiality agreements to ascertain the interest of third parties in Charter. These discussions resulted in several proposals to the Independent Committee, but the Independent Committee did not believe that any of them were in the interests of the unitholders to pursue, with the exception of a proposal by League Assets Corp. ("League").

After negotiation between League and Charter it was determined by the Independent Committee on May 3, 2010 that they would be prepared to recommend that Charter enter into a non-binding letter of intent with League and with C.A. Bancorp Inc. ("CAB") providing for the following transactions:

- CAB selling all of its units in the capital of Charter, being 6,047,095 units representing approximately 33% of the outstanding Charter units, to League or an affiliate of League (the "Unit Sale"); and
- CAB and Charter terminating the management agreement dated March 27, 2007 between the REIT and CAB's subsidiary, C.A. Realty Management Inc. and League (or an affiliate) and Charter entering into a new management agreement (the "Management Changes").

The letter also contemplated a separate transaction regarding an investment in Charter by League, which transpired through a rights offering, described in more detail below.

It was the view of the Independent Committee that the League proposal would allow Charter to obtain a new sponsor with the experience necessary to stabilize, enhance and grow the business of Charter, as well as provide funding for acquisitions and ongoing operations.

These intentions were set out in a non-binding letter of intent dated May 3, 2010 which was signed by all parties on May 4, 2010. Pursuant to that non-binding letter of intent, League had 15 business days to determine, based on due diligence, whether it would proceed on this basis, during which time the elements of the transaction would be further discussed and the necessary documentation would be negotiated. On May 26, 2010, League waived the due diligence condition. On June 1 and 2, 2010, the parties reached agreement on the pricing of the Unit Sale and the Unit Sale and Management Changes were announced.

On June 4, 2010 the Unit Sale and Management Changes were completed and the transactions were announced. IGW Public Limited Partnership (an affiliate of League) bought the 6,047,095 units formerly held by CAB at $1.45 per unit, and the former manager was replaced by the new manager, LAPP Global Asset Management Corp. (“LAPP”), a wholly owned subsidiary of IGW Public Limited Partnership. In order to assist the new manager in carrying out its responsibilities under the new management agreement, CAB entered into a transition services agreement with the new manager and Charter providing certain services to League and the new manager until August 31, 2010. In addition, the former President and Chief Executive Officer, Mr. Silverberg, and the former Chief Financial Officer, Ms. Cipollone, entered into consulting agreements with the new manager to assist in the transition of management services to the new manager until August 15, 2010.

Currently, Patrick Miniutti is Chief Executive Officer and Floriana Cipollone is Acting Chief Financial Officer.

Rights Offering

Charter filed a final short form prospectus on June 16, 2010 for a $10,000,000 rights offering. Unitholders were given one right for every unit held and each 2.5787 rights entitled the holders to subscribe for 1 unit of the REIT at $1.39 per unit. As part of the Unit Sale and Management Changes, IGW Public Limited Partnership (“IGW”) entered into a standby purchase agreement, whereby IGW agreed to purchase all of the units not otherwise purchased by other unitholders pursuant to the exercise of the rights under the rights offering, subject to IGW owning no more than 49.9% of Charter after the exercise of the rights. The rights offering expired on July 23, 2010 and the REIT issued 7,110,089 units for total capital raised of $9,883,023. Of this, 6,765,765 units were issued to IGW (or $9,404,413). IGW currently owns approximately 49.9% of Charter.

FINANCIAL REVIEW

Statement of Operations

The following is a summary of selected financial information from the statements of operations and comprehensive loss.

	Three months ended		
	June 30,		March 31,
	2010	**2009**	**2010**
Revenues from income producing properties	**$ 4,041,667**	$ 4,216,397	$ 4,151,806
Interest income	**897**	1,368	1,102
Operating costs from income producing properties	**1,600,808**	1,545,286	1,733,856
Interest expense	**1,361,828**	1,248,341	1,350,454
General and administrative expenses	**288,451**	274,455	220,442
Depreciation and amortization	**1,470,253**	1,805,871	1,537,561
Incentive unit option compensation	**-**	1,373	-
Corporate transaction costs	**695,388**	7,000	108,501
Net loss	**1,374,164**	664,561	797,906
Net loss per unit-basic & diluted	**0.07**	0.04	0.04

	Six months ended	
	June 30, 2010	**June 30, 2009**
Revenues from income producing properties	**$ 8,193,473**	$ 8,740,513
Interest income	**1,999**	12,445
Operating costs from income producing properties	**3,334,664**	3,274,596
Interest expense	**2,712,282**	2,516,278
General and administrative expenses	**508,893**	530,015
Depreciation and amortization	**3,007,814**	3,262,131
Incentive unit option compensation	**-**	18,714
Corporate transaction costs	**803,889**	10,500
Net loss	**2,172,070**	859,276
Net loss per unit-basic & diluted	**0.12**	0.05

Net Loss

The net loss increased in the second quarter of 2010 compared to the second quarter of 2009 primarily due to a decrease in net operating income from the properties, an increase in interest expense and an increase in corporate transaction costs, partly offset by a decrease in depreciation and amortization.

The net loss increased in the second quarter of 2010 compared to the first quarter of 2010 primarily due to a small increase in general and administrative expenses and an increase in corporate transaction costs, partly offset by a decrease in depreciation and amortization.

For the six months ended June 30, 2010, the net loss increased compared to the prior year, mainly due to a decrease in net operating income from the properties, an increase in interest expense and an increase in corporate transaction costs, partly offset by a decrease in depreciation and amortization and a decrease in incentive unit option compensation expense.

For a discussion of net operating income from the properties (comprised of revenues from income producing properties less operating costs from income producing properties), see below under the heading "Net Operating Income".

Interest Expense

Interest expense was higher for the quarter and six months ended June 30, 2010 compared to the respective periods in the prior year. The increase was mainly due to (i) an increase in interest rates that occurred during the second quarter (spurred by the increase in the Bank of Canada rate); and (ii) the increase in interest rate spread that the bank is now charging on the REIT's operating and acquisition facility. When the facility was renewed and extended for a two-year term in May 2009, the spreads were increased by 250 basis points reflecting market conditions at the time.

Interest expense for the second quarter of 2010 was slightly higher than that recorded for the first quarter of 2010, mainly due to the increase in interest rates that occurred during the second quarter, highlighted above.

General and Administrative Expenses

General and administrative expenses for the quarter ended June 30, 2010 were only slightly higher at $288,451 compared to $274,455 for the quarter ended June 30, 2009.

General and administrative expenses were higher for the quarter ended June 30, 2010 compared to the quarter ended March 31, 2010. Higher trustee fees, audit and consulting fees, as well as increased fees for reports to shareholders caused the majority of the increase.

General and administrative expenses for the six months ended June 30, 2010 were slightly lower than for the six months ended June 30, 2009.

General and administrative expenses for the six months ended June 30, 2010 consisted of legal and consulting fees of $20,778, audit and tax compliance fees of $70,019, trustee fees of $100,308, asset management fees of $226,549, transfer agent fees and fees for shareholder reports and other statutory filings of $49,399, and other miscellaneous expenses of $41,840.

Depreciation and Amortization

Depreciation and amortization for the quarter ended June 30, 2010 was lower compared to the prior year. The decrease was mainly due to an acceleration of amortization of intangible assets recorded in the prior year in the amount of approximately $321,000 relating to square footage not renewed by existing tenants.

Depreciation and amortization for the quarter ended June 30, 2010 was lower compared to the first quarter of 2010 mainly due to an acceleration of amortization of intangible assets recorded in the first quarter in the amount of approximately $96,000 mainly relating to: (i) a 12,012 square foot tenant at the Châteauguay property whose lease expired at the end of March; and (ii) the downsizing of the Yellow Group Inc. store at the Châteauguay property as part of the redevelopment and re-leasing of that property.

Depreciation and amortization for the six months ended June 30, 2010 was lower compared to the prior year, mainly as a result of the prior year accelerated amortization in the amount of $321,000, partly offset by the current year accelerated amortization in the amount of $96,000.

Incentive Unit Option Compensation

There was no incentive unit option compensation expense recorded for the quarter ended June 30, 2010 as a result of the fact that all of the previous grants of options have fully vested and have therefore already been fully amortized. No new options have been granted.

Corporate Transaction Costs

Corporate transaction costs represent a portion of legal, consulting and trustee fees and other costs associated with the strategic review process described under “New Sponsorship” above. Costs incurred in prior periods were reclassified to conform to the presentation adopted in the current period. Total costs of the Management Changes and rights offering – including financial advisory fees, legal fees, Independent Committee fees, printing and other costs - are expected to be approximately $2,000,000.

Net Operating Income

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

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

Net Operating Income – All Properties and Same Properties

All ten of the REIT's properties were owned for the entire quarters ended June 30, 2010, June 30, 2009 and March 31, 2010. As such, the following tables of net operating income also serve as same property net operating income.

	Three months ended June 30, 2010	**Three months ended June 30, 2009**	**Favourable/ (unfavourable) variance**
Revenues from income producing properties	**$ 4,041,667**	$ 4,216,397	$ (174,730)
Operating costs from income producing properties	**1,600,808**	1,545,286	(55,522)
Net operating income	**$ 2,440,859**	$ 2,671,111	$ (230,252)

The decrease in NOI for the quarter ended June 30, 2010 compared to the same period in 2009 is primarily due to a decrease in NOI at the REIT's Méga Centre, Cornwall Square and Place Val Est properties, partly offset by an increase in NOI at the Rona properties.

At the Méga Centre property in Montreal, NOI was negatively affected by a decrease in rental income from the Bentley Leathers Inc. lease (34,093 square feet that commenced in October 2009) compared to the rent paid by the previous tenant that was occupying that space. It should be noted that during the second quarter, Charter entered into a lease extension with Bentley. As part of the lease extension, the REIT is receiving more rent from the space, which has begun to positively impact NOI, beginning May 1, 2010, by approximately $140,000 on an annual basis; however, the rent from Bentley is still less than the rent paid by the previous tenant. As well, NOI at the Méga Centre property was negatively affected by a local dollar store operator occupying 18,573 square feet vacating its premises in February 2010. At Cornwall Square in Cornwall, Ontario, NOI was negatively impacted by some small in-line tenant vacancies as well as a decrease in common area maintenance recoveries from certain tenants. At Place Val Est in Sudbury, the REIT continued to receive rent in 2009 on the 23,000 square foot former SAAN Stores Ltd. space through a rental guarantee that the REIT had from the previous owner of the property. This rental guarantee expired at the end of July 2009. As mentioned previously, Rossy has recently commenced operating in the former SAAN location and rental payments will be commencing in the third quarter of 2010. At the Rona properties, NOI increased as a result of a contractual rental rate increase of 10%, effective March 13, 2010.

	Three months ended June 30, 2010	**Three months ended March 31, 2010**	**Favourable/ (unfavourable) variance**
Revenues from income producing properties	**$ 4,041,667**	$ 4,151,806	$ (110,139)
Operating costs from income producing properties	**1,600,808**	1,733,856	133,048
Net operating income	**$ 2,440,859**	$ 2,417,950	$ 22,909

NOI improved in the second quarter compared to the first quarter mainly as a result of an improvement in NOI from the Rona and Châteauguay properties, partly offset by a decrease in NOI from Cornwall Square. NOI at the Rona properties increased as a result of a contractual rental rate increase of 10% effective March 13, 2010. At the Châteauguay property in Montreal, NOI improved because of the full quarter impact of the new Pharmaprix lease, partly offset by the 12,012 square foot retail expiry (a majority of which has now been re-leased). NOI from Cornwall Square was negatively impacted by reduced rent and recoveries from a weak in-line tenant.

	Six months ended June 30, 2010	**Six months ended June 30, 2009**	**Favourable/ (unfavourable) variance**
Revenues from income producing properties	**$ 8,193,473**	$ 8,740,513	$ (547,040)
Operating costs from income producing properties	**3,334,664**	3,274,596	(60,068)
Net operating income	**$ 4,858,809**	$ 5,465,917	$ (607,108)

The decrease in NOI for the six months ended June 30, 2010 compared to the same period in 2009 is primarily due to a decrease in NOI at the REIT's Méga Centre, Cornwall Square, Châteauguay and Place Val Est properties.

At the Méga Centre property, as previously mentioned, NOI was negatively affected by: (i) a decrease in rental income from the Bentley Leathers Inc. lease (34,093 square feet that commenced in October 2009), compared to the rent paid by the previous tenant that was occupying that space; and (ii) a local dollar store operator occupying 18,573 square feet vacating its premises in February 2010. At Cornwall Square, NOI was negatively impacted by some small in-line tenant vacancies as well as a decrease in common area maintenance recoveries from certain tenants. As well, NOI decreased as a result of new accounting standards implemented in the first quarter of 2009 that caused a one-time adjustment to recoveries recorded in the prior year. At the Châteauguay property, NOI was negatively impacted by the redevelopment of the centre that continued in the first quarter of 2010. Pharmaprix did not commence rental payments until March 2010, upon completion of improvements for their premises. Finally, at Place Val Est, the REIT continued to receive rent in 2009 on the 23,000 square foot former SAAN Stores Ltd.

space through a rental guarantee that the REIT had from the previous owner of the property. This rental guarantee expired at the end of July 2009. As mentioned previously, Rossy has recently commenced operating in the former SAAN location and rental payments will be commencing in the third quarter of 2010.

Funds From Operations

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

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

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

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

	Three months ended June 30, 2010	**Three months ended June 30, 2009**	**Three months ended March 31, 2010**
Net (loss) for the period	**$ (1,374,164)**	$ (664,561)	$ (797,906)
Add depreciation & amortization of:			
Income producing properties	**950,734**	938,167	929,980
Deferred costs	**21,951**	5,759	16,409
Intangible assets	**457,984**	802,821	556,575
FFO	**$ 56,505**	$ 1,082,186	$ 705,058
Weighted average units			
Basic	**18,529,623**	18,246,319	18,504,160
Diluted	**18,529,623**	18,246,319	18,504,160
FFO per unit			
Basic	**$ 0.003**	$ 0.06	$ 0.04
Diluted	**$ 0.003**	$ 0.06	$ 0.04

FFO decreased by $1,025,681 during the quarter ended June 30, 2010 compared to the same period in 2009 primarily due to decreased NOI of approximately $230,000, increased interest expense of approximately $113,000 and increased corporate transaction costs of approximately $688,000. Excluding the impact of corporate transaction costs which are one-time in nature, FFO would have been $751,893 or $0.04 per unit, a decline of $337,293 from the prior year (also excluding corporate transaction costs), mainly due to decreased NOI and increased interest expense.

FFO for the quarter ended June 30, 2010 decreased compared to the quarter ended March 31, 2010, primarily due to an increase in general and administrative expenses of approximately $68,000 and an increase in corporate transaction costs of approximately $587,000, partly offset by an increase in NOI of approximately $23,000. Excluding the impact of corporate transaction costs which are one-time in nature, FFO would have been $751,893 or $0.04 per unit, compared to $813,559 or $0.04 per unit for the quarter ended March 31, 2010 (also excluding corporate transaction costs).

	Six months ended June 30, 2010	**Six months ended June 30, 2009**
Net (loss) for the period	**$ (2,172,070)**	$(859,276)
Add depreciation & amortization of:		
Income producing properties	**1,880,714**	1,863,959
Deferred costs	**38,360**	11,218
Intangible assets	**1,014,559**	1,280,704
FFO	**$ 761,563**	$ 2,296,605
Weighted average units		
Basic	**18,509,671**	18,151,997
Diluted	**18,509,671**	18,151,997
FFO per unit		
Basic	**$ 0.04**	$ 0.13
Diluted	**$ 0.04**	$ 0.13

FFO decreased during the six months ended June 30, 2010 compared to the six months ended June 30, 2009 mainly as a result of a decrease of approximately $607,000 in NOI from the properties, an increase in interest expense of approximately $196,000 and an increase in corporate transaction costs of approximately $793,000. Excluding corporate transaction costs which are one-time in nature, FFO would have been $1,565,452 or $0.09 per unit.

Balance Sheet Analysis – Total Assets

	As at June 30, 2010	**As at December 31, 2009**
Income producing properties	**$ 120,835,819**	$ 122,216,906
Intangible assets	**8,724,379**	9,738,939
Deferred costs	**392,229**	403,390
Cash	**557,710**	1,074,765
Other assets	**1,872,553**	1,165,449
Total assets	**$ 132,382,690**	$ 134,599,449

The REIT allocates the purchase price of properties acquired largely to income producing properties (land, building and tenant improvements) and intangible assets (which represent above-market leases, lease origination costs and tenant relationship values that are acquired in a property purchase). No acquisitions were made in the first half of 2010. The change in the balances of income producing properties and intangible assets is primarily due to depreciation and amortization on these previously acquired assets, partly offset by approximately $500,000 of capital expenditures and tenant improvements on income producing properties.

Deferred costs represent leasing costs, net of amortization, as well as deferred financing costs on the operating and acquisition facility, also net of amortization. The decrease mainly relates to regular amortization.

Other assets of $1,872,553 at June 30, 2010 include accounts receivable of $728,808 (net of allowance for doubtful accounts), prepaid expenses of $879,479 (which primarily consist of prepaid property taxes, prepaid insurance and prepaid interest on Bankers' Acceptances entered into under the operating and acquisition facility) and other assets of $264,266. Within accounts receivable, $766,334 relates to accumulated rental revenue recognized on a straight-line basis.

Capital

The REIT's capital consists of its debt capital and its equity capital. The REIT actively manages both its debt capital and its equity capital with the objectives of ensuring that the REIT can continue to grow and operate its business.

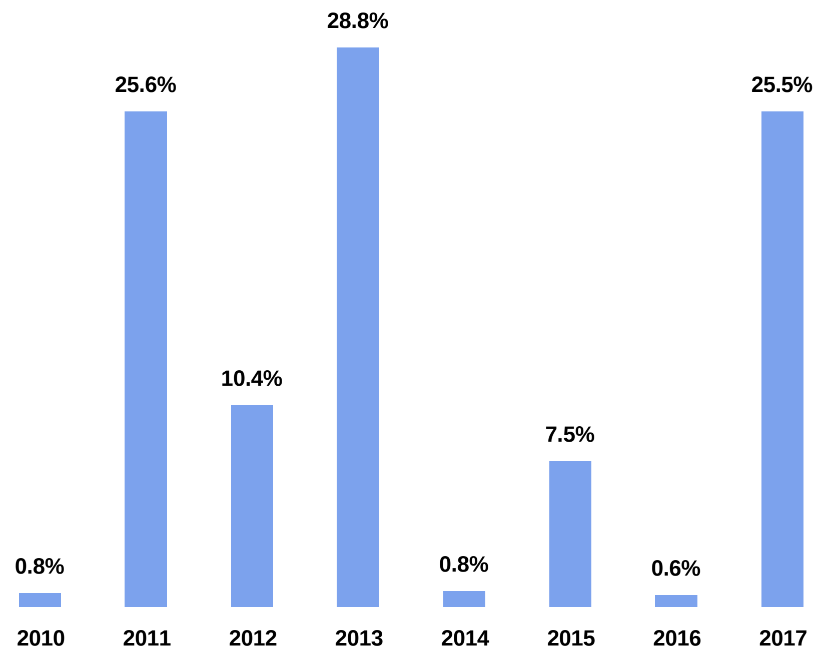
Real estate is a capital intensive industry. As a result, debt capital in particular, is a very important aspect to managing the business. In addition, financial leverage is used to enhance returns from purchased real estate. Given the importance of debt capital, the REIT monitors its debt regularly for compliance with debt covenants contained in its loan agreements. The REIT is in compliance with all of its loan covenants.

The following table shows the REIT's total capital at June 30, 2010 and December 31, 2009.

	As at June 30, 2010	**As at December 31, 2009**
Secured debt	**$ 71,190,250**	$ 71,725,963
Credit facility	**22,350,000**	20,500,000
Unitholders' equity	**35,961,637**	39,496,064
Total capital	**$ 129,501,887**	$ 131,722,027

Mortgages and Other Financing

The following is a debt maturity table for all of the REIT's secured debt and credit facility, starting with the remainder of 2010:



It should be noted that 93% of the 2011 maturity as shown in the above table relates to the expiry of the REIT's revolving operating and acquisition facility.

Interest coverage and debt service coverage ratios are as follows:

	Three months ended June 30, 2010	Three months ended June 30, 2009	Three months ended March 31, 2010
Interest coverage ratio[(1)]	**1.62**	1.91	1.66
Debt service coverage ratio[(2)]	**1.32**	1.59	1.36

(1) Interest coverage ratio is calculated as EBITDA divided by interest expense (before amortization of financing fees included in interest expense), where EBITDA is net income before interest expense, incentive unit option compensation expense, depreciation and amortization and corporate transaction costs.
(2) Debt service coverage ratio is calculated as EBITDA divided by debt service, where debt service is principal repayments plus interest expense (before amortization of financing fees included in interest expense).

The decrease in the interest coverage ratio and debt service coverage ratio in the second quarter of 2010 compared to the second quarter of 2009 mainly relates to the decrease in NOI and FFO recorded, as well as an increase in interest expense due to the increase in interest rates and interest rate spread that the bank is now charging on the REIT's operating and acquisition facility.

	Six months ended June 30, 2010	Six months ended June 30, 2009
Interest coverage ratio(1)	**1.64**	1.99
Debt service coverage ratio(2)	**1.34**	1.69

(1) Interest coverage ratio is calculated as EBITDA divided by interest expense (before amortization of financing fees included in interest expense), where EBITDA is net income before interest expense, incentive unit option compensation expense, depreciation and amortization and corporate transaction costs.

(2) Debt service coverage ratio is calculated as EBITDA divided by debt service, where debt service is principal repayments plus interest expense (before amortization of financing fees included in interest expense).

The decrease in the interest coverage ratio for the six months ended June 30, 2010 compared to the six months ended June 30, 2009 mainly relates to the decrease in NOI and FFO recorded, as well as an increase in interest expense due to the increase in interest rates and interest rate spread that the bank is now charging on the REIT's operating and acquisition facility.

The decrease in the debt service coverage ratio for the six months ended June 30, 2010 compared to the six months ended June 30, 2009 mainly relates to (i) the decrease in NOI and FFO recorded, (ii) the increase in interest expense due to the increase in interest rates and interest rate spread that the bank is now charging on the REIT's operating and acquisition facility; and (iii) the increase in principal repayments mainly due to the expiration of the interest-only period on the Méga Centre first mortgage.

Secured Debt

The REIT's current average term to maturity on its secured debt (including mortgages payable and corporate secured debt but excluding the operating and acquisition facility all discussed below in more detail) is approximately 5 years, and the weighted average contractual interest rate is 5.88%.

Future principal repayments on the secured debt (including mortgages payable and corporate secured debt but excluding the operating and acquisition facility) are as follows:

Year	Principal instalment payments	Balance maturing	Total	Contractual interest rate on debt maturing
2010 (remainder of year)	**$ 709,087**	**$ -**	**$ 709,087**	
2011	**1,697,518**	**-**	**1,697,518**	
2012	**1,805,741**	**8,014,133**	**9,819,874**	**5.39%**
2013	**1,479,292**	**25,627,933**	**27,107,225**	**6.69%**
2014	**755,905**	**-**	**755,905**	
Thereafter	**1,488,127**	**30,085,651**	**31,573,778**	**5.29%**
Total	**$ 7,935,670**	**$ 63,727,717**	**$ 71,663,387**	

Mortgages Payable

The REIT's objective in securing mortgages for its properties and managing its long-term debt is to stagger the maturities in order to mitigate the risk of short-term volatilities in the debt markets. The REIT has conventional first mortgages on all of its properties except for the Rona properties and Cornwall Square. The Rona properties are being used as security for the $8,600,000 corporate secured debt (see below under "Corporate Secured Debt"). Cornwall Square is being used as security for the operating and acquisition facility discussed in more detail under "Acquisition Facility" below.

Corporate Secured Debt

Concurrent with the closing of the Canadian Tire properties in September 2008, the REIT obtained corporate financing in the total amount of $10,000,000, made up of two facilities (the "Facilities"). The Facilities were primarily used to finance the equity portion of the Canadian Tire properties, as well as for working capital purposes.

The first facility is an $8,600,000 five-year facility that bears interest at 8.75% per annum on an interest-only basis. The facility can be prepaid without penalty at any time and is secured by (a) a first charge on the REIT's three Rona properties located in Exeter, Seaforth and Zurich, Ontario; (b) second charges on the Méga Centre property, the Châteauguay property and the Canadian Tire properties; and (c) a general security agreement relating to the above properties.

The second facility is a $1,400,000 five-year facility that bears interest at 8.75% per annum on an interest-only basis for the first two years and is 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 the Cornwall Square shopping centre.

The Facilities require that the REIT maintain an overall debt-to-gross book value ratio of no more than 75%.

Acquisition Facility

The REIT has a revolving operating and acquisition facility (the "Acquisition Facility") available to it from a Canadian chartered bank. 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 expires on May 19, 2011 and is 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. At June 30, 2010, the permitted draw down is $23,750,000. Amounts drawn down under the Acquisition Facility bear interest at a rate equal to the Bank's prime rate plus 3.50% per annum and Banker's Acceptances bear interest at a rate equal to the Bank's Acceptance stamping fee plus 4.50% per annum. Amongst a number of customary tests for this type of facility, the Acquisition Facility contains financial covenants with respect to maintaining a debt-to-gross book value ratio of no more than 75% (June 30, 2010 – 63.5%) and maintaining a debt service coverage ratio of no less than 1.25:1 calculated on a rolling four quarter basis (June 30, 2010 – 1.39:1) as well as requiring that cash distributions do not exceed funds from operations (calculated excluding corporate transaction costs) in any quarter.

Financing Costs

The unamortized balance of financing costs of $473,137 at June 30, 2010 relating to secured debt (including mortgages payable and corporate secured debt), has been netted against the secured debt on the balance sheet. The unamortized balance of financing costs of $159,947 at June 30, 2010 relating to the Acquisition Facility has been capitalized to deferred costs on the balance sheet.

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

Debt-to-Gross Book Value

The REIT monitors its debt-to-gross book value ratio, a ratio that has become a common industry metric reviewed by analysts, unitholders and others within the industry. The REIT does not have a specific debt-gross book value threshold imposed on it in its Declaration of Trust, however the REIT's Acquisition Facility and corporate secured debt impose a restriction on the REIT's debt-to-gross book value ratio, being a maximum of 75%. At June 30, 2010, the REIT has a debt-to-gross book value ratio of 63.5%, calculated as follows:

	As at June 30, 2010	As at December 31, 2009
Debt:		
Gross value of secured debt[(1)]	**$ 71,663,387**	$ 72,253,090
Amounts drawn on available credit facility	**22,350,000**	20,500,000
	$ 94,013,387	$ 92,753,090
Gross Book Value of Assets:		
Total assets	**$ 132,382,690**	$ 134,599,449
Accumulated depreciation and amortization	**15,791,761**	13,252,337
	$ 148,174,451	$ 147,851,786
Debt-to-Gross Book Value	**63.5%**	62.7%

(1) Represents actual balance of mortgages and corporate secured debt without netting the unamortized balance of the financing fees.

Unitholders' Equity

In the first half of 2010, unitholders' equity was mainly impacted by the net loss recorded and $1,484,300 in distributions to unitholders. The REIT currently makes monthly cash distributions of $0.01333 per unit, representing an annualized distribution of $0.16 per unit. The REIT's trustees have discretion in declaring distributions and review those distributions on a regular basis.

For further discussion about the REIT's distributions, see below under the heading "Cash Flows". The REIT issues equity when it is available and appropriate to replenish cash, for acquisitions or other uses. The REIT generally uses its Acquisition Facility to fund the equity portion of acquisitions as well as to fund general working capital requirements between capital raises.

Cash Flows

The REIT's main liquidity requirements arise from ongoing working capital requirements, debt servicing and repayment obligations, capital and leasing expenditures on existing properties, property acquisitions and distributions to unitholders. All of the aforementioned liquidity requirements, except for debt repayment obligations at maturity and property acquisitions, are generally funded from cash flows from operations or from drawing on the REIT's Acquisition Facility. Debt repayment obligations are generally funded from refinancing the related debt and property acquisitions are generally funded from equity raises as well as obtaining debt financing on the related property – although between capital raises, the REIT may use its Acquisition Facility to fund the equity portion of property acquisitions.

Liquidity risk arises from the possibility of not having sufficient debt and equity capital available to the REIT to fund future growth, refinance debts as they mature or meet the REIT's payment obligations as they arise. Furthermore, liquidity risk also arises from the REIT not being able to obtain financing or refinancing on favourable terms. The REIT's financial condition and results of operations would be adversely affected if it were unable to obtain financing/refinancing or cost-effective financing/refinancing, or if it were unable to meet its other liquidity requirements from ongoing operating cash flows.

The REIT attempts to mitigate its liquidity risk by staggering the maturities of its debt as discussed under the heading "Mortgages Payable". As well, the REIT's distributions are made at the discretion of the trustees. Finally, the REIT doesn't enter into property acquisitions unless it has secured or knows that it can secure the appropriate capital (debt and equity) to fund the particular acquisition.

The REIT's FFO for the quarter and six months ended June 30, 2010 (excluding one-time corporate transaction costs) was sufficient to cover its distributions. The REIT's payout ratio for the quarter ended June 30, 2010 is 99% of FFO (excluding one-time corporate transaction costs) based on the current distribution level of $0.04 per quarter and the cash payout ratio is 90% of FFO (excluding one-time corporate transaction costs). For the six months ended June 30, 2010, the REIT's payout ratio is 95% of FFO (excluding one-time corporate transaction costs) and the cash payout ratio is 87% of FFO (excluding one-time corporate transaction costs).

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

	Three months ended			Six months ended	
	June 30, 2010	**June 30, 2009**	**March 31, 2010**	**June 30, 2010**	**June 30, 2009**
Net cash provided by operating activities	**$ 309,380**	$ 777,258	$ 537,615	**$ 846,995**	$ 1,930,591
Net cash provided by (used in) financing activities	**$(417,854)**	$(1,252,638)	$ 276,682	**$ (141,172)**	$ (2,095,516)
Net cash provided by (used in) investing activities	**$(546,010)**	$ 172,290	$(676,868)	**$(1,222,878)**	$ (176,299)

Cash provided by operating activities for the three and six months ended June 30, 2010 compared to the same periods in 2009 decreased primarily due to a decrease in FFO, partly offset by an improvement in change in non-cash working capital (as much of the corporate transaction costs had not been paid out in cash at the quarter end).

Cash provided by operating activities for the quarter ended June 30, 2010 decreased compared to the quarter ended March 31, 2010 for the same reasons enumerated in the paragraph above.

Cash used in financing activities decreased during the current quarter compared to the quarter ended June 30, 2009 mainly due to the $600,000 net drawdown on the Acquisition Facility (net repayment of $200,000 in the second quarter of 2009) and a decrease in financing fees on the Acquisition Facility as the two-year renewal and extension happened in the second quarter of 2009, partly offset by an increase in cash distributions to unitholders.

Cash used in financing activities increased in the quarter ended June 30, 2010 as compared to the quarter ended March 31, 2010 mainly due to net drawdowns on the Acquisition Facility of $600,000 in the second quarter compared to $1,250,000 in the first quarter. Most of the expenditures on the redevelopment of the Châteauguay property occurred in the first quarter, thereby requiring more drawdowns on the Acquisition Facility.

Cash used in financing activities decreased for the six months ended June 30, 2010 compared to the same period in the prior year mainly due to: (i) net drawdowns on the Acquisition Facility of $1,850,000 compared to a net repayment of $200,000 in the prior year; (ii) a decrease in financing fees on the Acquisition Facility as the two-year renewal and extension happened in 2009; and (iii) a discontinuance of the normal course issuer bid program. These were partly offset by an increase in cash distributions to unitholders and an increase in principal repayments as the interest-only period on the Méga Centre first mortgage expired. The net drawdowns on the Acquisition Facility in 2010 were mostly required for the redevelopment of the Châteauguay property.

Cash used in investing activities increased for the quarter ended June 30, 2010 compared to the quarter ended June 30, 2009 mainly due to the increase in tenant improvement expenditures this year compared to last year and the $422,830 change in restricted cash affecting last year's cash flows.

Cash used in investing activities was slightly lower for the quarter ended June 30, 2010 compared to the quarter ended March 31, 2010 mainly due to less being spent on tenant improvements in the second quarter compared to the first quarter, as the Châteauguay redevelopment drew to a close at the end of the first quarter.

Cash used in investing activities for the six months ended June 30, 2010 increased compared to the prior year mainly as a result of higher expenditures on tenant improvements (from the Châteauguay redevelopment) and the $422,830 change in restricted cash affecting last year's cash flows.

Capital Expenditures and Leasing Costs

Management believes that over the next five years, the Méga Centre property will require capital expenditures of between $150,000 and $250,000 mainly for parking lot maintenance. As well, the REIT may choose to undertake certain cosmetic upgrades to the shopping centre's façade, landscaping, lighting and pylon signage that would cost approximately $500,000. The extent of these renovations will depend on leasing activity in the centre.

With respect to Cornwall Square, the REIT does not expect to make significant non-recoverable capital expenditures on the property in the next five years. In the first half of 2010, approximately $54,000 was incurred mainly on landlord's work and tenant improvements relating to new leasing/renewals.

With respect to the Châteauguay property, in the first half of 2010 approximately $247,000 was incurred on tenant improvements and landlord's work and approximately $88,000 was incurred on building improvements relating to the property's redevelopment and re-leasing initiatives that were started in 2009. The REIT does not expect to incur any further significant capital expenditures on the property in the next five years.

With respect to Place Val Est, management expects to spend between $175,000 and $350,000 in capital expenditures over the next five years. These expenditures are primarily for HVAC replacement, parking lot maintenance and sidewalk renovations. Management believes that approximately 50% of these amounts will be recoverable from tenants. In the first half of 2010, approximately $111,000 was incurred on landlord's work relating to the re-leasing of the former SAAN space to Rossy.

Related Party Transactions

Pursuant to the REIT's new asset management agreement with LAPP, LAPP will provide the REIT with strategic, advisory, asset management and administrative services in exchange for an annual management fee equal to 0.30% of the "adjusted book value" of the REIT's assets, paid quarterly in arrears, and an acquisition fee equal to 0.50% of the "property cost" of each property acquired by the REIT. The initial term of the management agreement is for a three year period, expiring on June 4, 2013. Upon expiry of the initial term, the management agreement will renew automatically for successive three year terms, unless terminated in accordance with its terms. The management agreement also provides that the management agreement may be terminated if the independent Trustees make the decision to employ individuals directly by the REIT rather than by LAPP, where the independent Trustees determine the cost of doing so would be less on an annual basis than the fees paid to LAPP under the management agreement. The management agreement provides each party with termination rights, the exercise of which may, in certain situations, require the REIT to pay a termination fee equal to two times the annual management fee paid in respect of the last full calendar year prior to the date of termination.

In accordance with the management agreement, LAPP is providing the services of certain executives, consultants and other employees to the REIT. As the REIT grows, LAPP will provide additional executives to the REIT in order to fulfill its obligations under the management agreement as recommended by the Trustees and agreed to by the Trustees and LAPP. All costs associated with the executives and additional executives and additional personnel shall be borne by LAPP. In accordance with the terms of the management agreement, LAPP is required to consult with the independent Trustees 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, LAPP will replace such individual with another employee with similar qualifications and experience.

For the quarter ended June 30, 2010, asset management fees of $38,000 were payable to LAPP (representing the amount owing as prorated from June 4, 2010). Asset management fees of $77,486 were paid to C.A. Realty Management Inc. (the old manager) for the same quarter (representing the amount owing as prorated to June 4, 2010). For the six months ended June 30, 2010, total asset management fees of $226,549 were paid to either LAPP or C.A. Realty Management Inc. ($219,166 for the six months ended June 30, 2009).

Quarterly Performance

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

	Q3-2008	**Q4-2008**	**Q1-2009**	**Q2-2009**	**Q3-2009**	**Q4-2009**	**Q1-2010**	**Q2-2010**
Total revenues	$3,938,207	$4,608,879	$4,535,193	$4,217,765	$4,194,428	$4,192,358	$4,152,908	$4,042,564
Expenses	$4,308,872	$4,837,249	$4,729,908	4,882,326	$4,499,904	$4,800,003	$4,950,814	$5,416,728
Net loss	$370,665	$228,370	$194,715	$664,561	$ 305,476	$ 607,645	$ 797,906	$ 1,374,164
Net loss per unit – basic & diluted	$0.02	$0.01	$0.01	$0.04	$0.02	$0.03	$0.04	$0.07

Changes in Accounting Policies

There are no current year changes in accounting policies.

With respect to future changes in accounting pronouncements, management monitors the CICA recently issued accounting pronouncements to assess the applicability and impact, if any, of those pronouncements on the REIT's consolidated financial statements and note disclosures. Note 3 to the audited consolidated financial statements for the year ended December 31, 2009 contains a list of those future accounting changes currently outstanding. However, the principal future accounting change relates to the changeover to International Financial Reporting Standards.

International Financial Reporting Standards ("IFRS")

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

Management has an implementation strategy and continues to evaluate the potential impact of IFRS on the REIT's financial statements. This will be an ongoing process as the International Accounting Standards Board ("IASB") and the AcSB issue new standards and recommendations. The REIT's consolidated financial performance and financial position as disclosed in the current GAAP financial statements may be significantly different when presented in accordance with IFRS.

The REIT's IFRS implementation strategy has been communicated to the REIT's trustees and is updated regularly and the REIT is currently on track with respect to relevant timelines, although the implementation strategy and relevant timelines continue to be revisited and changed as more information on the REIT's adoption of IFRS becomes known. Management believes that it has enough internal resources to deal with the conversion but may hire one additional resource in the latter half of 2010 to deal with the implementation of IFRS. The implementation of IFRS will result in accounting policy changes that will also result in certain additional internal controls and procedures over financial reporting to be implemented or system changes to be required. For example, in reporting income producing properties (as discussed more fully below), additional controls will need to be designed and implemented to ensure that the recorded balance is fairly stated. Such additional controls will include the use of independent valuators and senior management oversight on the development of key assumptions. With respect to system changes, at the current time, it is anticipated that no significant system changes will be required. Any system changes if required, and training are planned for the latter half of 2010.

Certain key arrangements that the REIT has in place, such as its Acquisition Facility, may need to be revised in order to deal with the changes to the REIT's financial statements that will occur. Management's current assessment is that revisions to key arrangements will only be necessary if the REIT moves to a fair value model for income producing properties after initial implementation of IFRS (discussed in more detail below). Any such revisions to key arrangements are proposed to occur in the latter half of 2010.

The REIT has identified IFRS versus current Canadian GAAP differences and various policy choices available under IFRS, but continues to assess the implications of such differences and policy choices on its financial reporting. Based on the analysis performed to date, management believes the largest impacts will pertain to the valuation of the REIT's income producing properties and the potential treatment of amortization of tenant improvements as a reduction to revenues rather than as a depreciation and amortization expense.

Income Producing Properties

IFRS defines an investment property as a property held to earn rentals or for capital appreciation or both. A key characteristic of an investment property is that it generates cash flows largely independently of the other assets held by an entity. It is expected that all of the REIT's income producing properties will be categorized as investment properties.

Like Canadian GAAP, IFRS requires investment property to be initially measured at cost; however, subsequent to initial recognition, IFRS requires that an entity choose either the cost or fair value model to account for its investment property. The fair value model requires an entity to record a gain or loss in income arising from a change in the fair value of investment property in the period of change. No depreciation related to investment property is recognized under the fair value model. The cost model is generally consistent with Canadian GAAP in that separate components are recognized for each significant part of an asset, which are carried at cost less any accumulated depreciation and accumulated impairment losses. IFRS allows an entity to initially measure investment properties upon transition to IFRS at fair value as deemed cost, as opposed to fully retroactive application of the cost model under IFRS. Therefore, fair value as deemed cost would become the new cost amounts for the qualifying assets at transition. However, if an entity selects the cost model as its measurement choice subsequent to initial recognition, it is required to disclose, at least annually, and to the extent that there are material changes from amounts previously disclosed, the fair value of investment property in the notes to its financial statements.

It is anticipated that the REIT will initially measure its income producing properties at fair value, which will be deemed cost. Work required to be done by independent valuators is almost complete. In terms of any decisions regarding the REIT's policy choice on income producing properties subsequent to transition to IFRS (that is cost versus fair value), the REIT is still evaluating its options and expects to make a decision in the third quarter of 2010. The magnitude of the impact to the REIT's balance sheet cannot be quantified at this time.

Tenant Improvements

Both Canadian GAAP and IFRS require that tenant incentives be recorded as a reduction of rental revenue. However, the IFRS definition of tenant incentives may differ from what the REIT currently applies under Canadian GAAP, which may result in more tenant improvement costs being amortized against revenue.

Critical Accounting Estimates

The preparation of financial statements requires the REIT to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The REIT's significant accounting policies are described in Note 2 to the consolidated financial statements for the year ended December 31, 2009. Management believes that the policies which are most subject to estimation and management's judgment relate to the following:

Property Acquisitions

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

Impairment of Income Producing Properties

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

Depreciation and Amortization

Depreciation and amortization requires estimates of useful lives of the underlying assets.

Incentive Unit Options

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

Fair Value Disclosures

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

DISCLOSURE CONTROLS AND INTERNAL CONTROLS

Management maintains appropriate information systems, procedures and controls to ensure that information that is publicly disclosed is complete, reliable and timely. This includes establishing adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Management believes that the REIT's disclosure controls and procedures and internal controls over financial reporting as at June 30, 2010 were appropriately designed, however management is not required to certify the design and evaluation of the REIT's disclosure controls and procedures or internal controls over financial reporting and have not completed such an evaluation. As well, inherent limitations on the ability of management to design and implement on a cost-effective basis, disclosure controls and procedures or internal controls over financial reporting for the REIT, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

There has been no change in internal controls over financial reporting in 2010 that has materially affected, or is reasonably likely to materially affect the REIT's internal controls over financial reporting. For many of its properties, the REIT has engaged the services of third-party property managers whose internal controls form part of the REIT's system of internal controls. The REIT has documented and continues to review those internal controls, reports and other documentation provided by the property managers as part of its internal control activities.

TAX

The distributions made during 2010 are expected to be tax deferred and would therefore not be included in the income of a unitholder for tax purposes but would reduce the adjusted cost base of that unitholder's units. Also, as currently structured, management believes that the REIT qualifies as a "real estate investment trust" under the SIFT tax legislation. Under the SIFT legislation, certain distributions to investors from certain publicly listed or traded trusts and partnerships (or "SIFTs") other than real estate investment trusts, will be subject to tax at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations and will be taxed in the hands of unitholders as though they were a dividend from a taxable Canadian corporation. The result is that SIFTs (other than real estate investment trusts) will be taxed in a similar manner to corporations and their investors will be taxed in a manner similar to investors in a corporation. The SIFT legislation applied commencing in the 2007 taxation year. The SIFT legislation does not apply to certain trusts that qualify as real estate investment trusts. Should it be found that the REIT fails to qualify as a real estate investment trust or the REIT undertakes subsequent activities that cause it to fail to qualify as a real estate investment trust, the SIFT legislation would allow the failure to be cured within the taxation year so that the REIT could qualify as a real estate investment trust for the next taxation year.

OUTLOOK

There has been an improvement in the real estate investment trust market and the equity markets in general. This coupled with Charter successfully entering into a new sponsorship arrangement with League after completion of a strategic review process, should allow for its stabilization and future growth. Charter's trustees in conjunction with League will undertake a detailed review of the strategy and operations of Charter and of the opportunities available to Charter in the short and mid-term. With new capital generated from the rights offering, Charter will look to deploy those funds in an appropriate manner to generate growth for the REIT and its unitholders.

In terms of the REIT's existing properties, the REIT has made progress on its leasing and redevelopment initiatives at its Châteauguay property and for 2010, this focus will continue at its other properties as well. In particular, Charter has leased the vacant SAAN space at its Place Val Est property to Rossy. Leasing interest in Place Val Est has increased with the improvement of the Sudbury economy and the addition of Rossy will be a positive factor in the REIT's leasing efforts. At Cornwall Square, Shoppers Drug Mart has exercised its option to renew its lease, and Charter has generally seen renewed leasing interest in the centre from mall-based retailers after a very quiet 2009. Finally, Charter believes that Méga Centre's location, transportation access, visibility and the surrounding community's demographics are going to allow for the stabilization of this centre, as the REIT continues to have positive conversations with national large format tenants to lease a significant portion of the centre's vacant area.