

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

**Information has been incorporated by reference into this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request, without charge, from Charter Real Estate Investment Trust at 130 King Street West, Suite 2810, Toronto, Ontario, M5X 1A4, telephone (416) 364-5705 and are also available electronically at [www.sedar.com](http://www.sedar.com).

The securities offered herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act") and, subject to certain exceptions, may not be offered or sold within the United States. See "Plan of Distribution".

## Short Form Prospectus

Rights Offering

June 16, 2010



### CHARTER REAL ESTATE INVESTMENT TRUST

**\$10,000,000**

#### **Offering of Rights to purchase Units at a purchase price of \$1.39 per Unit**

Charter Real Estate Investment Trust ("Charter" or the "Trust") is distributing (the "Offering") to the holders of its outstanding units (the "Units") of record (the "Holders") at the close of business (Toronto time) on June 30, 2010 (the "Record Date") rights (the "Rights") to subscribe for Units of the Trust which, based on the 18,552,040 Units outstanding on June 15, 2010 would entitle the Holders to subscribe for an aggregate of approximately 7,194,244 Units.

The Rights are fully transferable within Canada and will be evidenced by certificates in registered form (the "Rights Certificates"). Each Holder is entitled to one Right for each Unit held on the Record Date. Each 2.5787 Rights entitle the Holder thereof to purchase one Unit (the "Basic Subscription Right") of the Trust at a price of \$1.39 per Unit (the "Subscription Price") prior to 5:00 p.m. (Toronto time) (the "Expiry Time") on July 23, 2010 (the "Expiry Date"). No fractional Units will be issued. **Rights not exercised before the Expiry Time will be void and of no value.** Holders who exercise their Basic Subscription Rights in full are entitled to subscribe for additional Units (the "Additional Units"), if available, pursuant to an additional subscription privilege (the "Additional Subscription Privilege"). See "Details of the Rights Offering – Additional Subscription Privilege".

	<u>Offering Price</u>	<u>Proceeds to the Trust</u>
Per Unit .....	\$1.39	\$1.18
Total .....	\$10,000,000	\$8,500,000

This short form prospectus qualifies the distribution of the Rights, the Units and Standby Units (as defined below) issuable upon the exercise thereof. The Rights will be listed on the TSX Venture Exchange ("TSXV") under the symbol "CRH.RT" and will be posted for trading on the TSXV until 12:00 noon (Toronto time) on the Expiry Date at which time they will be halted from trading. The currently outstanding Units are listed and posted for trading on the TSXV under the symbol "CRH.UN". On June 15, 2010, the closing price for the Units on the TSXV was \$1.40.

Computershare Investor Services Inc. (the “Agent”), at its principal office in Toronto, is the subscription agent for this Offering. See “Details of the Rights Offering – Subscription and Transfer Agent”.

For Units held through a securities broker or dealer, bank or trust company or other participant (a “Participant”) in the book-based system administered by CDS Clearing and Depository Services Inc. (“CDS”), a subscriber may subscribe for Units by instructing the Participant holding the subscriber’s Rights to exercise all or a specified number of such Rights and forwarding the Subscription Price for each Unit subscribed for to such Participant in accordance with the terms of this Offering. A subscriber wishing to subscribe for Additional Units pursuant to the Additional Subscription Privilege must forward its request to the Participant that holds the subscriber’s Rights prior to the Expiry Time on the Expiry Date, along with payment for the number of Additional Units requested. Any excess funds will be returned by mail or credited to the subscriber’s account with its Participant without interest or deduction. Subscriptions for Units made through a Participant will be irrevocable and subscribers will be unable to withdraw their subscriptions for Units once submitted. See “Details of the Rights Offering – Rights Certificate – Units Held Through CDS”.

For Units held in registered form, a Rights Certificate evidencing the number of Rights to which a Holder is entitled will be mailed with a copy of this prospectus to each registered Holder as of the Record Date. In order to exercise the Rights represented by the Rights Certificate, the holder of Rights must complete and deliver the Rights Certificate to the Agent in the manner and upon the terms set out in this prospectus. See “Details of the Rights Offering – Rights Certificate – Units Held in Registered Form”.

**If a Holder does not exercise, or sells or otherwise transfers, its Rights, then such Holder’s current percentage ownership in the Trust will be diluted as a result of the exercise of the Rights.**

This Offering is made only in each of the provinces and territories of Canada (the “Eligible Jurisdictions”). This short form prospectus is not to be construed as an offering of Units for sale in any jurisdiction outside the Eligible Jurisdictions (an “Ineligible Jurisdiction”) or a solicitation therein of an offer to buy any securities. Rights Certificates will not be sent to Holders with addresses of record in any Ineligible Jurisdiction. Instead, such Ineligible Holders will be sent a letter advising them that their Rights Certificates will be held by the Agent, who will hold such Rights as agent for the benefit of all such Ineligible Holders. See “Details of the Rights Offering – Ineligible Holders”.

No Rights will be issued to any address in the United States, or to any person who appears to be, or who the Agent has reason to believe, is in the United States or a “U.S. Person” (as such term is defined in Regulation S under the 1933 Act). The Rights may not be exercised by persons in the United States or by, or for the account or benefit of, U.S. Persons, except pursuant to an exemption from the registration requirements of the 1933 Act and applicable state securities laws, after providing a legal opinion satisfactory to the Trust to the effect that such an exemption is available.

Under a standby purchase agreement dated June 4, 2010 (the “Standby Purchase Agreement”), IGW Public Limited Partnership (the “Standby Purchaser”) has agreed, subject to certain terms, conditions and limitations, to purchase all of the Units not otherwise purchased pursuant to the exercise of Rights under this Offering (the “Standby Units”) at the Expiry Time. The Standby Purchase Agreement may be terminated by the Standby Purchaser prior to the Expiry Time in certain circumstances. See “Standby Commitment”.

**No underwriter has been involved in the preparation of, or performed any review of the contents of, this short form prospectus. For greater certainty, the Standby Purchaser has not been engaged as an underwriter in connection with the Offering and has not been involved in the preparation of, or performed any review of, this prospectus in the capacity of an underwriter.**

**There are risks associated with an investment in the Units. See “Risk Factors” for a discussion of factors that should be considered by prospective investors and their advisors in assessing the appropriateness of an investment in the Units.**

Provided certain conditions are met, the Rights to be issued pursuant to this Offering (and any Units issued as a consequence of the exercise thereof) will constitute a qualified investment for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, tax-free savings accounts

(“TFSA”), registered education savings plans, and registered disability savings plans (each a “Registered Plan”). Prospective holders who expect to hold Rights or Units through a TFSA should consult their own tax advisors as to whether such securities will result in a liability for penalty tax. Holders of Registered Plans (including a TFSA) should refer to the section hereof entitled “Eligibility for Investment”.

Investors should be aware that the acquisition or disposition of the securities described in this prospectus and the expiry of an unexercised Right may have tax consequences in Canada, or elsewhere, depending on each particular investor’s specific circumstances. Investors should consult their own tax advisors with respect to such tax considerations. See “Canadian Federal Income Tax Considerations”.

The after-tax return from an investment in Units (including Units issued upon the exercise of Rights) to Unitholders subject to Canadian income tax will depend, in part, on the composition for tax purposes of distributions paid by the Trust on Units, which may be fully or partially taxable or tax deferred. That composition may change over time, thus affecting a Unitholder’s after-tax return. See “Canadian Federal Income Tax Considerations”.

**Investors who are not residents of Canada for tax purposes should consult their own tax advisors concerning the consequences to them of the Offering.**

The Trust’s head and registered office is located at 130 King Street West, Suite 2810, Toronto, Ontario, M5X 1A4.

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### **NOTICE REGARDING FORWARD-LOOKING STATEMENTS**

This short form prospectus contains forward-looking statements within the meaning of Canadian securities laws 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”, “believe”, “expect”, “estimate”, “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 short form prospectus include expansion, capital expenditures, competitive conditions, gross economic 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 discussed under the heading “Risk Factors” and elsewhere in our documents incorporated by reference. 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 short form prospectus. 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 short form prospectus 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.

These forward-looking statements are made as of the date of this short form prospectus or, in the case of documents incorporated by reference herein, as of the date of such documents, and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by law. We cannot assure you that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Investors are cautioned that forward-looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

## **GENERAL MATTERS**

In this prospectus, “we”, “us” and “our” refer to the Trust unless the context otherwise requires.

All references in this prospectus to “dollars” or “\$” are to Canadian dollars unless otherwise noted. The Trust’s financial statements incorporated herein by reference have been prepared in accordance with Canadian generally accepted accounting principles.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. We are distributing the Rights only in jurisdictions where, and to persons to whom, distributions are lawfully permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the Rights.

## **DOCUMENTS INCORPORATED BY REFERENCE**

**Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of documents incorporated herein by reference may be obtained on request without charge from the Trust at 130 King Street West, Suite 2810, Toronto, Ontario, M5X 1A4, telephone (416) 364-5705, and are also available electronically at [www.sedar.com](http://www.sedar.com). The following documents, as filed with the various securities commissions or similar authorities in each of the provinces of Canada, are specifically incorporated by reference into and form an integral part of this short form prospectus:

- (a) the Annual Information Form of the Trust dated April 12, 2010 (“Annual Information Form”);
- (b) the audited consolidated financial statements of the Trust for the financial years ended December 31, 2009 and 2008 together with the notes thereto and the auditors report thereon included as supplemental information;
- (c) Management’s Discussion and Analysis of financial condition and results of operations for the Trust for the financial year ended December 31, 2009;
- (d) the unaudited interim consolidated financial statements of the Trust as at and for the three months ended March 31, 2010 together with the notes thereon;
- (e) the Management’s Discussion and Analysis of financial condition and results of operations for the Trust for the three months ended March 31, 2010;
- (f) the Management Proxy Circular dated June 4, 2010 relating to the Annual and Special Meeting of unitholders to be held on June 30, 2010; and
- (g) the material change report dated June 8, 2010 relating to, among other matters, the sale by C.A. Bancorp Inc. (“CAB”) of approximately 33% of the issued and outstanding Units.

Any document of the types referred to above and any material change reports and business acquisition reports (but excluding confidential material change reports) filed by the Trust with any securities regulatory authorities after the date of this short form prospectus and prior to the termination of this distribution will be deemed to be incorporated by reference into this prospectus.

**Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained in this prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not, except as so modified or superseded, be deemed to constitute a part of this short form prospectus.**

## SUMMARY

The following is a summary of the principal features of the Offering and should be read together with, and is qualified in its entirety by, the more detailed information and financial data and statements contained elsewhere or incorporated by reference in this short form prospectus. Certain terms used in this summary and in the prospectus are defined elsewhere herein.

Issuer:	Charter Real Estate Investment Trust
The Offering:	Rights to subscribe for up to approximately 7,194,244 Units. Each Holder on the Record Date will receive one Right for each Unit held. Each 2.5787 Rights entitle the Holder thereof to subscribe for one Unit.
Record Date:	June 30, 2010
Expiry Date:	July 23, 2010
Expiry Time:	5:00 p.m. (Toronto time) on the Expiry Date. Rights not exercised at or before the Expiry Time on the Expiry Date will be void and have no value.
Subscription Price:	The Subscription Price per Unit will be equal to \$1.39.
Net Proceeds:	Approximately \$10 million, before deduction of estimated expenses of approximately \$1,500,000, and assuming the exercise in full of all Rights or purchase of Standby Units to the extent the Rights are unexercised.
Basic Subscription Privilege:	For every 2.5787 Rights the Holder thereof (other than an Ineligible Holder) will be entitled to subscribe for one Unit upon payment of the Subscription Price. No fractional Units will be issued. See “Details of the Rights Offering – Subscription Basis and Basic Subscription Privilege”.
Additional Subscription Privilege:	Holders of Rights who exercise in full the Basic Subscription Privilege for their Rights are also entitled to subscribe <i>pro rata</i> for Units, if any, not otherwise purchased pursuant to the Basic Subscription Privilege. See “Details of the Rights Offering – Additional Subscription Privilege”.
Exercise of Rights:	For all Holders whose Units are held in registered form (a “Registered Holder”), a Rights Certificate representing the total number of Rights to which such Holder is entitled as at the Record Date will be mailed with a copy of this prospectus. In order to exercise the Rights represented by the Rights Certificate, such holder of Rights must complete and deliver the Rights Certificate in accordance with the instructions set out under “Details of the Rights Offering – How to Complete the Rights Certificate”. For Units held through a Participant in the book-based system administered by CDS, a subscriber may subscribe for Units by instructing the Participant holding the subscriber’s Rights to exercise all or a specified number of such Rights and forwarding the Subscription Price for each Unit subscribed for in accordance with the terms of this Offering to such Participant. See “Details of the Rights Offering – Rights Certificate – Units Held Through CDS”
Holders in Ineligible Jurisdictions:	No subscription under the Basic Subscription Privilege nor under the Additional Subscription Privilege will be accepted from any person, or such person’s agent, who appears to be, or who the Agent have reason to believe is an Ineligible Holder, except that the Agent may accept subscriptions in certain circumstances from persons in such jurisdictions if the Agent determines that such offering to and subscription by such person or agent is lawful and in compliance with all securities and other laws applicable in the jurisdiction where such person or agent is resident (each an “Approved Eligible Holder”). No Rights Certificates will be mailed to Ineligible Holders and Ineligible Holders will not be permitted to exercise their Rights. Registered Holders of Units who have not received Rights Certificates but are resident in an Eligible Jurisdiction or Ineligible Holders who wish to be recognized as Approved Eligible Holders should contact the Agent at the earliest possible

	<p>time. Rights of registered Ineligible Holders will be held on their behalf by the Agent until 5:00 p.m. (Toronto time) on July 13, 2010 in order to provide the registered Ineligible Holders the opportunity to claim the Rights Certificate by satisfying the Agent that the exercise of their Rights will not be in violation of the laws of the applicable jurisdiction. After such time, the Agent will attempt to sell the Rights of such registered Ineligible Holders for their account, through a broker selected by the Trust, on such date or dates and at such price or prices as such broker will determine in its sole discretion. Ineligible Holders whose Units are held through a Participant in CDS who wish to be recognized as Approved Eligible Holders should contact their Participant.</p> <p>Rights of beneficial Ineligible Holders will be held on their behalf either by the Agent or by the relevant Participant through which they hold securities. Either the Agent or the relevant Participant, as the case may be, will attempt to sell the Rights of such beneficial Ineligible Holders, for their account, on such date or dates and at such price or prices as determined by the particular agent, in its sole discretion. See “Details of the Rights Offering – Ineligible Holders”.</p> <p>No Rights will be issued to any address in the United States, or to any person who appears to be, or who the Agent has reason to believe, is in the United States or a U.S. Person. The Rights may not be exercised by persons in the United States or by, or for the account or benefit of, U.S. Persons, except pursuant to an exemption from the registration requirements of the 1933 Act and applicable state securities laws, after providing a legal opinion satisfactory to the Trust to the effect that such an exemption is available.</p>
Standby Commitment:	<p>Under the Standby Purchase Agreement, the Standby Purchaser will act as a standby purchaser to purchase as principal and not with a view to resale or distribution, all Units that are not otherwise subscribed for under the Basic Subscription Privilege or the Additional Subscription Privilege, subject to certain limitations. The Standby Purchaser is not engaged as an underwriter in connection with the Offering and has not been involved in the preparation of, or performed any review of, this prospectus in the capacity of an underwriter. The Standby Purchase Agreement may be terminated by the Standby Purchaser prior to the Expiry Time in certain circumstances. See “Standby Commitment”.</p>
Recent Developments:	<p>On June 4, 2010, CAB sold all of the Units beneficially held by CAB and its affiliates to the Standby Purchaser. On the same day, C.A. Realty Management Inc., an affiliate of CAB, agreed with the Trust to terminate the management agreement in place at the time without penalty to the Trust, and the Trust entered into a management agreement with the Manager (as defined below), pursuant to which the Manager will provide the Trust with strategic, advisory, asset management and administrative services.</p>
Use of Proceeds:	<p>Charter intends to use the net proceeds from the Offering to repay debt and for general working capital purposes. See “Use of Proceeds”.</p>
Listing and Trading:	<p>The Rights will be listed on the TSXV under the symbol “CRH.RT” and will be posted for trading on the TSXV until 12:00 noon (Toronto time) on the Expiry Date at which time they will be halted from trading. The TSXV has approved the listing of the Units issuable on the exercise of the Rights.</p>
Risk Factors:	<p>An investment in Units is subject to a number of risk factors. See “Risk Factors”.</p>
Taxes:	<p>Investors should refer to “Canadian Federal Income Tax Considerations” and to “Eligibility for Investment”. Investors should consult their own tax advisor regarding the tax consequences to them of the Offering having regard to their own particular circumstances.</p>

## **THE TRUST**

On March 29, 2005, Charter Realty Holdings Ltd. (“Charter Realty”), the predecessor to the Trust, was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta). 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 an initial public offering 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 TSXV 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.

On May 10, 2007, Charter Realty completed a plan of arrangement and corporate reorganization (the “Arrangement”) pursuant to which Charter Realty converted into a trust. Pursuant to the Arrangement, Charter Realty’s outstanding shares and options were consolidated on a ten-for-one basis and exchanged for Units and Unit options. Charter continued the business of Charter Realty from and after May 10, 2007.

The Trust’s head and registered office is located at 130 King Street West, Suite 2810, Toronto, Ontario, M5X 1A4.

## **BUSINESS OF THE TRUST**

### **Business Overview**

Charter is a real estate investment trust 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. Charter’s goal is to generate a reliable and growing tax-efficient return for its Holders.

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. Charter 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, Charter’s portfolio consists of ten properties located in Ontario and Québec comprising approximately 1,070,000 square feet of gross leasable area.

Charter is currently managed by LAPP Global Asset Management Corp. (the “Manager”), an affiliate of the Standby Purchaser. Pursuant to the terms of the Management Agreement dated June 4, 2010, the Manager provides strategic, advisory, asset management and administrative services to Charter. See “Recent Developments”.

### **Recent Developments**

On June 4, 2010, CAB sold all of the Units beneficially held by CAB and its affiliates to the Standby Purchaser. On the same day, C.A. Realty Management Inc., an affiliate of CAB, agreed with the Trust to terminate the management agreement in place at the time without penalty to the Trust, and the Trust entered into a management agreement with the Manager, pursuant to which the Manager provides the Trust with strategic, advisory, asset management and administrative services.

**CONSOLIDATED CAPITALIZATION**

The following table sets forth the consolidated capitalization of the Trust as at March 31, 2010, before and after giving effect to the Offering.

	As at March 31, 2010 (\$)	As Adjusted as at March 31, 2010 <sup>(1)</sup> (\$)
<b>Indebtedness</b>		
Secured Debt .....	71,458,088	71,458,088
Credit Facilities .....	21,750,000	13,250,000
<b>Total Indebtedness</b> .....	93,208,088	84,708,088
<b>Unitholders' Equity</b>		
Units	54,757,913	63,257,913
Contributed surplus.....	1,040,336	1,040,336
Deficit and Accumulated Other Comprehensive Loss.....	(17,780,782)	(17,780,782)
<b>Total Unitholders' Equity</b> .....	38,017,467	46,517,467
<b>Total Capitalization</b> .....	131,225,555	131,225,555

**Notes:**

(1) Adjusted to give effect to the receipt of proceeds of this Offering and repayment of credit facilities with the net proceeds of the Offering.

**USE OF PROCEEDS**

The aggregate net proceeds to be derived by the Trust from the Offering is estimated to be approximately \$8,500,000 after deducting the estimated expenses of this Offering of approximately \$1,500,000.

Initially, the net proceeds from the Offering will be used to repay Charter's operating and acquisition facility. Ultimately, the net proceeds will be used for leasing activity contemplated at the existing properties, potential future property acquisitions and general working capital purposes.

**INTENTION OF INSIDERS TO EXERCISE RIGHTS**

After reasonable inquiry, the Trustees believe that certain insiders of the Trust may exercise their Rights issued under this Offering. See "Standby Commitment".

**PRIOR SALES**

The Trust has not sold any Units or securities convertible into Units for the 12-month period before the date of this prospectus.

**TRADING PRICE AND VOLUME**

The Units are listed and posted for trading on the TSXV under the symbol "CRH.UN". The following table sets forth, for the periods indicated, the reported high and low sales prices and aggregate volume of trading of the Units on the TSXV.

Period	High (\$)	Low (\$)	Volume
<b>2009</b>			
May	1.0	0.77	310,400
June	1.0	0.81	325,700
July	1.25	0.93	246,800
August	1.40	1.1	225,700
September	1.40	1.15	136,100
October	1.28	1.06	99,300
November	1.46	1.11	168,800

December <b>2010</b>	1.40	1.12	231,200
January	1.55	1.31	169,000
February	1.53	1.36	161,000
March	1.55	1.35	192,300
April	1.60	1.41	153,400
May	1.52	1.31	192,800
June 1 - 15	1.49	1.31	135,900

### **DETAILS OF THE RIGHTS OFFERING**

#### **Issue of Rights and Record Date**

Holders of record at the close of business (Toronto time) on the Record Date will receive Rights on the basis of one Right for each Unit held at that time. The Rights permit the holders thereof (provided that such holder is in an Eligible Jurisdiction or is an Approved Eligible Holder) to subscribe for and purchase from the Trust an aggregate of approximately 7,194,244 Units assuming exercise in full of the Rights. The Rights are fully transferable in Canada by non U.S.-resident holders thereof. See “Sale or Transfer of Rights”.

The Rights will be represented by the Rights Certificates that will be issued in registered form. For Holders who hold their Units in registered form, a Rights Certificate evidencing the number of Rights to which a Holder is entitled and the number of Units which may be obtained on exercise of those Rights will be mailed with a copy of this prospectus to each such Holder as of the Record Date. See “Rights Certificate – Units Held in Registered Form”.

Holders that hold their Units through a Participant in the book-based system administered by CDS will not receive physical certificates evidencing their ownership of Rights. On the Record Date, a global certificate representing such Rights will be issued in registered form to, and deposited with, CDS. The Trust expects that each beneficial Holder will receive a confirmation of the number of Rights issued to it from its Participant. CDS will be responsible for establishing and maintaining book-entry accounts for Participants holding Rights. See “– Rights Certificate – Units Held Through CDS”.

#### **Subscription Basis**

For every 2.5787 Rights held, the holder thereof is entitled to subscribe for one Unit at the Subscription Price of \$1.39 per Unit. Any subscription for Units will be irrevocable once submitted.

Fractional Units will not be issued upon the exercise of Rights. Where the exercise of Rights would appear to entitle a holder of Rights to receive fractional Units, the holder’s entitlement will be reduced to the next lowest whole number of Units. CDS Participants that hold Rights for more than one beneficial holder may, upon providing evidence satisfactory to the Agent, exercise Rights on behalf of their accounts on the same basis as if the beneficial owners of Units were holders of record on the Record Date.

#### **Exercise Period and Expiration Date**

The Rights will begin trading on the TSXV on June 28, 2010. The exercise period for the Rights will expire at the Expiry Time on the Expiry Date. Holders who exercise the Rights will become holders of Units issued through the exercise of the Rights on the completion of the Offering. **Rights not exercised prior to the Expiry Time on the Expiry Date will be void.**

#### **Basic Subscription Privilege**

Each Holder at the close of business on the Record Date is entitled to receive one Right for each Unit held. For every 2.5787 Rights held, the Holder (other than an Ineligible Holder) is entitled to acquire one Unit under the Basic Subscription Privilege at the Subscription Price by subscribing and making payment in the manner described herein on or before the Expiry Time on the Expiry Date. A holder of Rights that subscribes for some, but not all, of the Units pursuant to the Basic Subscription Privilege will be deemed to have elected to waive the unexercised balance of such Rights and such unexercised balance of Rights will be void and of no value unless the Agent is otherwise specifically advised by such holder at the time the Rights Certificate is surrendered that the Rights are to be transferred to a third party or are to be retained by the holder. Holders of Rights who exercise in full the Basic Subscription Privilege for their Rights are also entitled to subscribe for the Additional

Units, if any, that are not otherwise subscribed for under the Offering on a *pro rata* basis, prior to the Expiry Time on the Expiry Date pursuant to the Additional Subscription Privilege. See “Additional Subscription Privilege”. Fractional Units will not be issued upon the exercise of Rights. CDS Participants that hold Rights for more than one beneficial Holder as at the Record Date may, upon providing evidence satisfactory to the Agent, exercise Rights on behalf of their accounts on the same basis as if the beneficial owners of Units were holders of record on the Record Date.

For Units held in registered form, in order to exercise the Rights represented by a Rights Certificate, the holder of Rights must complete and deliver the Rights Certificate to the Agent in accordance with the terms of this Offering in the manner and upon the terms set out in this prospectus.

For Units held through a Participant in the book-based system administered by CDS, a subscriber may subscribe for Units by instructing the Participant holding the subscriber’s Rights to exercise all or a specified number of such Rights and forwarding the Subscription Price for each Unit subscribed for in accordance with the terms of this Offering to such Participant. Subscriptions for Units made in connection with the Offering through a Participant will be irrevocable and subscribers will be unable to withdraw their subscriptions for Units once submitted.

The Subscription Price is payable in Canadian funds by certified cheque, bank draft or money order drawn to the order of the Agent. In the case of subscription through a Participant, the Subscription Price is payable by certified cheque, bank draft or money order drawn to the order of such Participant, by direct debit from the subscriber’s brokerage account or by electronic funds transfer or other similar payment mechanism. The entire Subscription Price for Units subscribed for must be paid at the time of subscription and must be received by the Agent prior to the Expiry Time on the Expiry Date. Accordingly, a subscriber subscribing through a Participant must deliver its payment and instructions sufficiently in advance of the Expiry Date to allow the Participant to properly exercise the Rights on its behalf.

Payment of the Subscription Price will constitute a representation to the Trust and, if applicable, to the Participant, by the subscriber (including by its agents) that (i) either the subscriber is not a resident of an Ineligible Jurisdiction or the subscriber is an Approved Eligible Holder and (ii) the subscriber is not purchasing the Units for resale to any person who is a resident of an Ineligible Jurisdiction.

### **Additional Subscription Privilege**

Each holder of Rights who has exercised in full the Basic Subscription Privilege for its Rights may subscribe for Additional Units, if available, at a price equal to the Subscription Price for each Additional Unit. The number of Additional Units will be the difference, if any, between the total number of Units issuable upon exercise of Rights and the total number of Units subscribed and paid for pursuant to the Basic Subscription Privilege at the Expiry Time on the Expiry Date. Subscriptions for Additional Units will be received subject to allotment only and the number of Additional Units, if any, that may be allotted to each subscriber will be equal to the lesser of (a) the number of Additional Units that such subscriber has subscribed for and (b) the product (disregarding fractions) obtained by multiplying the number of Additional Units available to be issued by a fraction, the numerator of which is the number of Rights previously exercised by the subscriber and the denominator of which is the aggregate number of Rights previously exercised under the Offering by all holders of Rights that have subscribed for Additional Units. If any holder of Rights has subscribed for fewer Additional Units than such holder’s *pro rata* allotment of Additional Units, the excess Additional Units will be allotted in a similar manner among the holders who were allotted fewer Additional Units than they subscribed for.

To apply for Additional Units under the Additional Subscription Privilege, each holder of Rights must forward their request to the Agent or their Participant, as applicable, prior to the Expiry Time on the Expiry Date. Payment for Additional Units, in the same manner as required upon exercise of the Basic Subscription Privilege, must accompany the request when it is delivered to the Agent or a Participant, as applicable. Any excess funds will be returned by mail by the Agent or credited to a subscriber’s account with its Participant, as applicable, without interest or deduction. Payment of such price must be received by the Agent prior to the Expiry Time on the Expiry Date, failing which the subscriber’s entitlement to such Additional Units will terminate. Accordingly, a subscriber subscribing through a Participant must deliver its payment and instructions to a Participant sufficiently in advance of the Expiry Time on the Expiry Date to allow the Participant to properly exercise the Additional Subscription Privilege on its behalf.

## **Subscription and Transfer Agent**

The Agent has been appointed the agent of the Trust to receive subscriptions and payments from holders of Rights Certificates and to perform certain services relating to the exercise and transfer of Rights. The Trust will pay for the services of the Agent. Subscriptions and payments under the Offering should be sent to the Agent at:

### **By Hand, Courier or Registered Mail**

Computershare Investor Services Inc.  
100 University Avenue, 9<sup>th</sup> floor  
Toronto, ON M5J 2Y1  
Attention : Corporate Actions

### **By Mail**

Computershare Investor Services Inc.  
P.O. Box 7021, 31 Adelaide Street E.  
Toronto, ON M5C 3H2  
Attention: Corporate Actions

Enquiries relating to the Offering should be addressed to the Agent by telephone at 1-800-564-6253.

## **Rights Certificate — Units Held in Registered Form**

For all Holders whose Units are held in registered form, a Rights Certificate representing the total number of Rights to which each such Holder is entitled as at the Record Date will be mailed with a copy of this prospectus to each such Holder. In order to exercise the Rights represented by the Rights Certificate, such holder of Rights must complete and deliver the Rights Certificate in accordance with the instructions set out under “How to Complete the Rights Certificate”. Rights not exercised by the Expiry Time on the Expiry Date will be void and of no value.

## **Rights Certificate — Units Held Through CDS**

For all Holders who hold their Units through a Participant in the book-based system administered by CDS, a global certificate representing the total number of Rights to which all such Holders as at the Record Date are entitled will be issued in registered form to CDS and will be deposited with CDS following the Record Date. The Trust expects that each beneficial Holder will receive a confirmation of the number of Rights issued to it from its Participant in accordance with the practices and procedures of that Participant. CDS will be responsible for establishing and maintaining book-entry accounts for Participants holding Rights.

Neither the Trust nor the Agent will have any liability for (i) the records maintained by CDS or Participants relating to the Rights or the book-entry accounts maintained by them, (ii) maintaining, supervising or reviewing any records relating to such Rights, or (iii) any advice or representations made or given by CDS or Participants with respect to the rules and regulations of CDS or any action to be taken by CDS or Participants.

The ability of a person having an interest in Rights held through a Participant to pledge such interest or otherwise take action with respect to such interest (other than through a Participant) may be limited due to the lack of a physical certificate.

Holders who hold their Units through a Participant must arrange purchases or transfers of Rights through their Participant. It is anticipated by the Trust that each such purchaser of a Unit or Right will receive a customer confirmation of issuance or purchase, as applicable, from the Participant through which such Right is issued or such Unit is purchased in accordance with the practices and policies of such Participant.

## **How to Complete the Rights Certificate**

### *Form 1 – Basic Subscription Right*

The maximum number of Rights that may be exercised pursuant to the Basic Subscription Privilege is shown in the box on the upper right hand corner of the face of the Rights Certificate. Form 1 must be completed and signed to exercise all or some of the Rights represented by the Rights Certificate pursuant to the Basic Subscription Privilege. If Form 1 is completed so as to exercise some but not all of the Rights represented by the Rights Certificate, the holder of the Rights Certificate will be deemed to have waived the unexercised balance of such Rights, unless the Agent is otherwise specifically advised by such holder at the time the Rights Certificate is surrendered that the Rights are to be transferred to a third party or are to be retained by the holder.

### *Form 2 – Additional Subscription Privilege*

Complete and sign Form 2 on the Rights Certificate only if you also wish to participate in the Additional Subscription Privilege. See “– Additional Subscription Privilege”.

### *Form 3 – Transfer of Rights*

Complete and sign Form 3 on the Rights Certificate only if you wish to transfer the Rights. Your signature must be guaranteed by a Schedule I bank, a major trust company in Canada, or a member of an acceptable Medallion Signature Guarantee Program, including STAMP, SEMP, and MSP. Members of STAMP are usually members of a recognized stock exchange in Canada or members of the Investment Industry Regulatory Organization of Canada. The guarantor must affix a stamp bearing the actual words “Signature Guaranteed”. It is not necessary for a transferee to obtain a new Rights Certificate to exercise the Rights, but the signatures of the transferee on Forms 1 and 2 must correspond in every particular with the name of the transferee (or the bearer if no transferee is specified) as the absolute owner of the Rights Certificate for all purposes. If Form 3 is completed, the Agent will treat the transferee as the absolute owner of the Rights Certificate for all purposes and will not be affected by notice to the contrary.

### *Form 4 – Dividing or Combining*

Complete and sign Form 4 on the Rights Certificate only if you wish to divide or combine the Rights Certificate, and surrender it to the Agent. Rights Certificates need not be endorsed if the new Rights Certificate(s) are issued in the same name. The Agent will then issue a new Rights Certificate in such denominations (totalling the same number of Rights as represented by the Rights Certificate(s) being divided or combined) as are required by the Rights Certificate holder. Rights Certificates must be surrendered for division or combination in sufficient time prior to the Expiry Time to permit the new Rights Certificates to be issued to and used by the Rights Certificate holder.

### *Payment*

Enclose payment in Canadian funds by certified cheque, bank draft or money order payable to the order of “Computershare Investor Services Inc.” The amount of payment will be \$1.39 per Unit. Payment must also be included for any Additional Units subscribed for under the Additional Subscription Privilege.

### *Deposit*

Deliver or mail the completed Rights Certificate and payment in the enclosed return envelope addressed to the Agent so that it is received by the Agent before the Expiry Time on the Expiry Date. If mailing, registered mail is recommended. Please allow sufficient time to avoid late delivery. The signature of the Rights Certificate holder must correspond in every particular with the name that appears on the face of the Rights Certificate.

Signatures by a trustee, executor, administrator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity should be accompanied by evidence of authority satisfactory to the Agent. All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any subscription will be determined by the Agent in its sole discretion, and any determination by the Agent will be final and binding on the Trust and its security holders. Upon delivery or mailing of the completed Rights Certificate to the Agent, the exercise of the Rights and the subscription for Units is irrevocable. The Agent reserves the right to reject any subscription if it is not in proper form or if the acceptance thereof or the issuance of Units pursuant thereto could be unlawful. The Agent also reserves the right to waive any defect in respect of any particular subscription. Neither the Trustees nor the Agent are under any duty to give any notice of any defect or irregularity in any subscription, nor will they be liable for the failure to give any such notice. **Any holder of Rights that fails to complete and deliver their subscription in accordance with the foregoing instructions prior to the Expiry Time on the Expiry Date will forfeit their Rights under the Basic Subscription Privilege and the Additional Subscription Privilege attaching to those Rights.**

### **Undeliverable Rights**

Rights Certificates returned to the Agent as undeliverable will not be sold by the Agent and no proceeds of sale will be credited to such holders.

### **Sale or Transfer of Rights**

Holders of Rights in registered form in Canada may, instead of exercising their Rights to subscribe for Units, sell or transfer their Rights to any person that is not an Ineligible Holder by completing Form 3 on the Rights Certificate and delivering the Rights Certificate to the transferee. See “How to Complete the Rights Certificate”. A permitted transferee of the Rights of a registered holder of a Rights Certificate may exercise the Rights transferred to such permitted transferee without obtaining a new Rights Certificate. If a Rights Certificate is transferred in blank, the Trustees and the Agent may thereafter treat the bearer as the absolute owner of the Rights Certificate for all purposes and neither the Trustees nor the Agent will be affected by any notice to the contrary.

Rights held or acquired by residents of the United States may be transferred only in transactions outside of the United States in accordance with Regulation S under the 1933 Act. Regulation S permits the resale of the Rights by persons through the facilities of the TSXV, provided that the offer is not made to a person in the United States, neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, and no “directed selling efforts”, as that term is defined in Regulation S, are conducted in the United States in connection with the resale. Certain additional conditions are applicable to Charter’s “affiliates”, as that term is defined under the 1933 Act.

Holders of Rights through Participants who wish to sell or transfer their Rights must do so in the same manner in which they sell or transfer Units. See “Rights Certificate – Units Held Through CDS”.

### **Dividing or Combining Rights Certificates**

A Rights Certificate may be divided, exchanged or combined. See “How to Complete the Rights Certificate – Form 4 – Dividing or Combining”.

### **Reservation of Units**

The Trust will, at all times, reserve sufficient unissued Units and will permit the exchange of all the outstanding Rights for Units during the period beginning on June 30, 2010 and ending on the Expiry Date at the Expiry Time.

### **Dilution to Existing Holders**

If a Holder does not exercise all of its Rights pursuant to the Basic Subscription Privilege, the Holder’s current percentage ownership in the Trust will be diluted by the issuance of Units upon the exercise of Rights by the Holders, as well as the Purchase of Standby Units by the Standby Purchaser. Holders should be aware that the Standby Purchaser has agreed to exercise its Rights under the Basic Subscription Privilege in full pursuant to the Standby Purchase Agreement and to purchase the Standby Units, subject to certain limitations. See “Standby Commitment”.

### **Ineligible Holders**

This Offering is made only in the Eligible Jurisdictions. Accordingly, neither a subscription under the Basic Subscription Privilege nor under the Additional Subscription Privilege will be accepted from any person, or such person’s agent, who appears to be, or who the Agent has reason to believe is, an Ineligible Holder, except that the Agent may accept subscriptions in certain circumstances from an Approved Eligible Holder.

Rights Certificates will not be issued and forwarded to Holders whose registered address is not in an Eligible Jurisdiction and who are not Approved Eligible Holders. Holders will be required to provide a residency declaration in connection with any exercise of the Rights. Ineligible Holders will be presumed to be resident in the place of their registered address unless the contrary is shown to the satisfaction of the Agent. Ineligible Holders will be sent the prospectus together with a letter advising them that their Rights Certificates will be issued to and held on their behalf by the Agent. The letter will also set out the conditions required to be met, and procedures that must be followed, by Ineligible Holders wishing to participate in the Rights Offering. Rights Certificates in respect of Rights issued to Ineligible Holders will be issued to and held by the Agent as agent for the benefit of Ineligible Holders. The Agent will hold the Rights until 5:00 p.m. (Toronto time) on July 13, 2010 in order to provide Ineligible Holders an opportunity to claim the Rights Certificate by satisfying the Trustees that the issue of Units pursuant to the exercise of Rights will not be in violation of the laws of the applicable jurisdiction. Following such date, the Agent, for the account of registered Ineligible Holders, will, prior to the Expiry Time on the Expiry Date, through a broker selected by the Trust, attempt to sell the Rights of such registered Ineligible Holders represented by Rights Certificates in the possession of the Agent on such date or dates and at such price or prices as such broker will determine in its sole discretion.

Beneficial owners of Units registered in the name of a resident of an Ineligible Jurisdiction, who are not themselves resident in an Ineligible Jurisdiction, who wish to be recognized as an Approved Eligible Holder and who believe that their Rights Certificates may have been delivered to the Agent, should contact the Agent at the earliest opportunity and in any case in advance of 5:00 p.m. (Toronto time) on July 13, 2010 to request to have their Rights Certificates mailed to them.

Rights of beneficial Ineligible Holders will be held on their behalf either by the Agent or by the relevant Participant through which they hold securities. Either the Agent or the relevant Participant, as the case may be, will attempt to sell the Rights of such beneficial Ineligible Holders, for their account, on such date or dates and at such price or prices as determined by the particular agent, in its sole discretion.

The Rights and the Units issuable on the exercise of the Rights have not been qualified for distribution in any Ineligible Jurisdiction and, accordingly, may only be offered, sold, acquired, exercised or transferred in transactions not prohibited by applicable laws in Ineligible Jurisdictions. Notwithstanding the foregoing, persons located in such Ineligible Jurisdictions may be able to exercise the Rights and purchase Units provided that they furnish an investor letter satisfactory to the Agent on or before July 13, 2010. A holder of Rights in an Ineligible Jurisdiction holding on behalf of a person resident in an Eligible Jurisdiction may be able to exercise the Rights provided the holder certifies in the investor letter that the beneficial purchaser is resident in an Eligible Jurisdiction and satisfies the Agent that such subscription is lawful and in compliance with all securities and other applicable laws.

No charge will be made for the sale of Rights by the Agent except for a proportionate share of any brokerage commissions incurred by the Agent and the costs of or incurred by the Agent in connection with the sale of the Rights. Registered Ineligible Holders will not be entitled to instruct the Agent in respect of the price or the time at which the Rights are to be sold. The Agent will endeavour to effect sales of Rights on the open market and any proceeds received by the Agent with respect to the sale of Rights net of brokerage fees and costs incurred and, if applicable, the Canadian tax required to be withheld, will be divided on a *pro rata* basis among such registered Ineligible Holders and delivered by mailing cheques (in Canadian funds) of the Agent therefor as soon as practicable to such registered Ineligible Holders at their addresses recorded on the books of the Trust. Amounts of less than \$10.00 will not be remitted. The Agent will act in its capacity as agent of the registered Ineligible Holders on a best efforts basis only and the Trust and the Agent do not accept responsibility for the price obtained on the sale of, or the inability to sell, the Rights on behalf of any registered Ineligible Holder. Neither the Trust nor the Agent will be subject to any liability for the failure to sell any Rights of registered Ineligible Holders or as a result of the sale of any Rights at a particular price or on a particular day. **There is a risk that the proceeds received from the sale of Rights will not exceed the costs of or incurred by the Agent in connection with the sale of such Rights and, if applicable, the Canadian tax required to be withheld. In such event, no proceeds will be remitted.**

Similar provisions will apply to Rights held by a participant on behalf of a beneficial Ineligible Holder.

**Holders of Rights who are not resident in Canada should be aware that the acquisition and disposition of Rights and Units may have tax consequences in Canada and in the jurisdiction where they reside which are not described herein. Accordingly, such holders should consult their own tax advisors about the specific tax consequences of acquiring, holding and disposing of Rights and Units.**

#### **PLAN OF DISTRIBUTION**

Each Holder on the Record Date will receive one Right for each Unit held.

The Rights will be listed on the TSXV under the symbol "CRH.RT" and will be posted for trading on the TSXV until 12:00 noon (Toronto time) on the Expiry Date at which time they will be halted from trading. The TSXV has approved the listing of the Units issuable on the exercise of the Rights.

The Subscription Price will be \$1.39.

#### **STANDBY COMMITMENT**

Under the Standby Purchase Agreement, the Trust has agreed to sell and the Standby Purchaser has agreed, subject to certain terms, conditions and limitations, to purchase all of the Standby Units.

The Trust and the Standby Purchaser have agreed that the subscription price per Unit will be equal to the lesser of \$1.40 and the Unit's "Market Price", as such term is defined in National Instrument 45-101. The Standby Purchaser's commitment will not exceed, and the gross proceeds from the Offering will aggregate to not more than, \$10 million. The maximum Units to

be purchased under the Standby Purchase Agreement is that number of Units which, when aggregated with the Standby Purchaser's currently held Units, does not exceed 49.9% of the issued and outstanding Units on closing of the Offering.

The obligations of the Standby Purchaser under the Standby Purchase Agreement may be terminated at the discretion of the Standby Purchaser in certain circumstances, including (but not limited to) if:

- any inquiry, investigation (whether formal or informal) or other proceeding is commenced by a governmental entity in relation to the Trust or any of its subsidiaries, or in relation to any of the trustees or officers of the Trust, any of which suspends or ceases trading in any of the Rights or Units or operates to prevent or restrict the lawful distribution of any of the Rights or Units;
- any order is issued by a governmental entity, or if there is any change of law, either of which suspends or ceases trading in any of the Rights or Units or operates to prevent or restrict the lawful distribution of any of the Rights or Units;
- any material adverse change with respect to the business, condition (financial or otherwise), properties, assets, liabilities (contingent or otherwise), capital, cash flow, operations, results of operations or prospects of the Trust and any subsidiaries, on a consolidated basis, occurs;
- there should develop or occur or come into effect, any catastrophe of national or international consequence or any law or other occurrence of any nature whatsoever or, in the case of any of the foregoing that is existing, a material acceleration or worsening thereof, that, in the opinion of the Standby Purchaser, adversely affects, or is reasonably likely to adversely affect the financial markets in Canada or the United States or which results in or is reasonably likely to result in a material adverse change to the Trust and any subsidiaries;
- the Trust fails to obtain listing approval from the TSXV at least two days prior to the Record Date;
- the Rights or Units are de-listed or suspended or halted for trading for a period greater than one business day for any reason by the TSXV at any time following their initial listing at any time prior to the Closing;
- the preliminary or final prospectus or any amendment thereto is not in a form approved by the Standby Purchaser;
- certain conditions to closing have not been satisfied before July 31, 2010;
- the final prospectus is not filed on or before July 15, 2010; or
- if the Offering is otherwise terminated or cancelled or the Closing has not occurred by July 31, 2010.

The Standby Purchaser is obligated to take up and pay for all of the Standby Units, provided it will not take up and pay for any Standby Units if to do so would give it or its affiliates more than 49.9% of the issued and outstanding Units following the Offering. The Standby Purchaser owns 6,047,095 Units as of the date of this prospectus. Pursuant to the Standby Purchaser's commitment, following the Closing the Standby Purchaser, together with its affiliates, could own up to 12,455,025 Units, representing up to 49.9% of the issued and outstanding Units, assuming that none of the Units are purchased pursuant to the exercise of Rights under the Offering by other Holders.

### **RISK FACTORS**

An investment in the Units is subject to a number of risks. A prospective purchaser of such securities should carefully consider the information and risks faced by the Trust described in this prospectus and the documents incorporated by reference including without limitation the risk factors set out under the heading "Risk Factors" in the Annual Information Form.

#### *Dilution*

If a Holder does not exercise all of its Rights pursuant to the Basic Subscription Privilege, the Holder's current percentage ownership in the Trust will be diluted by the issuance of Units upon the exercise of Rights by other Holders, as well as the purchase of Standby Units by the Standby Purchaser. Holders should be aware that the Standby Purchaser has agreed to

exercise its Rights under the Basic Subscription Privilege in full pursuant to the Standby Purchase Agreement and to purchase the Standby Units, subject to certain limitations. See “Standby Commitment”.

### *Trading Market for Rights*

Although the Trustees expect that the Rights will be listed on the TSXV, the Trustees cannot provide any assurance that an active or any trading market in the Rights will develop or that Rights can be sold on the TSXV at any time.

### **CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations arising in respect of the receipt, holding, exercise and disposition of Rights under the Offering. This summary is applicable only to a holder of Rights (a “Rightsholder”) who acquires such Rights pursuant to the Offering in its capacity as a Unitholder and who, for purposes of the Income Tax Act (Canada) (the “Tax Act”) and at all relevant times, is resident or deemed to be resident in Canada, holds its Units, and will hold its Rights and any Units issued pursuant to the exercise of the Rights, as capital property and deals at arm’s length with, and is not affiliated with, the Trust. Generally, the Rights and Units will be considered capital property to a Rightsholder provided that the Rightsholder does not use or hold such securities in or in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Rightsholders who might not otherwise be considered to hold Units received upon the exercise of Rights as capital property may, in certain circumstances, be entitled to have such Units and all other “Canadian securities”, as defined in the Tax Act, owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such election will not apply to Rights.

This summary does not apply to a Rightsholder that is a “financial institution” for purposes of section 142.2 of the Tax Act, a “specified financial institution”, a Rightsholder who has elected to report its Canadian tax results in a “functional currency” (which excludes Canadian dollars) or a taxpayer an interest in which is a “tax shelter investment” (each as defined in the Tax Act). Such Rightsholders should consult their own tax advisors.

References in this summary to Units include any Additional Units subscribed for by a Rightsholder pursuant to the Additional Subscription Privilege.

This summary is based on the provisions of the Tax Act and the regulations thereunder (the “Regulations”) in force on the date hereof and an understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (“CRA”) published in writing by the CRA prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act and the Regulations which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Proposed Amendments”) and assumes that all such Proposed Amendments will be enacted in their present form, although no assurance can be given that the Proposed Amendments will be enacted in their current form or at all. This summary does not otherwise take into account any changes in law or in the administrative policies or assessing practices of the CRA, whether by legislative, governmental or judicial decision or action. This summary is not exhaustive of all possible Canadian federal income tax considerations, and does not take into account other federal or any provincial, territorial or foreign income tax legislation or considerations, which may differ materially from those described in this summary.

This summary is of a general nature only and is not, and is not intended to be, and should not be construed to be, legal or tax advice to any particular Rightsholder, and no representations concerning the tax consequences to any particular Rightsholder are made. **Rightsholders should consult their own tax advisors regarding the income tax considerations applicable to them having regard to their particular circumstances.**

### **Status of the Trust**

This summary is based on the assumption that the Trust qualifies at all relevant times as a “mutual fund trust” as defined in the Tax Act. If the Trust were not to qualify as a “mutual fund trust”, the income tax considerations described below would, in some respects, be materially different.

Currently, a trust will not be considered to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents of Canada unless all or substantially all of its property is property other than “taxable Canadian property” as defined in the Tax Act. The Declaration of Trust contains mechanisms to ensure that this limitation will not be breached. On September 16, 2004, the Minister of Finance (Canada) released draft amendments to the Tax Act providing that a trust will

cease to qualify as a mutual fund trust at the time trust units representing more than 50% of the fair market value of all issued trust units are held by one or more non-residents of Canada or one or more partnerships that are not “Canadian partnerships”, as defined in the Tax Act, where more than 10% (based on fair market value) of the trust’s property is taxable Canadian property or certain other types of property. On December 6, 2004, the Minister of Finance (Canada) tabled a Notice of Ways and Means Motion to implement certain measures proposed in the September 16, 2004 draft amendments, which Notice did not include this particular draft amendment, and the Department of Finance (Canada) indicated in a concurrent release that implementation of these draft amendments was suspended pending further consultation with interested parties.

### **SIFT Rules**

The Tax Act contains rules (the “SIFT Rules”), which tax certain publicly-traded or listed trusts in a manner similar to corporations and tax certain distributions from such trusts as taxable dividends from a taxable Canadian corporation. The SIFT Rules apply to a trust that is a “specified investment flow-through” or “SIFT” and to its investors.

A “SIFT” includes a trust resident in Canada with publicly-traded units that holds one or more “non-portfolio properties”. “Non-portfolio properties” include certain investments in real properties situated in Canada and certain investments in corporations and trusts resident in Canada and in partnerships with specified connections in Canada. The Trust will be a SIFT for purposes of the SIFT Rules unless it qualifies for the “REIT Exception” described below.

The SIFT Rules do not apply to a trust that would have been a SIFT on October 31, 2006 until its 2011 taxation year, subject to acceleration in certain circumstances where the “normal growth” of the trust exceeds certain permitted limits. This transitional relief is not available in respect of the Trust as its Units were not listed or traded on October 31, 2006.

### **SIFT Rules - REIT Exception**

The SIFT Rules are not applicable to real estate investment trusts that meet certain specified criteria relating to the nature of their income and investments. In particular, to qualify for the REIT Exception in a particular taxation year (i) the real estate investment trust must, at no time in the taxation year, hold “non-portfolio property” other than “qualified REIT properties”, (ii) not less than 95% of the real estate investment trust’s revenues for the taxation year must be derived from one or more of the following: (A) rent from “real or immovable properties”; (B) interest; (C) capital gains from dispositions of real or immovable properties; (D) dividends; and (E) royalties, (iii) not less than 75% of the real estate investment trust’s revenues for the taxation year must be derived from one or more of the following: (A) rent from “real or immovable properties”; (B) interest from mortgages, or hypothecs, on real or immovable property; and (C) capital gains from dispositions of real or immovable properties and (iv) at each time in the taxation year the total fair market value of all properties held by the real estate investment trust, each of which is a real or immovable property, cash, deposits in a bank or credit union, indebtedness of Canadian corporations represented by banker’s acceptances or, generally, a debt obligation of a government in Canada or certain other public bodies, must be at least 75% of the equity value of the real estate investment trust at that time.

As currently structured, management believes that the Trust currently qualifies for the REIT Exception. However, there is no assurance that subsequent investments or activities undertaken by the Trust will not result in the Trust failing to qualify for the REIT Exception. Accordingly, it is not possible to predict whether the SIFT Rules will have an adverse effect on the Trust or its Unitholders. The Declaration of Trust requires the Trust to make reasonable efforts to ensure that it will not be a SIFT trust. If the Trust does not qualify for the REIT Exception in a particular year, the Trust will consider reorganizing its assets and operations to qualify for the REIT Exception following such reorganization, provided that the reorganization is in the best interests of Unitholders.

This summary assumes that the Trust will satisfy the REIT Exception and will not be subject to the SIFT Rules. However, no assurances can be given that the SIFT Rules will not apply to the Trust. If the Trust is subject to the SIFT Rules, certain of the income tax considerations described below would be materially different.

### **Taxation of the Trust**

Subject to the application of the SIFT Rules, the Trust is subject to taxation in each taxation year on its income for the year, including net realized taxable capital gains, less the portion thereof that is paid or payable in such year to the Unitholders and that is deducted by the Trust in computing its income for tax purposes. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the Trust or if the Unitholder is entitled in that year to enforce payment of the amount. The taxation year of the Trust will end on December 31 of each year.

In computing its taxable income, the Trust may in accordance with the Tax Act deduct reasonable administrative costs, interest, financing and other expenses, if any, incurred by it for the purpose of earning income. In computing its taxable income, except as the Trustees otherwise determine, the Trust shall claim the maximum amount of capital cost allowance and other discretionary deductions available to the Trust under the Tax Act.

Under the Declaration of Trust, generally an amount equal to all of the taxable income of the Trust including taxable capital gains (determined without reference to paragraph 82(1)(b) and subsection 104(6) of the Tax Act, and excluding capital gains or income realized by the Trust on an in specie redemption of Units which are designated by the Trust to redeeming Unitholders) will be payable in the year to Unitholders by way of cash distributions, subject to the exceptions described below. Where the taxable income of the Trust in a taxation year exceeds the total cash distributions for that year, such excess income may be distributed to Unitholders in the form of additional Units. Income of the Trust payable to Unitholders, whether in cash, additional Units or otherwise, will generally be deductible by the Trust in computing its taxable income. Provided that all of the taxable income and net realized capital gains of the Trust are paid or payable to Unitholders in a particular taxation year, the Trust will not be subject to any tax under Part I of the Tax Act for such taxation year.

The Trust will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of Units during the year (the “capital gains refund”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the Trust’s tax liability for that taxation year arising in connection with the distribution of its property on the redemption of Units.

The Declaration of Trust provides that the income of the Trust, including net realized taxable capital gains arising on or in connection with a redemption of Units may, at the discretion of the Trustees, be paid or payable to, and where applicable designated as a taxable capital gain of, the redeeming Unitholders. Any amount so paid or payable must be included in the income of the redeeming Unitholders and will be deductible by the Trust.

Losses incurred by the Trust cannot be allocated to Unitholders but can be deducted by the Trust in computing its income in future years, in accordance with the Tax Act.

## **Taxation of Rightsholders**

### ***Receipt of Rights***

Generally, an amount equal to the fair market value of a Right received will be required to be included in computing the income of a Rightsholder at the time of receipt of the Right. The cost to a Rightsholder of Rights received under the Offering will be equal to the amount included in the Rightsholder’s income. Where a Rightsholder acquires Rights otherwise than pursuant to the Offering, for purposes of determining the adjusted cost base of each Right held by the Rightsholder, the cost of Rights so acquired must be averaged with the adjusted cost base to the Rightsholder of all other identical Rights held by the Rightsholder as capital property.

The Trust believes that the fair market value of a Right at the time it is received under the Offering will be nominal, although such view is not binding on the CRA or a Rightsholder.

### ***Exercise of Rights***

The exercise of Rights will not constitute a disposition of property for purposes of the Tax Act and, consequently, no gain or loss will be realized by a Rightsholder upon the exercise of Rights. The cost of Units acquired by a Rightsholder upon the exercise of Rights will be equal to the aggregate of the Subscription Price paid for such Units and the adjusted cost base to the Rightsholder of the Rights exercised. For the purpose of determining the adjusted cost base of each Unit held by a Rightsholder, the cost of Units acquired by a Rightsholder upon the exercise of Rights must be averaged with the adjusted cost base to the Rightsholder of all other Units held by the Rightsholder as capital property.

### ***Disposition of Rights***

Upon the disposition or deemed disposition of a Right by a Rightsholder (other than pursuant to the exercise or expiry thereof), the Rightsholder will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition for the Right exceed (or are less than) the adjusted cost base of the Right to the Rightsholder and any reasonable costs of the disposition. Capital gains or losses are subject to the treatment described below – refer to “Capital Gains and Capital Losses”.

### ***Expiry of Rights***

Upon the expiry of an unexercised Right, a Rightsholder will realize a capital loss equal to the adjusted cost base of the Right to the Rightsholder. Capital losses are subject to the treatment described below – refer to “Capital Gains and Capital Losses”.

### **Taxation of Unitholders**

#### ***Distributions***

A Unitholder will generally be required to include in computing income for a particular taxation year the portion of the taxable income of the Trust for a taxation year, including net realized taxable capital gains, that is paid or payable to the Unitholder in the particular taxation year, whether that amount is received in cash, additional Units or otherwise.

Provided that appropriate designations are made by the Trust, such portions of the net taxable capital gains, taxable dividends received or deemed to be received on shares of taxable Canadian corporations and foreign source income as is paid or payable, or deemed to be paid or payable to a Unitholder, will effectively retain their character and be treated as such in the hands of the Unitholder for purposes of the Tax Act and Unitholders may be entitled to claim a foreign tax credit for foreign taxes paid by the Trust. To the extent that amounts are designated as having been paid out of the net taxable capital gains of the Trust, such designated amounts will be deemed for tax purposes to be received by Unitholders in the year as a taxable capital gain and will be subject to the general rules relating to the taxation of capital gains - refer to “Capital Gains and Capital Losses” (below). To the extent that amounts are designated as having been paid to Unitholders out of taxable dividends received or deemed received on shares of taxable Canadian corporations, the gross-up and dividend tax credit rules will apply to individuals, the deduction in computing taxable income will be available to corporations, and the refundable tax under Part IV of the Tax Act will be payable by Unitholders that are private corporations and certain other corporations controlled directly or indirectly by or for the benefit of an individual or a related group of individuals. Unitholders should consult their own tax advisors for advice with respect to the potential application of these provisions.

The non-taxable portion of any net realized capital gains of the Trust that is paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder’s income for the year. Any other amount in excess of the taxable income of the Trust that is paid or payable or deemed to be paid or payable to a Unitholder in a taxation year will generally not be included in the Unitholder’s income for the year, but will reduce the Unitholder’s adjusted cost base of its Units. Where reductions to a Unitholder’s adjusted cost base of Units for the year will result in the adjusted cost base becoming a negative amount, such amount will be treated as a capital gain realized by the Unitholder in the year and the Unitholder’s adjusted cost base of the Units at the beginning of the next year will then be nil. Refer to “Capital Gains and Capital Losses” (below).

In general, taxable income and net taxable capital gains payable to Unitholders will be allocated among Unitholders for purposes of the Tax Act in the same proportion as distributions received by Unitholders, unless the Trustees determine otherwise.

#### ***Disposition of Units***

On the disposition or deemed disposition of a Unit, a Unitholder will generally realize a capital gain (or capital loss) equal to the amount by which the Unitholder’s proceeds of disposition exceed (or are less than) the adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by the Trust that is otherwise required to be included in the Unitholder’s income. Refer to “Capital Gains and Capital Losses” (below).

The adjusted cost base of a Unit to a Unitholder will include all amounts paid by the Unitholder for the Unit, subject to certain adjustments. The cost to a Unitholder of additional Units received in lieu of a cash distribution of income will be the amount of income distributed by the issue of those Units. For the purpose of determining the adjusted cost base to a Unitholder of Units, the cost of any newly-acquired Units will be averaged with the adjusted cost base of all Units owned by a Unitholder as capital property immediately before that time.

Where Units are redeemed by the distribution by the Trust of notes or other property of the Trust, the proceeds of disposition to the Unitholder of the Units will be equal to the fair market value of such notes or other property so distributed, less any income or capital gain realized by the Trust in connection with the redemption of those Units which has been designated by the Trust to the Unitholder. Where income or capital gain realized by the Trust is so designated by the Trust to a redeeming Unitholder, the Unitholder will be required to include, in computing its income, the income or taxable portion of the capital gain so designated. The cost to a Unitholder of any notes or other property distributed by the Trust to a redeeming Unitholder

upon redemption of Units will be equal to the fair market value of such notes or other property. The Unitholder will thereafter be required to include in income interest on any such notes, in accordance with the provisions of the Tax Act.

### ***Capital Gains and Capital Losses***

One-half of any capital gain (a “taxable capital gain”) realized by a holder and the amount of any net taxable capital gains designated by the Trust in respect of a Unitholder will generally be included in the holder’s income for the year as a “taxable capital gain”. One-half of any capital loss realized by the holder (an “allowable capital loss”) must generally be deducted by such holder against taxable capital gains for the year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains in such years, subject to the detailed provisions of the Tax Act.

A capital loss realized by a Unitholder that is a corporation or a trust (other than a “mutual fund trust”) on the disposition of a Unit, whether directly or as a member of a partnership, may be reduced in respect of certain distributions to the Unitholder out of taxable dividends received (directly or indirectly) by the Trust and designated by the Trust to such Unitholder, to the extent and under the circumstances described in the Tax Act.

A Unitholder that is a Canadian-controlled private corporation (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on certain investment income, including taxable capital gains.

### ***Alternative Minimum Tax***

In general terms, taxable income of the Trust paid or payable to a Unitholder who is an individual or a certain type of trust that is designated as taxable dividends or net taxable capital gains and capital gains realized on the disposition of Units may increase the Unitholder’s liability for alternative minimum tax.

### **Expiry of Rights**

Upon the expiry of an unexercised Right, a Resident Rights Holder will realize a capital loss equal to the adjusted cost base of the Right to the Resident Rights Holder. See above regarding the treatment of capital losses.

## **ELIGIBILITY FOR INVESTMENT**

Based on the provisions of the Tax Act and the Regulations in force on the date hereof and provided that the Units are listed on a designated stock exchange (which currently includes the TSXV) or the Trust is a “mutual fund trust”, the Units if issued on the date hereof, would be a qualified investment under the Tax Act and the Regulations for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, tax-free savings accounts (“TFSA”), registered education savings plans, and registered disability savings plans (each a “Registered Plan”). Provided that the Rights are listed on a designated stock exchange (which currently includes the TSXV) or the Units are a qualified investment for Registered Plans on the closing date of the Offering, the Rights will also be qualified investments on that date for any Registered Plan provided that on that date neither the Trust, nor any person with whom the Trust does not deal at arm’s length for purposes of the Tax Act, is an annuitant, a beneficiary, an employer or a subscriber under or a holder of, such Registered Plan.

Notwithstanding the foregoing, a holder of Units or Rights will be subject to a penalty tax if such a security is held in a TFSA and is a “prohibited investment” for a TFSA under the Tax Act. Provided that the holder of a TFSA deals at arm’s length with the Trust for purposes of the Tax Act, and does not hold a “significant interest” (within the meaning of the Tax Act) in either the Trust or a person or partnership with which the Trust does not deal at arm’s length for purposes of the Tax Act, the Units and Rights will not be “prohibited investments” for such a TFSA. A significant interest generally means the ownership of 10% or more of the value of the Trust’s outstanding Units by the holder, either alone or together with persons or partnerships with which the holder does not deal at arm’s length. Prospective purchasers who intend to hold Rights or Units in a TFSA should consult their own tax advisors as to whether such securities will be a prohibited investment in their particular circumstances.

### **LEGAL MATTERS**

Certain legal matters relating to the Offering and to the Rights to be distributed pursuant to this prospectus will be reviewed on our behalf by McCarthy Tétrault LLP. We have provided Tétrault LLP with a certificate concerning certain factual matters relevant to such review. As of June 16, 2010, the partners and associates of McCarthy Tétrault LLP, as a group, beneficially owned, directly or indirectly, less than 1% of the outstanding Units of the Trust.

### **AUDITORS, AGENT AND REGISTRAR**

Deloitte & Touche LLP of Toronto, Ontario are our auditors.

Computershare Investor Services Inc. is our transfer Agent and registrar at its principal offices in Toronto, Ontario.

### **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. You should refer to applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal advisor.

## AUDITORS' CONSENT

We have read the short form prospectus of Charter Real Estate Investment Trust (the "Trust") dated June 16, 2010 regarding the Offering of Rights to purchase Units at a purchase price of \$1.39 per Unit. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the unitholders of the Trust on the consolidated balance sheets of the Trust as at December 31, 2009 and 2008 and the consolidated statements of operations and comprehensive loss, unitholders' equity and cash flows for years then ended. Our report is dated March 2, 2010.

(signed) Deloitte & Touche LLP  
Chartered Accountants  
Licensed Public Accountants  
Toronto, Ontario  
June 16, 2010

**CERTIFICATE OF THE TRUST**

June 16, 2010

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

(signed) Patrick Miniutti  
Chief Executive Officer

(signed) Floriana Cipollone  
Acting Chief Financial Officer

On behalf of the Trustees  
of the Trust

(signed) Saul Shulman  
Trustee

(signed) Janet Graham  
Trustee