CHARTER REAL ESTATE INVESTMENT TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2008

OVERVIEW

On May 10, 2007, Charter Realty Holdings Ltd. (the "Company") completed its conversion to a trust structure under a Plan of Arrangement (the "Arrangement"). The Arrangement resulted in shareholders of the Company transferring their shares to Charter Real Estate Investment Trust ("Charter" or the "REIT"), in consideration for units of the REIT. Each 10 issued shares of the Company were transferred to the REIT in exchange for 1 unit of the REIT. Pursuant to the Arrangement, the Company is a wholly-owned subsidiary of the REIT.

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

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

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

Charter's major unitholder is C.A. Bancorp Inc., which currently owns approximately 33.1% of the outstanding units of Charter.

ADVISORY

This *Management's Discussion and Analysis* ("MD&A") presents an analysis of the financial condition of Charter for the quarter ended March 31, 2008. The MD&A should be read in conjunction with the unaudited interim consolidated financial statements and the accompanying notes of the REIT for the quarter ended March 31, 2008 and with the audited consolidated financial statements and the accompanying notes of the REIT for the year ended December 31, 2007. Historical results, including trends which might appear, should not be taken as indicative of future operations or results.

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

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

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

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 May 6, 2008 and presents material information up to this date, unless otherwise noted.

HIGHLIGHTS

During the first quarter of 2008 Charter:

- acquired its seventh property – Place Val Est in Sudbury, a 110,313 square foot grocery-anchored retail strip centre for an aggregate purchase price of $14,720,000, bringing total assets acquired to approximately $112,000,000 since January 1, 2007;
- has a balance sheet that remains strong, with a debt-to-gross book value of 54%;
- has $11,775,000 available under its acquisition facility at the date of this MD&A, for remaining acquisition capacity of between $29,000,000 and $34,000,000, while a further $14,000,000 bridge facility from C.A. Bancorp Inc. remains undrawn;
- established a Distribution Reinvestment and Optional Unit Purchase Plan, which currently has approximately 24% participation by existing unitholders, saving Charter significant cash in terms of its monthly distributions;
- had an average occupancy rate for the portfolio of 97.5% - unchanged from December 31, 2007;
- recorded NOI[(2)] from its properties of $2,034,971 for the quarter ended March 31, 2008, representing a 20% increase from the quarter ended December 31, 2007 of $1,693,610 and a 4,734% increase from the quarter ended March 31, 2007 of $42,100;
- recorded same property NOI[(2)] for the quarter ended March 31, 2008 of $1,843,095, only marginally lower than the $1,892,701 recorded for the quarter ended December 31, 2007. The decrease was mainly due to increased snow removal costs at the Méga Centre property as a result of the heavier than expected snowfall;
- had a net loss of $468,977 or $0.03 per unit basic and diluted for the quarter ended March 31, 2008 (for the quarter ended December 31, 2007 – net loss of $290,031 or $0.02 per unit basic and diluted and for the quarter ended March 31, 2007 – net loss of $584,833 or $0.48 per unit basic and diluted); and
- recorded for the quarter ended March 31, 2008, FFO[(2)] of $703,490 or $0.04 per unit basic and diluted, an increase of 4% from the quarter ended December 31, 2007 of $676,304 or $0.04 per unit basic and diluted and an increase from the quarter ended March 31, 2007 of $(575,019) or $(0.47) per unit basic and diluted.

The following is a summary chart of selected financial information:

	Q1 2008	Q1 2007[1]	Q4 2007
NOI[2]	**$ 2,034,971**	$ 42,100	$ 1,693,610
FFO[2]	**$ 703,490**	$ (575,019)	$ 676,304
FFO per unit - diluted[2]	**$ 0.04**	$ (0.47)	$ 0.04
Net loss	**$ 468,977**	$ 584,833	$ 290,031
Net loss per unit - diluted	**$ 0.03**	$ 0.48	$ 0.02
Distributions	**$ 1,370,141**	$ -	$ 1,366,085
Distributions per unit[3]	**$ 0.078**	$ -	$ 0.078
Cash distributions	**$ 1,275,845**	$ -	$ 1,366,085
Cash distributions per unit	**$ 0.073**	$ -	$ 0.078
Gross book value of real estate	**$112,381,156**	$ 39,809,773	$ 97,309,050
Mortgages payable and credit facilities	**$ 63,330,140**	$ 37,853,579	$47,816,387
Debt-to-gross book value	**54.3%**	88.5%	47.1%

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

CHARTER'S BUSINESS

Charter is focused on acquiring retail and mixed-use retail community centres in the mid-market deal size range of $10 to $40 million from both primary and secondary markets throughout Canada. Management is of the view that retail community centres are attractive investments because they offer stable cash flow where the majority of rents are derived from national and regional retailers with multi-year leases, as is the case with Charter's portfolio. These centres typically provide growth opportunities through the lease-up of vacant space, the upward trend in rental rates through contractual escalations and through management's active re-merchandising and re-development of the properties. The REIT will look to create a base of retail assets that provide both a reliable, stable cash flow and an opportunity for yield growth through re-leasing, re-development and/or development of assets.

Management believes that it can obtain high quality, stable retail properties with the potential for value-add opportunities by focusing on both enclosed and open-air community shopping centres in primary and secondary markets. These centres would typically be between 100,000 and 500,000 square feet and anchored by department stores, discount retailers and/or supermarkets. These types of assets are generally not the primary target of other public entities or institutional real estate managers, and represent undervalued opportunities in terms of the risk/reward ratio that they offer. Charter intends to maximize the value of both enclosed and open-air centres by executing the appropriate re-merchandising and re-development strategy wherever possible.

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

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

REAL ESTATE PORTFOLIO AND ACQUISITIONS

Place Val Est Acquisition

On January 31, 2008, the REIT completed the acquisition of Place Val Est, a grocery-anchored retail strip centre located in Sudbury, Ontario, for an aggregate purchase price before closing costs of $14,720,000.

The property is a 110,313 square foot strip centre located in the north section of Sudbury (Valley East). It has the dominant grocery store in that area and is currently 98.1% leased, with 81% of the tenants being national/regional retailers. The estimated going-in yield for the acquisition on an unlevered basis was approximately 8.06% before closing costs [(1)].

The property was originally developed in 1983 and has seen many additions to it over the last 20 years. Tenants include a Metro grocery store operating under the "Loeb" banner (33,063 square feet), SAAN Stores Ltd. (22,742 square feet), PharmaSave (6,500 square feet), Pro Hardware (5,358 square feet), RBC (4,900 square feet), LCBO (2,746 square feet), Harvey's (3,350 square feet) and Tim Horton's (2,450 square feet). It should be noted that SAAN Stores Ltd. entered into *Companies' Creditors Arrangement Act* (CCAA) protection. In connection therewith, the REIT received a rental guarantee from the vendor if the lease is altered or terminated through the CCAA proceedings.

The average term to maturity of existing leases is 5.5 years. In the next five years, leases representing the percentage of leased retail square feet set out below will expire:

Year	Leased sq. ft. expiring	% of square feet
2008 - remainder	12,716	11.7%
2009	2,821	2.6%
2010	5,473	5.1%
2011	9,699	9.0%
2012	23,418	21.6%

The weighted average rent for the centre is $11.05 per square foot.

Notes:

(1) Based on in-place leases at the time of acquisition.

With the Valley East population of approximately 20,000, the property has become the main shopping destination in the community. Valley East is the fastest growing area of Sudbury, with 27.9% of all Sudbury new home construction taking place there over the first 10 months of 2007. Furthermore, this number has grown by 20% on a year-over-year basis. The area's growth should allow the REIT to raise rents as leases expire, and lead to significant organic growth at the property.

Redcliff Realty Management Inc. provides property management services for Place Val Est under similar terms as those provided for Charter's Cornwall Square property. There is a property management fee of 3% of gross revenues, leasing fees ranging from $0.45 to $3.25 per square foot and other customary property management fees on market terms. The property management agreement is terminable by either party on 90 days' notice.

The REIT has assumed an existing first mortgage loan in the amount of $8,099,224. The loan matures in 2015 and bears interest at a rate of 5.166% per annum. The remainder of the acquisition was financed by the REIT's acquisition facility.

Real Estate Portfolio

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

Property and location	Property type	Date built /redeveloped	Anchor tenants	Gross Leaseable Area (sq.ft.) Retail[1]	Storage space	Occupancy[2]	% of annualized base rental revenue	Weighted average rent
Ontario:								
Cornwall Square Cornwall, Ontario	Enclosed Mall	1979/1989	Sears Loblaws (No Frills)	250,100	1,258	97.6%	34.8%	$11.93
Place Val Est Sudbury, Ontario	Grocery-anchored Strip Centre	1983/1987, 1990, 1998	Metro (Loeb)	110,313	-	98.1%	14.7%	$11.05
Rona Property Exeter, Ontario	Free Standing	1996/2000	Rona	42,780	-	100%	1.6%	$12.00
Rona Property Seaforth, Ontario	Free Standing	1962/2000	Rona	19,622	-	100%	0.5%	$12.00
Rona Property Zurich, Ontario	Free Standing	1961/2000	Rona	24,400	-	100%	0.4%	$12.00
Quebec:								
Méga Centre Montreal, Quebec	Power Centre	1973/1993, 1999, 2000, 2004	Brault & Martineau Staples Future Shop	277,477	36,081	95.3%	33.2%	$10.52
Châteauguay Montreal, Quebec	Mixed-use Strip Centre	1970/1994	Staples	115,758	-	100%	14.8%	$10.68
Total				**840,450**	**37,339**	**97.5%** [3]	**100%**	**$11.18** [3]

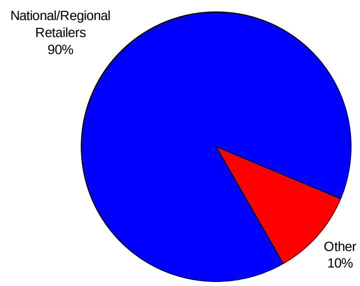
Notes:

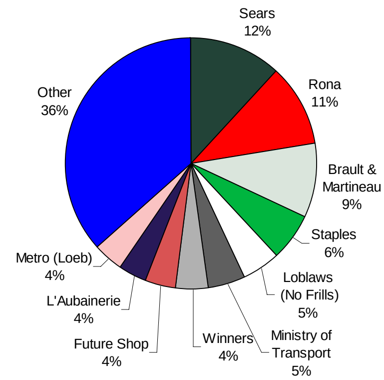
(1) Includes office space in mixed-use retail properties.

(2) Retail/office portion only.

(3) Represents weighted average for the portfolio.

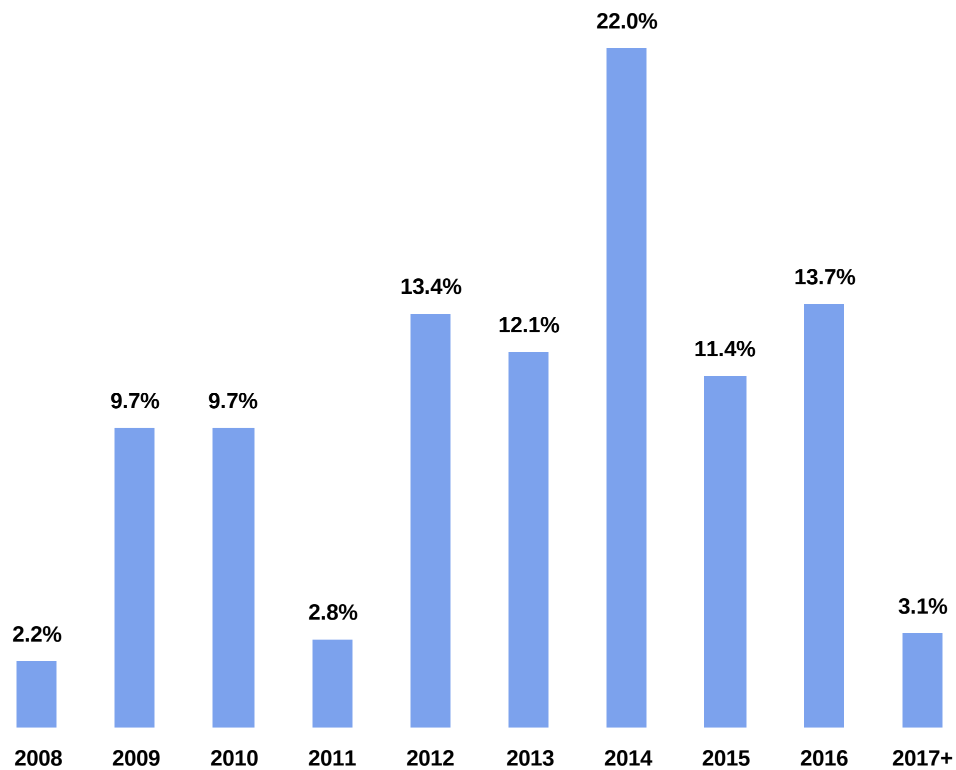
The current tenant mix for the properties is as follows:





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

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



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

Leasing Activity and Occupancy

During the quarter, the portfolio had lease expiries of 8,236 square feet at an average base rent of $20.45 per square foot. New or renewal leases of 8,745 square feet have been entered into during the quarter, at an average base rent of $20.50 per square foot. The average occupancy rate for the portfolio remained the same at 97.5%, compared to December 31, 2007 (pro-forma Place Val Est).

OTHER Q1 2008 EVENTS

Distribution Reinvestment Plan (DRIP)

In January 2008, the REIT established a Distribution Reinvestment and Optional Unit Purchase Plan ('the DRIP") to enable Canadian resident unitholders to acquire additional units of the REIT:

1. through the reinvestment of regular monthly distributions on all or any part of their units; and
2. once enrolled in the DRIP, through optional cash payments subject to a minimum of $1,000 per month and a maximum of $12,000 per calendar year.

DRIP units will be issued directly from the treasury of the REIT at a price based on the volume-weighted average of the closing price for the 20 trading days immediately preceding the relevant distribution date. Participants will receive "bonus units" in an amount equal in value to 3% of each cash distribution.

The REIT has reserved for issuance with the TSXV 500,000 additional units to accommodate the issuance of units under the DRIP. Currently, holders of approximately 24% of the total issued and outstanding units have enrolled in the DRIP.

FINANCIAL REVIEW

Financial Results

The following is a summary of selected financial information.

	Three months ended March 31,		**Three months ended December 31,**
	2008	2007	2007
Revenues from rental properties	**$ 3,610,932**	$ 51,454	$ 2,990,496
Interest income	**$ 14,841**	$ 9,752	$ 22,966
Rental property operating costs	**$ 1,575,961**	$ 9,354	$ 1,296,886
Interest expense	**$ 825,510**	$ 19,257	$ 566,304
Incentive unit option compensation	**$ 54,069**	$ 30,732	$ 57,958
General and administrative expenses	**$ 317,600**	$ 227,047	$ 246,030
Depreciation and amortization	**$ 1,321,610**	$ 9,814	$ 1,126,841
Corporate transaction costs and other	**-**	$ 349,835	$ 9,474
Net loss	**$ 468,977**	$ 584,833	$ 290,031
Net loss per unit-basic & diluted	**$ 0.03**	$ 0.48	$ 0.02

The net loss for the first quarter 2008 compared to the fourth quarter of 2007 was impacted by: higher net operating income from the Châteauguay property (net of first mortgage financing expense) as a result of a full quarter of ownership; and two months of net operating income from the newly acquired Place Val Est property (net of first mortgage financing expense). This was partly offset by increased interest expense from the acquisition facility as a result of $7,500,000 of drawdowns during the quarter to fund the Place Val Est acquisition and for general working capital purposes, decreased net operating income from the Méga Centre property (which will be discussed in more detail in the "Net Operating Income" and "Funds From Operations" sections below), increased general and administrative expenses (which is discussed below) and higher depreciation and amortization from the newly acquired Place Val Est property as well as a full quarter of depreciation and amortization from the Châteauguay property.

The first quarter 2008 net loss improved compared to the first quarter of 2007 mainly as a result of $72.5 million in property acquisitions since then, as well as the full quarter impact of income from the Méga Centre which was acquired on March 30, 2007.

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

Interest expense increased in the first quarter of 2008 compared to the fourth quarter of 2007 mainly as a result of the full quarter impact of ownership of the Châteauguay property and its related first mortgage financing, new interest expense incurred on the first mortgage financing for the Place Val Est property and higher interest expense on the acquisition facility as a result of $7,500,000 of drawdowns during the quarter to fund the Place Val Est acquisition and for general working capital purposes.

Interest expense increased in the first quarter of 2008 compared to the first quarter of 2007 mainly as a result of first mortgage financings obtained on all of the acquisitions completed since then, the full quarter impact of the first mortgage financing on the Méga Centre property which was obtained on March 30, 2007, as well as interest expense on net drawdowns on the acquisition facility.

Interest expense includes amortization of financing fees on mortgages payable of $6,604 for the quarter ended March 31, 2008 ($4,490 for the three months ended December 31, 2007 and nil for the three months ended March 31, 2007).

General and administrative expenses increased by $71,570 for the quarter ended March 31, 2008 compared to the fourth quarter of 2007 mainly as a result of increased professional fees relating to additional tax compliance work. General and administrative expenses were also higher for the quarter ended March 31, 2008 compared to the quarter ended March 31, 2007, mainly as a result of increased audit and tax compliance fees and an increased asset management fee. General and administrative expenses for the quarter consist of legal and consulting fees of $22,400, audit and tax compliance fees of $84,136, trustee fees of $27,963, asset management fee of $87,821, corporate filing, shareholder reports, news releases and transfer fees of $49,058 and other expenses of $46,222.

Net Operating Income

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

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

Net Operating Income – All Properties

	Three months ended March 31, 2008	Three months ended March 31, 2007	Favourable/ (unfavourable) variance
Revenues from rental properties	**$ 3,610,932**	$ 51,454	**$ 3,559,478**
Rental property operating costs	**1,575,961**	9,354	**(1,566,607)**
Net operating income	**$ 2,034,971**	$ 42,100	**$ 1,992,871**

The increase in NOI for the quarter ended March 31, 2008 compared to the quarter ended March 31, 2007 is primarily due to $72.5 million of property acquisitions completed since March 31, 2007. As well, the Méga Centre property was acquired on March 30, 2007 – a full quarter impact for that property was, therefore, not included in the first quarter 2007 results. Also, it should be noted that 4,871 square feet in the Place Val Est property is subject to a ‘head lease’ with the vendor for a 2 year term. NOI from the head lease is not included in the statement of operations but rather went to reduce the purchase price of the property.

	Three months ended March 31, 2008	Three months ended December 31, 2007	Favourable/ (unfavourable) variance
Revenues from rental properties	**$ 3,610,932**	$ 2,990,496	**$ 620,436**
Rental property operating costs	**1,575,961**	1,296,886	**(279,075)**
Net operating income	**$ 2,034,971**	$ 1,693,610	**$ 341,361**

The increase in NOI for the quarter ended March 31, 2008 compared to the quarter ended December 31, 2007 is primarily due to the full quarter impact of NOI from the Châteauguay property of approximately $199,000 (purchased on November 30, 2007) and NOI recorded from the newly acquired Place Val Est property of approximately $192,000 (purchased on January 31, 2008). This was partly offset by a decrease in NOI from the Méga Centre property of approximately $46,000.

The decrease in NOI from the Méga Centre property mainly relates to an increase in snow removal costs as a result of the heavier than expected snowfall and increased utilities attributable to vacant space, partly offset by the positive change in bad debt expense recorded on the property.

Net Operating Income – Same Properties

The same-property NOI included in the following table, includes the operating results for the properties that were owned throughout the current and comparative three month periods. Any properties that were acquired during the comparative three month period have been "grossed-up" for a full period. The same-property NOI has not been prepared for the quarter ended March 31, 2007 since the Méga Centre acquisition which occurred in the first quarter of 2007, was acquired on March 30, 2007 and therefore a grossed-up NOI would not be meaningful for this property.

	Three months ended March 31, 2008	**Three months ended December 31, 2007**	**Favourable/ (unfavourable) variance**
Revenues from rental properties	**$ 3,251,843**	$ 3,297,847	**$ (46,004)**
Rental property operating costs	**1,408,748**	1,405,146	**(3,602)**
Net operating income	**$ 1,843,095**	$ 1,892,701	**$ (49,606)**

NOI on a same-property basis, decreased from the quarter ended December 31, 2007 mainly as a result of a decline in NOI at the Méga Centre property. This was mainly due to an increase in snow removal costs as a result of the heavier than expected snowfall and increased utilities attributable to vacant space, partly offset by the positive change in bad debt expense recorded on the property.

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 March 31, 2008	Three months ended March 31, 2007	Three months ended December 31, 2007
Net (loss) for the period	**$ (468,977)**	$ (584,833)	$ (290,031)
Add depreciation & amortization of:			
Income producing properties	**724,581**	3,744	600,425
Deferred costs	**8,967**	-	7,211
Intangible assets	**438,919**	6,070	358,699
FFO	**$ 703,490**	$ (575,019)	$ 676,304
Weighted average units			
Basic	**17,612,784**	1,216,778	17,601,912
Diluted	**17,624,055**	1,216,778	17,648,776
FFO per unit			
Basic	**$ 0.04**	$ (0.47)	$ 0.04
Diluted	**$ 0.04**	$ (0.47)	$ 0.04

FFO increased significantly during the three months ended March 31, 2008, compared to the three months ended March 31, 2007 as a result of the significant acquisitions made over that time, as well as the full quarter impact of the Méga Centre acquisition which closed on March 30, 2007.

FFO increased by $27,186 for the quarter ended March 31, 2008 compared to the quarter ended December 31, 2007 mainly as a result of an increase in NOI of $341,361, partly offset by higher interest expense of $259,206 and higher general and administrative expenses of $71,570.

Balance Sheet Analysis and Liquidity and Capital Resources

	As at March 31, 2008	As at December 31, 2007
Income producing properties	**$ 98,879,100**	$ 85,718,514
Intangible assets	**10,694,503**	9,935,606
Deferred costs	**635,847**	759,250
Cash	**1,358,066**	1,423,523
Restricted cash	**481,475**	481,475
Other assets	**1,257,397**	1,258,065
Total assets	**$ 113,306,388**	$ 99,576,433
Mortgages payable	**$ 44,330,140**	$ 36,316,387
Credit facilities	**19,000,000**	11,500,000
Other liabilities	**2,801,079**	2,862,230
Total liabilities	**66,131,219**	50,678,617
Unitholders' equity	**47,175,169**	48,897,816
Total liabilities and unitholders' equity	**$ 113,306,388**	$ 99,576,433

At March 31, 2008, the REIT had total assets of $113,306,388, a $13,729,955 increase from December 31, 2007, reflecting the Place Val Est acquisition which occurred during the quarter.

Deferred costs of $635,847 represent leasing costs, tenant improvements and deferred recoverable expenditures mainly incurred on Cornwall Square, net of amortization as well as deferred financing costs on the acquisition facility and the bridge facilities, net of amortization.

Restricted cash represents the remaining balance of the reserve fund the REIT was required to set up with its first mortgage lender on Méga Centre in order to fund future capital expenditures at the centre.

Other assets of $1,257,397 at March 31, 2008 include prepaid expenses of $697,083 (which primarily consist of prepaid property taxes and insurance) and accounts receivable of $560,314. Within accounts receivable, $132,964 relates to accumulated rental revenue recognized on a straight-line basis.

Unitholders' equity was impacted by the net loss recorded for the quarter, as well as $1,370,141 in distributions to unitholders. The REIT commenced monthly cash distributions to unitholders in August 2007 in an amount of $0.02587 per unit or the equivalent of $0.3104 per unit per annum. The REIT's trustees have discretion in declaring distributions and review those distributions on a regular basis. For further discussion about the REIT's distributions, see below under the heading "Cash Flow". The REIT issues equity when it is appropriate and when it believes that it can deploy that capital accretively. The REIT uses its acquisition facility to fund the equity portion of acquisitions.

Mortgages and Other Financing

Mortgages Payable

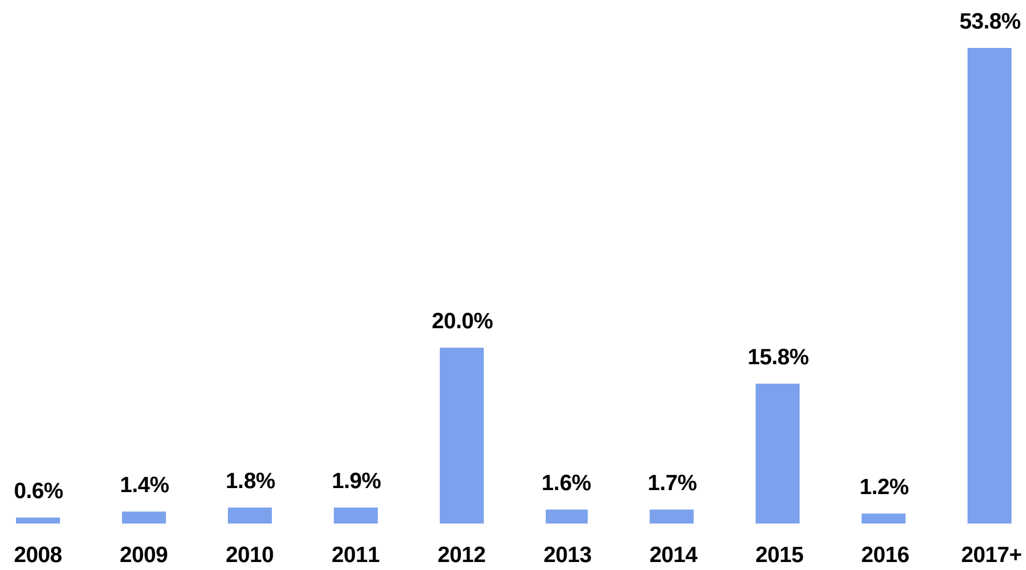
The REIT's objective in securing mortgages for its properties and managing its long-term debt is to stagger the maturities in order to mitigate against short-term volatilities in the debt markets. The REIT has first mortgages on all of its properties except for the Rona properties and Cornwall Square.

With the closing of Place Val Est on January 31, 2008, the REIT assumed an existing first mortgage loan in the amount of $8,099,224. The loan matures in 2015 and bears interest at a rate of 5.166% per annum. The loan was originally obtained by the vendor in 2005 and amortized over a 25-year period. The amortization period for the loan from the date of acquisition is 273 months or 22.75 years.

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

Year	Principal instalment payments	Balance maturing	Total	Contractual interest rate on debt maturing
2008 (remainder)	**$278,823**	**-**	**278,823**	
2009	**644,707**	**-**	**644,707**	
2010	**810,496**	**-**	**810,496**	
2011	**854,029**	**-**	**854,029**	
2012	**899,902**	**8,014,133**	**8,914,035**	**5.394%**
Thereafter	**2,961,614**	**30,085,651**	**33,047,265**	**5.29%**
Total	**6,449,571**	**38,099,784**	**44,549,355**	

The REIT's current average term to maturity on its mortgages payable is 8.1 years, and the weighted average contractual interest rate is 5.29%. The following is a 10-year debt maturity table starting with the remainder of 2008:



Bridge Financing

Prior to the end of the quarter, the REIT had two bridge credit facilities (the "Bridge Facilities") – one with KingSett Capital for $10,000,000 and one with C.A. Bancorp Inc. for $14,000,000.

The KingSett Capital facility (the "KingSett Facility") which was undrawn at March 31, 2008, bore interest at an annual rate of 12% and expired April 1, 2008. The REIT decided not to renew this facility with the lender.

The C.A. Bancorp Inc. facility (the "C.A. Bancorp Facility") bears interest at an annual rate of 12% and expires April 1, 2009. Any principal amount drawn on the C.A. Bancorp Facility is repayable at any time without penalty. The C.A. Bancorp Facility has been secured by a general security agreement with the REIT, which is subordinate to the security held by other lenders. The C.A. Bancorp Facility can be used to fund future acquisitions subject to lender approval of the particular acquisition and other restrictions.

Acquisition Facility

In connection with the acquisition of Cornwall Square on August 9, 2007, the REIT obtained a $32,250,000 364 day revolving acquisition facility (the "Acquisition Facility"). The Acquisition Facility is secured by Cornwall Square. The Acquisition Facility may be used to fund the equity portion of future acquisitions (without lender approval of the particular acquisition) and for general working capital purposes. Pursuant to the terms of the Acquisition Facility, from time to time, the amount permitted to be drawn under the Acquisition Facility may be adjusted based on certain financial tests. As of the date of this MD&A, the permitted draw down is $31,275,000. Amounts drawn down under the Acquisition Facility will bear interest at a rate equal to the Bank's prime rate plus 0.75% per annum and Banker's Acceptances will bear interest at a rate equal to the Bank's Acceptance stamping fee plus 1.75% per annum. The Acquisition Facility contains financial covenants with respect to maintaining agreed upon debt-to-gross book value ratios and other tests customary for this type of facility.

During the quarter ended March 31, 2008, $7,500,000 was drawn down under the Acquisition Facility to fund a portion of the Place Val Est acquisition and for general working capital purposes. Subsequent to the quarter end, up to the date of this MD&A, a further $500,000 has been drawn to fund deposits on potential acquisitions and for general working capital purposes, for a total of $19,500,000 drawn on the Acquisition Facility.

Conversations with the lender to renew the Acquisition Facility have been initiated.

Financing Costs

The unamortized balance of financing costs of $219,215 at March 31, 2008 relating to mortgages payable, has been netted against the mortgages payable on the balance sheet. The unamortized balance of financing costs of $171,102 at March 31, 2008 relating to the Acquisition Facility and the Bridge Facilities, has been capitalized to deferred costs on the balance sheet.

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

Debt-to-Gross Book Value

Real estate is a capital intensive industry. As a result, debt capital is a very important aspect to managing the business. In addition, financial leverage is used to enhance returns from purchased real estate. Given the importance of debt capital to real estate entities, the REIT monitors its debt-to-gross book value ratio, a ratio that has become a common industry metric reviewed by analysts, unitholders and others within the industry. Although the REIT does not have a specific debt-gross book value threshold imposed on it in its Declaration of Trust, the REIT may operate (especially in the short-term depending on acquisition levels) at a debt-to-gross book value ratio in the 70% range. In the long-term, as the REIT grows, it is anticipated that the REIT will maintain a debt-to-gross book value ratio of 65% or less. The REIT's Acquisition Facility actually imposes a restriction on the REIT's debt-to-gross book value ratio, being a maximum of 75%. At the end of the first quarter 2008, the REIT has a debt-to-gross book value ratio of 54.3%, calculated as follows:

	As at March 31, 2008
Debt:	
Gross value of mortgages payable[1]	**$ 44,549,355**
Amounts drawn on available credit facilities	**19,000,000**
	$ 63,549,355
Gross Book Value of Assets:	
Total assets	**$ 113,306,388**
Accumulated depreciation and amortization	**3,787,716**
	$ 117,094,104
Debt-to-Gross Book Value	**54.3%**

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

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

Cash Flow

Currently the REIT is paying distributions in excess of operating cash flow and FFO and has funded, and will continue to fund, the excess using its Acquisition Facility. However, over time with additional acquisitions, it is expected that this ratio will improve. As well, this ratio improves as a result of the high participation in the REIT's distribution reinvestment plan (currently approximately 24% of the issued and outstanding units).

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

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

	Three months ended March 31, 2008	Three months ended March 31, 2007	Three months ended December 31, 2007
Net cash provided by operating activities	**$ 1,132,522**	$ 41,329	$ 442,479
Net cash provided by financing activities	**$ 6,067,285**	$ 40,743,989	$ 13,860,976
Net cash (used in) investing activities	**$ (7,265,264)**	$(39,382,341)	$(14,574,265)

Cash provided by operating activities increased by $690,043 for the three months ended March 31, 2008 compared to the three months ended December 31, 2007. The increase was predominantly due to an increase in non-cash working capital of $749,000 which mainly pertained to the payment of due diligence costs during the quarter ended December 31, 2007 for a potential portfolio acquisition that was terminated.

The increase in cash provided by operating activities for the quarter ended March 31, 2008 compared to the quarter ended March 31, 2007 is predominantly due to the fact that the REIT commenced operations during the latter part of March 2007.

For the three months ended March 31, 2008, cash generated from financing activities mainly relates to the $7,500,000 of drawdowns on the Acquisition Facility which was partially offset by $1,275,845 in cash distributions paid to unitholders. Cash generated from financing activities decreased by $7,793,691 during the current quarter compared to the quarter ended December 31, 2007, due to $9,000,000 of financing proceeds received in November 2007 on the purchase of the REIT's Châteauguay property, which was partially offset by the cash costs of $1,048,948 paid in the fourth quarter of 2007 on the REIT's public offering.

The $34,676,704 decrease in cash generated from financing activities during the current quarter compared to the three months ended March 31, 2007 is due to the following: distributions of $1,275,845 paid to unitholders during the current quarter; the financing proceeds of $27,525,000 received from the purchase of Méga Centre in March 2007; the net decrease in credit facilities of $3,000,000; and the proceeds of $3,000,000 received on the private placement which occurred during the three months ended March 31, 2007.

Cash used in investing activities for the three months ended March 31, 2008 decreased by $7,309,001 compared to the three months ended December 31, 2007, due to the decrease in income producing properties acquired. Although the transaction in the first quarter of 2008 and the transaction in the fourth quarter of 2007 were of a comparable size (Châteauguay - $14,200,000 in the fourth quarter of 2007 and Place Val Est - $14,720,000 in the first quarter of 2008), the Place Val Est acquisition is reflected in the statement of cash flows net of the mortgage assumed.

The $32,117,077 decrease in cash used in investing activities during the current quarter compared to the three months ended March 31, 2007 is due to a higher dollar value of acquisitions which occurred during the three months ended March 31, 2007, as well as the netting of the mortgage assumed on the Place Val Est acquisition as mentioned above.

Capital Expenditures

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

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

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

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

Related Party Transactions

Pursuant to the REIT's management agreement with C.A. Realty Management Inc. (the "Manager") (a wholly-owned subsidiary of C.A. Bancorp Inc.), management fees of $87,821 for the quarter ended March 31, 2008 were payable to the Manager. Also pursuant to the management agreement, total acquisition fees of $73,600 were payable to the Manager in connection with the acquisition of Place Val Est.

Quarterly Performance

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

	Q2-2006	**Q3-2006**	**Q4-2006**	**Q1-2007**	**Q2-2007**	**Q3-2007**	**Q4-2007**	**Q1-2008**
Total revenues	$ 3,829	$ 4,789	$ 8,558	$ 61,206	$1,153,438	$2,048,114	$3,013,462	$3,625,773
Expenses	$24,912	$36,488	$67,405	$646,039	$2,298,845	$3,069,928	$3,303,493	$4,094,750
Net loss	$21,083	$31,699	$58,847	$584,833	$1,145,407	$1,021,814	$ 290,031	$468,977
Net loss per unit – basic & diluted	$ 0.06	$ 0.08	$ 0.10	$ 0.48	$ 0.52	$ 0.09	$ 0.02	$0.03

Changes in Accounting Policies

Effective January 1, 2008, the REIT adopted several new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"), including: capital disclosures (CICA Section 1535); financial instruments – disclosures (CICA Section 3862); and financial instruments - presentation (CICA Section 3863). The new standards are described in more detail in Note 3 to the interim consolidated financial statements for the quarter ended March 31, 2008. The impact of these standards has increased certain disclosures within the financial statements.

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

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

Section 3064 replaces the existing Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets.

Management has not assessed the implications, if any, of the above-noted new accounting standard on the REIT's future financial statements.

Critical Accounting Estimates

The preparation of financial statements requires the REIT to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The REIT's significant accounting policies are described in Note 2 to the interim consolidated financial statements for the quarter ended March 31, 2008 and Note 2 to the consolidated financial statements for the year ended December 31, 2007. Management believes that the policies which are most subject to estimation and management's judgment relate to the following:

Property Acquisitions

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

Impairment of Income Producing Properties

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

Depreciation and Amortization

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

Incentive Unit Options

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

Fair Value Disclosures

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

CORPORATE STRATEGY AND OUTLOOK

While the start of 2008 was challenging for real estate entities generally, in light of negative sentiment towards the sector, the REIT believes that it has a viable business model and a platform on which to grow and achieve its objectives for unitholders of providing them with stable cash distributions on a tax efficient basis, enhancing the value of the REIT's assets, maximizing long-term unit value through the active management of its assets and expanding the REIT's asset base.

Management believes that the REIT is conservatively leveraged. At the end of the first quarter, the REIT has a debt-to-gross book value ratio of 54.3% and at the date of this MD&A, approximately $11,775,000 of the Acquisition Facility is available to the REIT. Assuming the REIT can finance acquisitions with first mortgages representing between 60% and 65% of the purchase price, the REIT is left with acquisition capacity of approximately $29,000,000 to $34,000,000 while still keeping its debt-to-gross book value ratio at or below 65%. Currently the REIT is paying distributions in excess of operating cash flow and FFO and has funded, and will continue to fund, the excess using its Acquisition Facility. However, over time with additional acquisitions, it is expected that this ratio will improve. As well, this ratio improves as a result of the high participation in the REIT's distribution reinvestment plan (currently approximately 24% of the issued and outstanding units). Assuming (i) the current level of distributions and (ii) the current level of participation in the distribution reinvestment plan, management believes that savings of approximately $1,300,000 per year in cash distributions can be realized by the REIT.

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

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

	Q2	**Q3**	**Q4**	**Total**	
Lease expiries	3,378	15,108	9,426	27,912	
Base rent per square foot	$19.85	$17.73	$10.16	$15.43	(1)
New leasing/renewals	-	10,240	-	10,240	
Base rent per square foot	-	$17.70	-	$17.70	(1)

(1) weighted average

With respect to tax treatment, the distributions made during 2008 are expected to be substantially tax deferred and will therefore not be included in the income of a unitholder for tax purposes but will reduce the adjusted cost base of that unitholder's units. Also, as currently structured, management believes that the REIT qualifies as a "real estate investment trust" under the recently passed SIFT tax legislation. Under the SIFT legislation, certain distributions to investors from certain publicly listed or traded trusts and partnerships (or "SIFTs") other than real estate investment trusts, will be subject to tax at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations and will be taxed in the hands of unitholders as though they were a dividend from a taxable Canadian corporation. The result is that SIFTs (other than real estate investment trusts) will be taxed in a similar manner to corporations and their investors will be taxed in a manner similar to investors in a corporation. The SIFT legislation applied commencing in the 2007 taxation year. The SIFT legislation does not apply to certain trusts that qualify as real estate investment trusts. Should it be found that the REIT fails to qualify as a real estate investment trust or the REIT undertakes subsequent activities that cause it to fail to qualify as a real estate investment trust, the SIFT legislation would allow the failure to be cured within the taxation year so that the REIT could qualify as a real estate investment trust for the next taxation year.

FACTORS THAT MAY AFFECT FUTURE RESULTS

Future financial performance will be influenced by successful acquisitions of retail real estate properties. The REIT will also be subject to certain risks relating to the business of acquiring and owning real property including but not limited to: government regulation and environmental matters; illiquidity; uninsured losses; investment concentration; competition; acquisition strategy; occupancy rates; reliance on key personnel; integration of additional properties; debt financing and interest rates; litigation; restrictive covenants; joint venture investments; potential undisclosed liabilities associated with acquisitions; and reliance on external sources of capital.

The significant risk factors and any corresponding plan to mitigate these risks, where possible, can be found in the REIT's Annual Information Form dated February 22, 2008, which is available on www.sedar.com.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS

Management maintains appropriate information systems, procedures and controls to ensure that information that is publicly disclosed is complete, reliable and timely. The Chief Executive Officer and Chief Financial Officer evaluated the design of the REIT's disclosure controls and procedures (as defined in *Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings)* as at March 31, 2008 and have concluded that such disclosure controls and procedures were appropriately designed.

Management is responsible for establishing adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Chief Executive Officer and Chief Financial Officer assessed the design of the REIT's internal controls over financial reporting (as defined in *Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings)* as at March 31, 2008 and, based on that assessment, determined that the REIT's internal controls over financial reporting were appropriately designed.

There has been no change in internal controls over financial reporting in the first quarter of 2008 that has materially affected, or is reasonably likely to materially affect the REIT's internal controls over financial reporting. In acquiring its properties, the REIT has engaged the services of third-party property managers whose internal controls form part of the REIT's system of internal controls. The REIT has documented and continues to document those internal controls and reviews reports and other documentation provided by the property managers as part of its internal control activities.