



**NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS**

**and**

**MANAGEMENT INFORMATION CIRCULAR**

**May 6, 2008**

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# CHARTER REAL ESTATE INVESTMENT TRUST

## NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

TO BE HELD ON JUNE 6, 2008

**NOTICE IS HEREBY GIVEN** that the Annual and Special Meeting (the “Meeting”) of the unitholders of Charter Real Estate Investment Trust (“Charter”) will be held at the Toronto Board of Trade in Toronto, Ontario, on Friday, June 6, 2008, at 10:00 a.m., (Toronto time), for the following purposes, namely:

- (a) to receive and consider the consolidated financial statements of Charter for the year ended December 31, 2007, together with the report of the auditors thereon;
- (b) to elect trustees for the ensuing year;
- (c) to appoint the auditors for the ensuing year and to authorize the trustees to fix their remuneration;
- (d) to consider and, if deemed advisable, to pass a resolution approving an amended and restated unit option plan for Charter that provides for automatic vesting of options upon a change of control of either Charter or the Manager (as defined in the accompanying management information circular); and
- (e) to transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

Only holders of units of record at the close of business on May 1, 2008 (the “Record Date”) of Charter are entitled to notice of and to attend the Meeting or any adjournments or postponements thereof and to vote thereat.

Unitholders may vote in person at the Meeting or any adjournments or postponements thereof, or they may appoint another person (who need not be a unitholder) as their proxy to attend and vote in their place.

Unitholders unable to be present at the Meeting are requested to date and sign the enclosed form of proxy and return it in accordance with the instructions contained in the accompanying management information circular.

A management information circular relating to the business to be conducted at the Meeting and an Annual Report containing the audited financial statements of Charter for the year ended December 31, 2007 accompany this Notice.

**DATED** at Toronto, Ontario this 6th day of May, 2008.

BY ORDER OF THE BOARD OF TRUSTEES

*“John F. Driscoll”*  
Chairman and Chief Executive Officer

## MANAGEMENT INFORMATION CIRCULAR

This Management Information Circular (the “Circular”) is furnished to unitholders of Charter Real Estate Investment Trust (“Charter” or the “REIT”) in connection with the **solicitation by and on behalf of the management** of proxies to be used at the Annual and Special Meeting of Unitholders (the “Meeting”) of Charter to be held at the Toronto Board of Trade in Toronto, Ontario, on Friday, June 6, 2008, commencing at 10:00 a.m. (Toronto time), and at any adjournment(s) or postponement(s) thereof, for the purposes set forth in the attached Notice of Annual and Special Meeting of Unitholders (the “Notice”).

This Circular, the Notice, the accompanying form(s) of proxy and Charter’s Annual Report are being mailed to unitholders of record as of the close of business on May 1, 2008. Charter will bear all costs associated with the preparation and mailing of this Circular, the Notice, the accompanying form(s) of proxy and the Annual Report, as well as the cost of the solicitation of proxies. The solicitation will be primarily by mail; however, officers and regular employees of Charter may also directly solicit proxies (but not for additional compensation) personally, by telephone, by fax or by other means of electronic transmission. Banks, brokerage houses and other custodians and nominees or fiduciaries will be requested to forward proxy solicitation material to their principals and to obtain authorizations for the execution of proxies and will be reimbursed for their reasonable expenses in doing so.

## APPOINTMENT AND REVOCATION OF PROXIES

### Registered Holders

The persons named in the accompanying form(s) of proxy are officers of Charter. **A unitholder has the right to appoint a person (who need not be a unitholder of Charter) as nominee to attend and act for and on such unitholder’s behalf at the Meeting other than the management nominees named in the accompanying form(s) of proxy.** This right may be exercised either by striking out the names of the management nominees where they appear on the applicable form of proxy and by inserting in the blank space provided the name of the other person the unitholder wishes to appoint as proxyholder, or by completing, signing and submitting another proper form of proxy naming such other person as proxyholder.

A unitholder who has been given a proxy, in addition to revocation in any other manner permitted by applicable law in the Province of Ontario, may revoke the proxy within the time periods described in this Circular by an instrument in writing executed by the unitholder or by his/her attorney authorized in writing or, if the unitholder is a body corporate, by a duly authorized officer or attorney thereof.

To be valid, proxies or instructions must be:

- returned by (a) mail to Computershare Investor Services Inc., attention: Proxy Department, 9th Floor, North Tower, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or (b) fax to Computershare Investor Services Inc., attention: Proxy Department at 416-368-2502, or (c) personal delivery at the foregoing address, such that the proxies or instructions so returned arrive no later than 4:00 p.m. (Toronto time) on June 4, 2008; or
- delivered to the Chair of the Meeting prior to the commencement of the Meeting; or
- if the Meeting is adjourned or postponed, proxies or instructions must be (a) returned to Computershare at the address or fax number noted above such that the proxies or instructions so returned arrive at least 48 hours (excluding Saturdays, Sundays and holidays) before the time set for any adjourned or postponed Meeting at which the proxy or instructions are to be used, or (b) delivered by hand to the Chair of the Meeting before the commencement of such adjourned or postponed Meeting.

### Non-Registered Holders

Only registered holders, or the persons that they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, shares beneficially owned by a holder (a “Non-Registered Holder”) are registered either:

- (a) in the name of an intermediary that the Non-Registered Holder deals with in respect of the units, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of registered plans; or
- (b) in the name of a depository (such as The Canadian Depository for Securities Limited) of which the intermediary is a participant.

In accordance with applicable Canadian securities laws, the REIT will be distributing copies of the Notice, this Circular, the accompanying form(s) of proxy and the REIT's Annual Report (collectively, the "meeting materials") to the depository and intermediaries for further distribution to Non-Registered Holders. Intermediaries are required to forward the meeting materials to Non-Registered Holders and receive voting instructions from them unless a Non-Registered Holder has waived the right to receive the meeting materials. Intermediaries often use service companies to forward the meeting materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive the meeting materials will either:

- (a) be given a voting instruction form which must be completed and signed by the Non-Registered Holder in accordance with the directions set out on the voting instruction form (which may, in some cases, permit the completion of the voting instruction form by telephone); or
- (b) less typically, be given a proxy which has already been signed by the intermediary (usually by way of a facsimile, stamped signature) which is restricted as to the number of units beneficially owned by the Non-Registered Holder, but which is otherwise uncompleted. In this case, the Non-Registered Holder who wishes to submit the proxy should otherwise properly complete and deposit it with Computershare Investor Services Inc. or the Chair of the Meeting, as described above. This proxy need not be signed by the Non-Registered Holder.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the units which they beneficially own. Should a Non-Registered Holder who receives a proxy signed by the intermediary wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the name of the Non-Registered Holder (or such other person) in the blank space provided. A Non-Registered Holder who receives a voting instruction form should follow the corresponding instructions on the form. **In either case, Non-Registered Holders should carefully follow the instructions of their intermediaries and their intermediaries' service companies.**

A Non-Registered Holder may revoke a voting instruction form (or proxy) or a waiver of the right to receive the meeting materials given to an intermediary at any time by written notice to the intermediary, except that an intermediary is not required to act on a revocation of a voting instruction form (or proxy) or a revocation of a waiver of the right to receive the meeting materials that is not received by the intermediary at least seven days prior to the Meeting.

## VOTING OF PROXIES

**The units represented by any valid proxy in the accompanying form(s) of proxy will be voted for, against or withheld from voting for, as applicable: (a) the election of Trustees, (b) the re-appointment of the auditor, based on the recommendation of the audit committee (the "Audit Committee") of the board of Trustees of the REIT (the "Board"), (c) the authorization of the Audit Committee to fix the remuneration of the auditor, and (d) the amendment and restatement of the unit option plan for the REIT, all in accordance with the instructions of the unitholder on any ballot that may be called for, and if the unitholder specifies a choice with respect to any matter to be acted upon, the units will be voted accordingly. In the absence of any such specific instructions, such units will be voted by the management representatives IN FAVOUR OF the matters set forth in the proxy.**

The accompanying form(s) of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to such other business or matters which may properly come before the Meeting or any adjournment(s) or postponement(s) thereof. As of the date of

this Circular, Charter is not aware of any such amendments or variations or any other matters to be addressed at the Meeting.

### **QUORUM**

At any meeting of unitholders, a quorum will consist of two or more persons present in person either holding personally or representing as proxies in the aggregate at least 10% of the votes attached to all outstanding units of the REIT ("Units"). In the event of such quorum not being present at the appointed place on the date for which the Meeting is called within 30 minutes after the time fixed for the holding of such Meeting, the Meeting will stand adjourned to a day not less than seven days later and to such place and time as may be appointed by the Chair of the Meeting.

### **RECORD DATE**

The Board has fixed the close of business on May 1, 2008 as the record date (the "Record Date") for the Meeting. Only unitholders of record at the close of business on the Record Date are entitled to receive notice of and to attend and vote at the Meeting, except that (i) in accordance with applicable law, a transferee of Units acquired after the Record Date shall be entitled to vote at the Meeting if such transferee produces properly endorsed Unit certificates or otherwise establishes ownership of such Units and has demanded in writing, not later than ten days before the day of the Meeting, that the name of such transferee be included on the list of unitholders entitled to vote at the Meeting; and (ii) a holder of Units after the Record Date in connection with the exercise of Unit options or conversion rights to acquire such Units shall be entitled to vote at the Meeting in person or by proxy if such holder establishes ownership of such Units to the satisfaction of the Secretary of the REIT or the Chair of the Meeting prior to the Meeting or any adjournment(s) thereof.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

As at the date of this Circular, there were issued and outstanding 17,705,477 Units of the REIT. A holder of Units is entitled to one vote for each Unit held.

To the knowledge of the Board, the following persons beneficially own or exercise control or direction over Units carrying approximately 10% or more of the votes attached to the issued and outstanding Units:

<b>Name</b>	<b>Number of Units beneficially owned or over which control or direction is exercised</b>	<b>Percentage of Total Units</b>
C.A. Bancorp Inc.	5,857,216	33%
Sentry Select Capital Corp.	2,757,838	16%

### **MATTERS TO BE CONSIDERED AT THE MEETING**

#### **Financial Statements and Auditor's Report**

Management, on behalf of the Board, will submit to the unitholders at the Meeting the consolidated financial statements of the REIT for the year ended December 31, 2007 and the Auditor's Report thereon, but no vote by the unitholders with respect thereto is required or proposed to be taken. The consolidated financial statements and Auditor's Report are included in Charter's 2007 Annual Report which is being mailed to unitholders with this Circular.

#### **Election of Trustees**

The Board is authorized to determine from time to time, by resolution, the number of Trustees of the REIT and the number of Trustees to be elected at the annual meeting of the unitholders of the REIT, such number being within the minimum and maximum numbers provided for in the REIT's declaration of trust. The Board has set the number of Trustees of the REIT at five. As of the date of this Circular, the Board consisted of John F. Driscoll, Janet Graham, John van Haastreht, Timothy Unwin and Richard J. Zarzeczny. The term of office of each Trustee expires at the

time of the Meeting unless successors are not elected, in which case the Trustees remain in office until their successors are elected or appointed in accordance with applicable law and the REIT's declaration of trust.

Pursuant to the terms of a management agreement (the "Management Agreement") between the REIT and C.A. Realty Management, Inc. (the "Manager"), the Manager has the right to nominate two individuals to stand for election as Trustees of the REIT (such number of individuals to be nominated by the Manager will be proportionately adjusted to reflect any increase or decrease in the number of Trustees). The nominees of the Manager at the Meeting shall be John F. Driscoll and Richard J. Zarzeczny.

Management proposes to nominate, and the persons named in the accompanying form of proxy will vote for (in the absence of specifications or instructions to withhold from voting on the proxy), the election of the five persons whose names are set forth below, but will not vote for a greater number of persons than the number of nominees named in the form of proxy. Management does not contemplate that any of the nominees will be unable to serve as a Trustee. If, as a result of circumstances not now contemplated, any nominee is unavailable to serve as a Trustee, the proxy will be voted for the election of such other person or persons as management may select. Each Trustee elected will hold office until the next annual meeting of unitholders, or until his/her respective successor is elected or appointed in accordance with applicable law and the REIT's declaration of trust.

The following table sets forth information with respect to each of the management nominees for Trustee, including the number of securities of the REIT beneficially owned, directly or indirectly, or over which control or direction is exercised by each such nominee, as at the date of this Circular:

<b>JOHN F. DRISCOLL<sup>(1)(2)</sup></b>  Toronto, Ontario  Age: 66  <i><b>Chairman, Chief Executive Officer and Trustee of the REIT</b></i>		John F. Driscoll is the Chairman of the Board of Trustees and Chief Executive Officer of the REIT and the Chairman and Chief Executive Officer of C.A. Bancorp Inc. In 1988, Mr. Driscoll founded Petrofund Energy Trust and was its Chairman from 1988 until it was sold in June 2006 for \$2.99 billion to Penn West Energy Trust to create the largest conventional oil and gas trust in North America with an enterprise value of more than \$11 billion. Mr. Driscoll is the founding President, Chairman and Chief Executive Officer of Sentry Select Capital Corp. and also founded, and has been Chairman of, NCE Resources Group since 1984 and is the Chairman of Inter Pipeline Fund and Strategic Energy Fund since October 2002 and May 2002, respectively. Mr. Driscoll was the Chairman of Endev Energy Inc., a junior oil and gas exploration and production company, since its founding in 2002 until April 2008. Mr. Driscoll has been President of J.F. Driscoll Investment Corp. since 1981, a company specializing in investment management and related advisory and consulting services.  Mr. Driscoll received his Bachelor of Science degree from the Boston College Business School and attended the New York Institute of Finance for advanced business studies. Mr. Driscoll has more than 35 years of diversified business experience. Mr. Driscoll is a member of the CFA Institute and has attained the professional manager designation with the Canadian Institute of Management. He has founded numerous public partnerships as well as public and private energy and investment companies. Mr. Driscoll is Vice Chair of the Royal Ontario Museum Foundation Board of Directors.
<b>Securities Owned/Controlled</b>		
Units		1,204,733
Unit Options		249,500
<b>Board and Committees</b>		<b>2007 Attendance at Meetings<sup>(3)</sup></b>
Board		12/12
<b>Other Public Board Directorships During Last Five Years</b>		<b>Other Board Committee Memberships of Public Entities</b>
Alliance Split Income Trust	2004 – Present	-
C.A. Bancorp Inc. (formerly Masthead Resources Ltd.)	2005 – Present	-
Canadian Income Management (CIM) Limited	2005 – Present	-
Canadian Income Management Inc.	2005 – Present	-
CAPVEST Income Corp.	2005 – Present	-
Charter Real Estate Investment Trust (conversion from Charter Realty Holdings Ltd.)	2005 – Present	-

Other Public Board Directorships During Last Five Years		Other Board Committee Memberships of Public Entities
Commercial and Industrial Securities Income Trust	2002 – Present	-
Diversified Income Trust II	2002 – Present	-
Diversified Preferred Share Trust	2005 – Present	-
Global Alternative Investments Inc.	2006 – Present	Member of Audit Committee
Global DiSCS Trust 2004-1	2006 – Present	-
Inter Pipeline Fund	2002 – Present	-
Multi Select Income Trust	2004 – Present	-
NCE Diversified Flow-Through (07) Limited Partnership	2006 – Present	-
NCE Diversified Flow-Through (07-2) Limited Partnership	2007 – Present	-
NCE Diversified Flow-Through (08) Limited Partnership	2008 – Present	-
Oil Sands and Energy Mega- Projects Trust	2006 – Present	-
Oil Sands Split Trust	2005 – Present	-
Petrofund Energy Trust (NCE Petrofund & NCE Energy Trust Amalgamation)	2002 – Present	-
Precious Metals and Mining Trust	2005 – Present	-
Premier Value Income Trust	2005 – Present	-
PRO-VEST Growth & Income Fund	2004 – Present	-
Select 50 S-1 Income Trust	2003 – Present	-
Select 50 S-1 Income Trust II	2003 – Present	-
Sentry Select 40 Split Income Trust	2006 – Present	-
Sentry Select Blue-Chip Income Trust	2001 – Present	-
Sentry Select China Fund	2007 – Present	-
Sentry Select Commodities Income Trust	2005 – Present	-
Sentry Select Diversified Income Trust (formerly NCE Diversified Management Inc.)	1997 – Present	-
Sentry Select Focused Growth & Income Trust	2001 – Present	-
Sentry Select Global Index Income Trust	2001 – Present	-
Sentry Select Lazard Global Listed Infrastructure Fund	2007 – Present	-
Sentry Select MBS Adjustable Rate Income Fund II	2005 – Present	-
Sentry Select Primary Metals Corp.	2007 – Present	-
Sentry Select Total Strategy Fund	2006 – Present	-
Strategic Energy Fund	2002 – Present	-
Sentry Select Global Real Estate Fund	2007 – Present	-
C.A. Bancorp Canadian Realty Finance Corporation	2008 – Present	-
Universal Infrastructure Corp.	2006 – Present	Member of Audit Committee



<b>JANET GRAHAM<sup>(4)(5)</sup></b>  Toronto, Ontario  Age: 53  <i>Trustee of the REIT</i>		Janet Graham is a Trustee of the REIT. Since August 2002, Ms. Graham has been a Managing Director of IQ Alliance Incorporated, a Toronto-based real estate advisory services firm. Prior to joining IQ Alliance Incorporated, Ms. Graham was an independent consultant for a number of years, delivering real estate related financial advisory services to major corporate clients. Prior to March 1996, Ms. Graham held senior positions at a Canadian chartered bank and its affiliated investment bank for 15 years specializing in corporate finance and corporate lending to real estate and other companies. Ms. Graham is also a member of the Board of Directors of Crystal River Capital, Inc., a public Maryland corporation, the Board of Directors of Toronto Waterfront Revitalization Corporation, a corporation without share capital, and the Board of Directors of the Canadian Urban Institute, a Canadian non-profit organization. Ms. Graham is also a former trustee of IPC US Real Estate Investment Trust, a publicly traded Canadian real estate investment trust.  Ms. Graham holds a Bachelor of Applied Science from Guelph University and a Master of Business Administration from York University and is a chartered accountant.
<b>Securities Owned/Controlled</b>		
Units		12,350
Unit Options		50,000
<b>Board and Committees</b>		<b>2007 Attendance at Meetings<sup>(3)</sup></b>
Board		12/12
Audit Committee		3/3
<b>Other Public Board Directorships During Last Five Years</b>		<b>Other Board Committee Memberships of Public Entities</b>
<b>Crystal River Capital, Inc.</b>	2005 – Present	Member of Audit Committee Member of Compensation Committee Member of Nominating and Corporate Governance Committee
<b>IPC US REIT</b>	2003 – 2007	Member of Audit Committee

<b>JOHN VAN HAASTRECHT<sup>(5)</sup></b>  Toronto, Ontario  Age: 64  <i>Trustee of the REIT</i>		John van Haastreht is a Trustee of the REIT. Mr. van Haastreht is currently the President of Vanreal Ltd., an operator and developer of commercial retail shopping centres that was founded by Mr. van Haastreht in 2001. Prior to that, Mr. van Haastreht was a trustee and the President and Chief Executive Officer of Morguard Real Estate Investment Trust, a publicly traded real estate investment trust. In addition to his business activities, Mr. van Haastreht also serves on the Board of the Royal Military College Foundation.  Mr. van Haastreht graduated from the Royal Military College with an Applied Science Degree.
<b>Securities Owned/Controlled</b>		
Units		22,970
Unit Options		50,000
<b>Board and Committees</b>		<b>2007 Attendance at Meetings<sup>(3)</sup></b>
Board		10/12
Audit Committee		2/3
<b>Other Public Board Directorships During Last Five Years</b>		<b>Other Board Committee Memberships of Public Entities</b>
–		–

<b>TIMOTHY UNWIN<sup>(5)</sup></b>		Tim Unwin is a Trustee of the REIT. Mr. Unwin is counsel to Blake, Cassels & Graydon LLP. Prior to 2008 he was the firm's U.S. Managing Partner, working out of its New York office. Previously, Mr. Unwin was a Partner of Blakes in Toronto, Ontario.
New York, New York		
Age: 65		Mr. Unwin holds a Bachelor of Commerce degree from Dalhousie University and a Bachelor of Laws degree from the University of Toronto and has been awarded the ICD.D designation by ICD Corporate Governance College, Rotman School of Management, University of Toronto.
<b>Trustee of the REIT</b>		
<b>Securities Owned/Controlled</b>		
Units		12,350
Unit Options		50,000
<b>Board and Committees</b>		<b>2007 Attendance at Meetings<sup>(3)</sup></b>
Board		12/12
Audit Committee		3/3
<b>Other Public Board Directorships During Last Five Years</b>		<b>Other Board Committee Memberships of Public Entities</b>
—		—

<b>RICHARD J. ZARZECZNY<sup>(2)</sup></b>		Richard J. Zarzeczny is a Trustee of the REIT and a director of C.A. Bancorp Inc. Since 1984, Mr. Zarzeczny has been president of Canadian Enerdata Limited, an energy and economic consulting firm specializing in oil and gas industry analysis and price forecasting. He is also the publisher/editor of the Canadian Gas Price Reporter, the industry benchmark for Canadian natural gas prices and price indices. Mr. Zarzeczny also serves as a director of Strategic Energy Fund, Endeavor Energy Inc. and several corporations in the Sentry Select Capital Corp. and NCE Resources Group groups.
Stouffville, Ontario		
Age: 58		
<b>Trustee of the REIT</b>		Mr. Zarzeczny graduated from Simon Fraser University in 1980 with a Master of Arts degree in Economics specializing in econometrics and in 1975 received a Master of Arts degree in Mathematics from the University of Regina.
<b>Securities Owned/Controlled</b>		
Units		5,000
Unit Options		55,000
<b>Board and Committees</b>		<b>2007 Attendance at Meetings<sup>(3)</sup></b>
Board		12/12
<b>Other Public Board Directorships During Last Five Years</b>		<b>Other Board Committee Memberships of Public Entities</b>
C.A. Bancorp Inc.	2005 – Present	Chair of Audit Committee
Strategic Energy Fund	2002 – Present	Member of the Audit Committee
Endeavor Energy Inc.	2002 – Present	Member of the Audit Committee and Reserves Committee
Capvest Income Corp.	2005 – Present	Chair of the Audit Committee
Canadian Income Management Inc.	2005 – Present	Member of the Audit Committee
Sentry Select Total Strategy Fund	2006 – Present	-
Global Alternative Investments Inc.	2006 – Present	-
Universal Infrastructure Corp.	2006 – Present	-
Primary Metals Corp.	2007 – Present	Chair of Audit Committee
NCE Diversified Management (07) Limited Partnership	2006 – Present	-

Other Public Board Directorships During Last Five Years	Other Board Committee Memberships of Public Entities
NCE Diversified Management (07-2) Limited Partnership	2007 – Present
NCE Diversified Management (08) Limited Partnership	2007 – Present

Notes:

- (1) Chair of the Board of Trustees.
- (2) Nominee of the Manager.
- (3) Attendance figures reflect the attendance at meetings of the Board of Trustees of the REIT held in 2007. In addition to these meetings, the Board of Directors and Audit Committee of Charter Realty Holdings Ltd. (the REIT's predecessor), held four and two meetings, respectively, in 2007.
- (4) Chair of the Audit Committee.
- (5) Member of the Audit Committee.

### Re-Appointment of Auditor

At the Meeting, unitholders will be asked to re-appoint Deloitte & Touche LLP as the auditor of the REIT, based on the recommendation of the Audit Committee and the Board. Deloitte & Touche LLP has been the auditor of the REIT since May 2007 and prior to that, to the REIT's predecessor, Charter Realty Holdings Ltd., since incorporation in 2005. The persons named in the accompanying form of proxy will, in the case of a ballot and in the absence of specifications or instructions to withhold from voting on the form of proxy, vote for the re-appointment of Deloitte & Touche LLP as the auditor of the REIT to hold office until the next annual meeting of unitholders of the REIT and to authorize the Audit Committee to fix the auditor's remuneration.

Representatives of Deloitte & Touche LLP are expected to attend the Meeting, will have an opportunity to make a statement (if they so desire) and are expected to be available to respond to appropriate questions.

### Amended and Restated Unit Option Plan

The REIT's Unit option plan provides that the maximum number of Units that may be reserved and set aside for issuance under the plan shall not exceed 10% of the issued and outstanding Units at the time of grant. As a result of this "rolling cap", the REIT's Unit option plan must be approved by unitholders on an annual basis. At the Meeting, the unitholders will be asked to approve an amended and restated Unit option plan for Charter (the "Amended Unit Option Plan"), the text of which is attached hereto as Exhibit "A".

The Amended Unit Option Plan is substantially similar to the unit option plan that is currently in effect (see "Statement of Executive Compensation"), with the exception that the Amended Unit Option Plan generally provides for the automatic vesting of options in the event (i) there is a direct or indirect change in control of Charter, or (ii) an employee is terminated without cause or resigns for good reason in connection with a change in control of the Manager.

The Board has approved the Amended Unit Option Plan and considers it to be essential to retain and attract quality Trustees and senior management. In order to be passed, the resolution approving the Amended Unit Option Plan (the form of which is attached as Exhibit "B") must be approved by a majority of unitholders. The Amended Unit Option Plan has been approved by the Trustees and pre-cleared with the TSX Venture Exchange.

The persons named in the accompanying form of proxy will, in the case of a ballot and in the absence of specifications or instructions to vote against the Amended Unit Option Plan on the form of proxy, vote for the approval of the Amended Unit Option Plan.

## STATEMENT OF EXECUTIVE COMPENSATION

### Summary Compensation Table

Pursuant to the Management Agreement, the Manager provides strategic advisory, asset management and administrative services to the REIT, subject to the overriding supervision of the Board. The Manager provides the REIT with a management team that has significant experience in all aspects of real property asset management, including leasing and tenant relations, property acquisitions and dispositions, real estate and corporate financing and development, redevelopment and construction.

All costs associated with the current executive management team are either borne by the Manager or by Sentry Select Capital Corp. (“Sentry Select”) on behalf of the Manager. In accordance with the terms of the Management Agreement, the Manager is required to consult with the independent Trustees with regard to compensation decisions for executives who devote substantially all of their time to the business of the REIT.

The following table sets forth a summary of all compensation earned during fiscal 2006 and 2007 by the Chief Executive Officer, President & Chief Operating Officer, Chief Financial Officer and Charter’s other most highly compensated executive officers, each of whose total salary and bonus exceeded \$150,000 (collectively, the “Named Executive Officers”) whose services are provided by the Manager.

**Summary Compensation Table<sup>(1)</sup>**

Name	Year	Annual Compensation <sup>(2)</sup>			Long-Term Compensation			All Other Compensation (\$)	Total Compensation
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards	Payouts			
					Securities Under Options Granted	Restricted Units (\$)	LTIP Payouts (\$)		
JOHN F. DRISCOLL <sup>(3)</sup> Chairman and Chief Executive Officer	2007 2006	— —	— —	— —	249,500 17,500	— —	— —	— —	— —
ARI SILVERBERG <sup>(4)(5)</sup> President & Chief Operating Officer	2007 2006	200,000 61,872	93,350 35,000	— 12,000	353,500 18,500	— —	— —	3,483 72	296,833 108,944
FLORIANA CIPOLLONE <sup>(6)</sup> Chief Financial Officer	2007 2006	151,846 —	40,000 —	— —	240,000 —	— —	— —	2,158 —	194,004 —
STEVE RONALD <sup>(7)</sup> Vice President, Acquisitions	2007 2006	84,583 —	20,000 —	— —	150,000 —	— —	— —	757 —	105,340 —

Notes:

- (1) Under a Plan of Arrangement, Charter Realty Holdings Ltd. converted to a real estate investment trust and became the REIT on May 10, 2007. The disclosure in the foregoing Summary Compensation Table relating to the period before such date is in respect of Charter Realty Holdings Ltd., the predecessor to the REIT (“Charter Realty”). Charter Realty was incorporated under the laws of the province of Alberta on March 29, 2005.
- (2) The compensation disclosed herein to the identified individual was paid by Sentry Select (on behalf of the Manager), and represents that amount of the individual’s total compensation which was attributable to services rendered to the REIT and Charter Realty, on the basis of the proportion of the individual’s time which was dedicated to the business and affairs of the REIT and Charter Realty in the individual’s capacity as an officer during the fiscal years ended December 31, 2006 and December 31, 2007. Each of Mr. Silverberg, Ms. Cipollone and Mr. Ronald devoted all of their time to the affairs of the REIT and Charter Realty. None of the compensation paid to Mr. Driscoll in 2006 and 2007 by Sentry Select was attributable to services provided by Mr. Driscoll to the REIT and Charter Realty as the amount of time devoted to the REIT’s or Charter Realty’s affairs by him, as compared to the amount of time he devoted to the business of Sentry Select, was not material.
- (3) John F. Driscoll was appointed Chairman on March 27, 2007. Prior to this date, but after February 28, 2007, Mr. Driscoll was Chief Executive Officer. Prior to February 28, 2007, Mr. Driscoll was President and Chief Executive Officer.
- (4) Ari Silverberg commenced employment with Charter Realty on September 5, 2006 as Chief Operating Officer and the compensation disclosed for fiscal 2006 represents Mr. Silverberg’s compensation from that date. Other annual compensation relates to moving expenses paid.
- (5) Ari Silverberg was appointed President & Chief Operating Officer on February 28, 2007.
- (6) Floriana Cipollone joined Charter Realty on January 8, 2007 on a contract basis (the contract being replaced by an employment agreement on April 1, 2007). On February 28, 2007, Ms. Cipollone was appointed Chief Financial Officer. Ms. Cipollone’s compensation for 2007 relates to the period from January 8, 2007.
- (7) Steve Ronald commenced employment with the REIT on June 4, 2007 and the compensation disclosed represents Mr. Ronald’s compensation from that date.

## Unit Option Plan

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

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

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

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

### Aggregate Option Grants During the Fiscal Year Ended December 31, 2007

Name	Securities Under Options Granted (#) <sup>(1)</sup>	Percent of Total Options Granted to Employees in the Financial Year	Exercise Price or Base Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
JOHN F. DRISCOLL ..... Chairman and Chief Executive Officer	232,000	20.86%	200,000 - \$3.45 32,000 - \$2.00	\$3.40 \$2.00	September 5, 2012 February 26, 2012
ARI SILVERBERG..... President and Chief Operating Officer	335,000	30.13%	300,000 - \$3.45 35,000 - \$2.00	\$3.40 \$2.00	September 5, 2012 February 26, 2012
FLORIANA CIPOLLONE ..... Chief Financial Officer	240,000	21.58%	230,000 - \$3.45 10,000 - \$2.00	\$3.40 \$2.00	September 5, 2012 February 28, 2012
STEVE RONALD..... Vice President, Acquisitions	150,000	13.49%	150,000 - \$3.45	\$3.40	September 5, 2012

Notes:

- (1) All options granted in 2007 to the Named Executive Officers, among others, have a term of five years and vest in equal proportions as follows: One third immediately on the date of grant, one third on the first anniversary date from the date of grant and one third on the second anniversary date from the date of grant.

On May 10, 2007, the REIT was formed pursuant to a plan of arrangement. In connection with the plan of arrangement, all outstanding shares and options of Charter Realty Holdings Ltd. were consolidated on a 10-for-one basis and exchanged for Units and Unit Options. As a result, the exercise prices of all Unit Options were re-priced accordingly.

The following table provides certain information with respect to Unit Options of the REIT and its subsidiaries exercised by the Named Executive Officers during fiscal 2007 as well as the fiscal 2007 year end Unit Options remaining to such persons:

### Options Exercised During the Fiscal Year Ended December 31, 2007

Name	Securities Acquired on Exercise	Aggregate Value Realized on Exercise	Unexercised Options at December 31, 2007		Value of Unexercised In-the-Money Options at December 31, 2007 (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
JOHN F. DRISCOLL ..... Chairman and Chief Executive Officer	-	-	94,833	154,667	\$21,125	\$16,000
ARI SILVERBERG..... President and Chief Operating Officer	-	-	124,000	229,500	\$13,067	\$19,658
FLORIANA CIPOLLONE ..... Chief Financial Officer	-	-	80,000	160,000	\$2,500	\$5,000
STEVE RONALD..... Vice President, Acquisitions	-	-	50,000	100,000	-	-

### Termination of Employment, Change in Responsibilities and Employment Contracts

Ari Silverberg, Floriana Cipollone and Steve Ronald have all entered into employment agreements with Sentry Select (on behalf of the Manager). Ari Silverberg's employment agreement became effective September 5, 2006, Floriana Cipollone's employment agreement became effective April 1, 2007 and Steve Ronald's employment agreement became effective June 4, 2007.

The employment agreement of Ari Silverberg provides for a base salary of \$210,000 per year (reviewable annually). Mr. Silverberg's bonus consists of a guaranteed minimum bonus of \$50,000 per year and remaining bonus tied to: (i) monies raised; and (ii) fees paid to the Manager under the Management Agreement. The employment agreement

of Floriana Cipollone provides for a base salary of \$170,000 per year (reviewable annually). Ms. Cipollone's bonus consists of a guaranteed minimum bonus of \$35,000 per year and remaining bonus tied to fees paid to the Manager under the Management Agreement. The employment agreement of Steve Ronald provides for a base salary of \$150,000 per year (reviewable annually). Mr. Ronald's bonus consists of a guaranteed minimum bonus of \$20,000 per year and remaining bonus tied to fees paid to the Manager under the Management Agreement.

Each of the employment agreements for Mr. Silverberg, Ms. Cipollone or Mr. Ronald are for indefinite terms and continue until terminated in accordance with the provisions for termination contained therein. Each of the employment agreements may be terminated on the death of the Named Executive Officer or for just cause. The employment agreements further provide that in any other case of termination of the employment agreement, there will be a lump-sum payment of six months' base salary (until two years of service have been completed) or nine months' base salary (after two years of service have been completed).

### **Compensation of Trustees**

Each of the Trustees who are not officers of the REIT receive from the REIT an annual retainer in the amount of \$20,000 per year plus a fee of \$1,000 for each meeting of the Board attended. The chair of the Audit Committee receives an extra \$500 for each meeting of the Audit Committee attended. Trustees are also reimbursed for reasonable travel and other expenses incurred by them in attending meetings of the Board or any committee meeting. The Trustees may also be granted Unit Options from time to time.

### **MANAGEMENT CONTRACTS**

The REIT is managed by the Manager pursuant to the Management Agreement. The registered office of the Manager is located at The Exchange Tower, 130 King Street West, Suite 2810, Toronto, ON M5X 1A4. The initial term of the Management Agreement is for a five-year period, expiring on March 27, 2012. Upon expiry of the initial term, the Management Agreement will renew automatically for successive three-year terms, unless terminated in accordance with its terms. The terms of the Management Agreement are described in full under the heading "Asset Management of the REIT – Management Agreement", in the REIT's Annual Information Form dated February 22, 2008, which section is hereby incorporated by reference into this Circular.

Information regarding the directors and officers of the Manager is set forth in the chart below:

#### **Directors and Officers of C.A. Realty Management Inc.**

<b>Name</b>	<b>Position</b>	<b>Province of Residence</b>
JOHN F. DRISCOLL	Director, Chairman and Chief Executive Officer	Ontario
MARK GARDHOUSE	Director and President	Ontario
ARI SILVERBERG	Chief Operating Officer	Ontario
PAOLO DELUCA	Chief Financial Officer	Ontario
FLORIANA CIPOLLONE	Vice-President - Finance	Ontario
RYAN CAUGHEY	Corporate Secretary	Ontario

The Manager is a wholly-owned subsidiary of C.A. Bancorp Inc. C.A. Bancorp Inc. is also a significant unitholder of the REIT. Information regarding the directors and officers of C.A. Bancorp Inc. is set forth in the chart below:

#### **Directors and Officers of C.A. Bancorp Inc.**

<b>Name</b>	<b>Position</b>	<b>Province of Residence</b>
FRANK J. CROTHERS	Director	Nassau, Bahamas
JOHN F. DRISCOLL	Director and Chief Executive Officer	Ontario
MARK GARDHOUSE	President and Director	Ontario
PHILIP JOHNSON	Director	Ontario

<b>Name</b>	<b>Position</b>	<b>Province of Residence</b>
FRANK POTTER	Director	Ontario
RICHARD J. ZARZECZNY	Director	Ontario
J. MARK MACDONALD	Managing Director, Private Investments	Ontario
MICHAEL LOVETT	Managing Director, Real Estate Capital	Ontario
PAOLO DELUCA	Chief Financial Officer	Ontario
KURT BRANDS	Vice-President, Corporate Development	Ontario
JAKE TRAINOR	Vice-President, Corporate Development	Ontario
KEVIN COHEN	Vice-President and General Counsel	Ontario
RYAN CAUGHEY	Corporate Secretary	Ontario

Pursuant to the Management Agreement, management fees of \$210,096 for the year ended December 31, 2007 were paid and payable to the Manager. Also pursuant to the Management Agreement, total acquisition fees of \$463,000 were paid to the Manager in connection with the acquisitions of the Méga Centre, Cornwall Square and Châteauguay properties.

#### **INDEBTEDNESS OF TRUSTEES, EXECUTIVE OFFICERS AND SENIOR OFFICERS**

None of the Trustees, executive officers or senior officers of the REIT or their respective associates were indebted at any time during fiscal 2007 to the REIT or its subsidiaries in connection with the purchase of the REIT's securities, excluding routine indebtedness or indebtedness that has been entirely repaid. As of the date of this Circular, there was no indebtedness to the REIT and its subsidiaries, excluding routine indebtedness, owing by present and former Trustees, officers and employees of the REIT and its subsidiaries.

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

John F. Driscoll is a Trustee and Chief Executive Officer of the REIT and is a director and officer of the Manager. The Manager is a wholly-owned subsidiary of C.A. Bancorp Inc. Mr. Driscoll currently owns approximately 6.8% of the outstanding voting shares of C.A. Bancorp Inc. and is a director and Chief Executive Officer of C.A. Bancorp Inc. Richard Zarzeczny is a Trustee of the REIT. Mr. Zarzeczny is also a director of C.A. Bancorp Inc. Ari Silverberg, Floriana Cipollone and Ryan Caughey are officers of the REIT and officers of the Manager. Kevin Cohen and Ryan Caughey are officers of C.A. Bancorp Inc. C.A. Bancorp Inc. is the owner of the Manager, which is a party to the Management Agreement with the REIT. Both the Manager and C.A. Bancorp Inc. have entered into a non-competition agreement with the REIT on March 27, 2007, the terms of which are described in the REIT's annual information form under the heading "Asset Management of the REIT – Non Competition Agreement".

On June 21, 2007, the REIT completed a private placement of 741,000 Units at a price of \$4.05 per Unit, for aggregate gross proceeds of \$3,001,050. Subscribers included C.A. Bancorp Inc. and several Trustees and officers of the REIT.

On August 9, 2007, the REIT completed a public offering (the "Offering") of 13,375,000 Units for gross proceeds of \$46,143,750. On September 5, 2007, the underwriters of the Offering exercised their over-allotment option to purchase an additional 1,370,912 Units at a price of \$3.45 per Unit, for additional gross proceeds of \$4,729,646. C.A. Bancorp Inc. subscribed for 4,347,826 Units under the Offering pursuant to a pre-emptive right contained in the REIT's declaration of trust.



## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Charter has adopted certain practices and procedures to ensure that effective corporate governance practices are followed and to ensure that the Board functions independently of management. Exhibit “C” sets forth the REIT’s statement of corporate governance practices. Exhibit “D” sets out the mandate of the Board.

## TRUSTEES’ AND OFFICERS’ LIABILITY INSURANCE

The REIT maintains insurance coverage for the Trustees and officers of the REIT for eligible claims arising during the course of their duties. The annual policy limit for the 2007/2008 term was \$5,000,000. Under the policy, the insurer will pay on behalf of the REIT for eligible claims against the Trustees, directors and officers in circumstances where the REIT is permitted or required to provide indemnification. Claims that are indemnified by the REIT are subject to the policy deductible of \$75,000. In addition, the insurance will pay on behalf of the individual Trustees, directors and officers eligible claims in the instance where the REIT is not in a position to provide indemnification. No deductible applies in this case. The insurance coverage has certain exclusions including, but not limited to, those acts determined to be deliberately fraudulent or dishonest or to have resulted in unauthorized personal profit or advantage. The cost of the insurance is borne by the REIT and was \$53,500 for the 2007/2008 annual policy term.

## AUDIT COMMITTEE INFORMATION

The REIT has an Audit Committee to assist the Board in fulfilling its responsibilities of oversight and supervision of the accounting and financial reporting practices and procedures of the REIT, the adequacy of internal accounting controls and procedures and the quality and integrity of financial statements.

### Audit Committee Charter

Exhibit “E” sets out the full text of the charter of the Audit Committee.

### Composition and Education

As at December 31, 2007, the Audit Committee was composed of the following persons. The education and experience of each Audit Committee member that is relevant to such members’ responsibilities as a member of the Audit Committee are also set out below.

Name	Relevant Education and Experience
JANET GRAHAM.....	<ul style="list-style-type: none"><li>• Former trustee of IPC US Real Estate Investment Trust, a publicly traded Canadian real estate investment trust.</li><li>• Director of Crystal River Capital, Inc., a public Maryland corporation formed in January 2005 for the purpose of acquiring and originating a diversified portfolio of commercial and residential real estate assets and structured finance investments.</li><li>• Master of Business Administration degree from York University.</li><li>• Chartered Accountant.</li></ul>
JOHN VAN HAASTRECHT....	<ul style="list-style-type: none"><li>• President of Vanreal Ltd., an operator and developer of commercial retail shopping centres.</li><li>• Former trustee and President and Chief Executive Officer of Morguard Real Estate Investment Trust, a publicly traded real estate investment trust.</li><li>• Applied Science degree from Royal Military College.</li></ul>
TIMOTHY UNWIN .....	<ul style="list-style-type: none"><li>• Former partner with Blake, Cassels &amp; Graydon LLP, practising in the corporate and securities area.</li><li>• Bachelor of Commerce degree from Dalhousie University and a Bachelor of Laws degree from the University of Toronto.</li><li>• ICD.D designation from the ICD Corporate Governance College, Rotman School of Management, University of Toronto.</li></ul>

The Board has determined that each member of the Audit Committee is “independent” and “financially literate” as defined in Multilateral Instrument 52-110 – *Audit Committees*.

### **Reliance on Certain Exemptions**

At no time since May 10, 2007 (the date of formation of the REIT) has the REIT relied on any exemptions set forth in Multilateral Instrument 52-110 — *Audit Committees*.

### **Pre-approval Policies and Procedures**

The Audit Committee approves, on a case by case basis, all non-audit services provided to the REIT thereof by the REIT’s external auditors, Deloitte & Touche LLP.

### **External Auditor Service Fees (By Category)**

The fees paid or payable by the REIT to Deloitte & Touche LLP, the REIT’s external auditors, for the periods noted below for audit and non-audit services were as follows:

	<u>2007</u>
<b>Deloitte &amp; Touche LLP</b>	
Audit Fees <sup>(1)</sup> .....	\$384,113
Audit-Related Fees <sup>(2)</sup> .....	15,900
Tax Fees <sup>(3)</sup> .....	72,531
All Other Fees <sup>(4)</sup> .....	-
<b>Total</b> .....	<u><u>\$472,544</u></u>

#### **Notes:**

- (1) This category is intended to capture all fees in respect of services performed in order to comply with Canadian generally accepted auditing standards (“GAAS”). In some cases, these may include an appropriate allocation of fees for tax services or accounting consultations, to the extent such services were necessary to comply with GAAS. This category includes matters relating to the REIT’s initial public offering and the conversion of Charter Realty to the REIT.
- (2) This category generally consists of fees in respect of assurance and related services reasonably related to the performance of the audit or review of the financial statements not reported under “audit fees”. Included are such things as employee benefit plan audits, due diligence relating to mergers and acquisitions, accounting consultations and audits in connection with acquisitions, internal control reviews, attest services that are not required by statute or regulation, and consultation concerning financial accounting and reporting standards.
- (3) This category includes all fees in respect of services performed by the auditors’ tax professionals, except those services required in order to comply with GAAS which are included under “audit fees”. Tax services include tax compliance, tax planning and tax advice furnished in connection with Charter Realty’s conversion to the REIT.
- (4) This category captures fees in respect of all services not falling under any of the foregoing three categories.

### **OTHER MATTERS**

Management is not aware of any amendments or variations to matters identified in the Notice or of any other matters that are to be presented for action at the Meeting other than those described in the Notice.

Information stated in this Circular is dated as at May 6, 2008 except where otherwise indicated.

### **ADDITIONAL INFORMATION**

Additional information relating to the REIT is available on SEDAR at [www.SEDAR.com](http://www.SEDAR.com) and financial information relating to the REIT is provided in the REIT's consolidated financial statements and Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2007.

To request copies of the REIT's financial statements and MD&A, unitholders may contact the REIT's Secretary directly.

### **CERTIFICATE**

The contents of this Circular and the sending thereof to the unitholders have been approved by the Board of Trustees.

Dated: May 6, 2008

BY ORDER OF THE BOARD OF TRUSTEES

*"John F. Driscoll" (signed)*  
Chairman and Chief Executive Officer

EXHIBIT “A”



AMENDED AND RESTATED UNIT OPTION PLAN  
OF  
CHARTER REAL ESTATE INVESTMENT TRUST

MAY 6, 2008

1. INTERPRETATION:

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) **“Blackout Period”** means the period during which designated trustees, officers and employees of the Trust cannot trade the Units pursuant to the Trust’s policy respecting restrictions on trustees’, officers’ and employee trading which is in effect at that time (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Trust or in respect of an insider, that insider is subject);
- (b) **“Business Day”** means each day other than a Saturday, Sunday or statutory holiday in Toronto, Ontario, Canada;
- (c) **“Cause”** means cause as such term is interpreted from time to time by the courts of Ontario or, where cause is defined in the employment agreement of an Eligible Person, as defined therein;
- (d) **“Change in Control”** means:
  - (i) the acceptance of an Offer by a sufficient number of holders of voting securities of an entity (other than C.A. Bancorp Inc.) to constitute the offeror, together with persons acting jointly or in concert with the offeror, being a securityholder of such entity being entitled to exercise more than 50% of the voting rights attaching to the outstanding securities of such entity (provided that prior to the Offer, the offeror was not entitled to exercise more than 50% of the voting rights attaching to the entity);
  - (ii) the completion of a consolidation, merger or amalgamation by an entity whereby the voting securityholders of such entity immediately prior to the consolidation, merger or amalgamation receive less than 50% of the voting rights attaching to the outstanding voting securities of the consolidated, merged or amalgamated entity;
  - (iii) the completion of a sale whereby all or substantially all of an entity’s undertakings and assets become the property of any third party and the voting securityholders of the entity immediately prior to that sale collectively hold less than 50% of the voting rights attaching to the outstanding voting securities of the third party immediately following that sale; or
  - (iv) the adoption by the Trustees of a resolution to the effect that, for the purposes of this Plan, a Change in Control has occurred or that such a Change in Control is imminent,

provided, however, that for the purposes of this Plan, (A) any incremental acquisition, directly or indirectly (other than in connection with a going-private transaction) of additional Units by C.A.

Bancorp Inc., and (B) the sale of any voting securities (or equivalent thereof) of an entity (or any successor Person thereto) pursuant to a public offering, shall not constitute a Change in Control;

- (e) “**Consultant**” has the meaning ascribed thereto in Policy 4.4, and includes the Manager;
- (f) “**Consultant Company**” has the meaning ascribed thereto in Policy 4.4;
- (g) “**Director**” has the meaning ascribed thereto in Policy 4.4;
- (h) “**Eligible Person**” means,
  - (i) a Trustee of the Trust or a Director of any Subsidiary of the Trust;
  - (ii) an officer of the Trust or any Subsidiary of the Trust;
  - (iii) an Employee of the Trust or any Subsidiary of the Trust;
  - (iv) a Management Company Employee of the Trust or any subsidiary of the Trust, to whom Options can be granted in reliance on prospectus and registration exemptions under applicable securities laws;
  - (v) a Consultant retained by the Trust or any subsidiary of the Trust; and
  - (vi) a Consultant retained to carry out Investor Relations Activities for the Trust;
- (i) “**Employee**” has the meaning ascribed thereto in Policy 4.4;
- (j) “**Good Reason**” means the occurrence of any one or more of the following events:
  - (i) the assignment to the Participant of any duties inconsistent in any material respect with the Participant’s then position of employment (including status, offices, titles and reporting relationships), authority, duties or responsibilities, or any other action that when taken as a whole results in a diminution in the Participant’s position, authority, duties or responsibilities, excluding for this purpose any isolated, immaterial and inadvertent action not taken in bad faith and which is remedied within seven business days after receipt of notice thereof given by the Participant,
  - (ii) a reduction in the Participant’s base salary without the consent of such Participant or the failure to continue in effect any material benefit or compensation plan, life insurance plan, health and accident plan or disability plan in existence as of the date of this Plan (or a replacement or substitute plan providing the Participant with substantially similar benefits) in which the Participant is participating or the material reduction of the Participant’s benefits under any of such plans (or replacement or substitute plans), or
  - (iii) requiring the Participant to be based at any location other than the Greater Toronto Area, Ontario, except for requirements of travel in the ordinary course of the Participant’s duties;
- (k) “**Insider**” shall have the meaning ascribed under Section 1(1) of the Securities Act (Ontario);
- (l) “**Investor Relations Activities**” has the meaning ascribed thereto in TSXV Policy 1.1 Interpretation;
- (m) “**Management Company Employees**” has the meaning ascribed thereto in Policy 4.4, and includes all employees of the Manager;

- (n) “**Manager**” means the Person(s) engaged to provide day-to-day asset management services to the Trust, including the supply of the Management Company Employees who are engaged as the senior officers of the Trust;
- (o) “**Offer**” means a bona fide offer made to all holders of Units to purchase, directly or indirectly, Units;
- (p) “**Option**” means an option to purchase Units granted to an Eligible Person pursuant to the terms of the Plan;
- (q) “**Participant**” means Eligible Persons to whom Options have been granted;
- (r) “**Person**” means and includes individuals, corporations, partnerships, general partnerships, limited liability corporations, joint ventures, associations, companies, trusts, banks, trust companies, and business trusts or other organizations, whether or not legal entities;
- (s) “**Plan**” means this Unit Option Plan of the Trust;
- (t) “**Policy 4.4**” means TSXV Policy 4.4 Incentive Stock Options;
- (u) “**Unit**” means a unit of the Trust or, in the event of an adjustment contemplated by Article 7 hereof, such other units or securities to which a Participant may be entitled upon the exercise of an Option as a result of such adjustment;
- (v) “**Subsidiary**” means any Person that is a subsidiary of the Trust as defined under Section 1(4) of the Securities Act (Ontario);
- (w) “**Trust**” means Charter Real Estate Investment Trust;
- (x) “**Trustees**” means the trustees of the Trust;
- (y) “**TSXV**” means the TSX Venture Exchange; and
- (z) “**Unitholder**” means the unitholders of the Trust.

Words importing the singular number only shall include the plural and vice versa and words importing the masculine shall include the feminine.

This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

## 2. PURPOSE:

The purpose of this Plan is to encourage ownership of the Units by Trustees, Directors, officers and Employees of the Trust, its Subsidiaries and Consultants, including Directors, officers and employees of the Manager, who are primarily responsible for the management and profitable growth of the Trust’s business and to advance the interests of the Trust by providing additional incentive for superior performance by such persons and to enable the Trust and its Subsidiaries to attract and retain valued Trustees, Directors, officers, Employees and Consultants thereof.

## 3. ADMINISTRATION:

The Plan shall be administered by the Trustees. Subject to the limitations of the Plan, the Trustees shall have the authority:

- (a) to grant options to purchase Units to Eligible Persons;

- (b) to determine the terms, limitations, restrictions and conditions respecting such grants;
- (c) to interpret the Plan and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to the Plan as it shall from time to time deem advisable; and
- (d) to make all other determinations and to take all other actions in connection with the implementation and administration of the Plan as it may deem necessary or advisable.

The Trustee's guidelines, rules, regulations, interpretations and determinations shall be conclusive and binding upon the Trust and all other Persons.

#### 4. UNITS SUBJECT TO THE PLAN:

The maximum number of Units which may be reserved and set aside for issue under this Plan shall not exceed 10% of the issued and outstanding Units at the time of the Option grant (on a non-diluted basis).

Any Units subject to an Option which for any reason is cancelled, terminated or that have expired without having been exercised shall again be available for grant under the Plan. No fractional Units shall be issued, and the Trustees may determine the manner in which fractional Unit value shall be treated.

#### 5. PARTICIPATION:

Options shall be granted under the Plan only to Eligible Persons designated from time to time by the Trustees and in accordance with the terms of this Plan and shall be subject to the approval of such regulatory authorities and stock exchanges as may have jurisdiction.

#### 6. TERMS AND CONDITIONS OF OPTIONS:

The terms and conditions of each Option granted under the Plan shall include the following, as well as such other provisions, not inconsistent with the Plan, as may be deemed advisable by the Trustees including those contained in any Option agreement entered into between the Trust and a Participant:

- (a) *Option Price:* The price of any Units in respect of which an Option may be granted shall be fixed by the Trustees but shall be not less than the market price of the Units at the time the Option is granted to the particular Participant less the permissible discount permitted by the rules of any stock exchange or other regulatory body having jurisdiction. For the purpose of this subparagraph, "**market price**" shall be deemed to be the last closing price of the Units as reported by the TSXV or any other principal Canadian stock exchange on which the Units are then listed or admitted to trading (or, if the Units are not so listed, the average of the closing bid and asked prices as reported on any over-the-counter market) on the day immediately preceding the day upon which the Option is granted, or if not so traded, the average between the closing bid and asked prices thereof as reported for the day immediately preceding the day upon which the Option is granted. In the resolution allocating any Option, the Trustees may determine that (i) the date of grant of the Option shall be a future date determined in the manner specified in such resolution, in which case, for the purpose of this subparagraph 6(a), "**market price**" shall be deemed to be the weighted average trading price of the Units as reported by the TSXV or any other principal Canadian stock exchange on which the Units are then listed or admitted to trading (or, if the Units are not so listed, the weighted average of the average of the closing bid and asked prices as reported on any over-the-counter market) for five (5) trading days preceding the date of the grant, and (ii) the date or dates of the vesting of the Option shall be a future date or dates determined in the manner specified in such resolution. The Trustees may also determine that the price per Unit may escalate at a specified rate dependent upon the date on which any Option may be exercised by the Participant.
- (b) *Payment:* The full purchase price of Units purchased under an Option shall be paid to the Trust in cash or certified funds upon the exercise thereof, and upon receipt of payment in full, but subject

to the terms of the Plan, the number of Units in respect of which the Option is exercised shall be duly issued as fully paid. A Participant shall have none of the rights of a Unitholder (as defined below) until such time as the Units are issued to such Participant.

- (c) *Term of Option:* Options granted under this Plan may be exercisable over a period not exceeding five (5) years from the date of the grant of the Option. Each Option shall be subject to earlier termination as provided in subparagraph 6(g). Provided the Units are listed on the Toronto Stock Exchange, should the term of an Option expire on a date that falls within a Blackout Period or within nine Business Days following the expiration of a Blackout Period, such expiration date shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the Blackout Period, such tenth Business Day to be considered the expiration date for such Option for all purposes under the Plan. Notwithstanding Section 8 hereof, the ten Business Day period referred to in this subparagraph 6(c) may not be extended by the Trustees.
- (d) *Limitation of Grant:* The total number of Units issuable under this Plan in any 12-month period to:
  - (i) any one individual may not exceed 5% of the issued and outstanding Units (determined at the date the Option was granted) unless the Trust has obtained disinterested Unitholder approval;
  - (ii) any one consultant may not exceed 2% of the issued and outstanding Units (determined at the date the Option was granted); and
  - (iii) all persons employed to conduct Investor Relations Activities may not exceed 2% of the issued and outstanding Units (determined at the date the Option was granted).
- (e) *Representation of Trust:* For Unit options granted to Employees, Consultants or Management Company Employees, the Trust represents that the Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be.
- (f) *Exercise of Option:* Subject to the provisions contained in subparagraph 6(g), no Option may be exercised unless the Participant is then an Eligible Person. This Plan shall not confer upon the Participant any right with respect to continuation of employment by the Trust, any of its Subsidiaries or the Manager, as the case may be. Absence on leave approved by an officer of the Trust, any of its Subsidiaries, or the Manager, as applicable, authorized to give such approval shall not be considered an interruption of employment for any purpose of the Plan. Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Corporate Secretary of the Trust at its offices in Toronto, Canada of a written notice of exercise specifying the number of Units with respect to which the Option is being exercised and accompanied by payment in full of the purchase price of the Units then being purchased.
- (g) *Termination of Options:* Any Option granted pursuant hereto, to the extent not validly exercised, will terminate on the earlier of the following dates:
  - (i) the date of expiration specified in the Option agreement or in the resolution of the Trustees granting such Option, as the case may be, being not more than five (5) years after the date upon which the Option was granted;
  - (ii) ninety (90) days after the Participant ceases to be an Eligible Person, other than by reason of retirement, permanent disability or death. Without limitation, and for greater certainty only, this provision will apply regardless of whether the Participant was dismissed with or without cause and regardless of whether the Participant received compensation in respect of dismissal or was entitled to a period of notice of termination which would otherwise have permitted a greater portion of the Option to vest with the Participant;



- (iii) one hundred and eighty (180) days following the date of the death of the Participant during which period the Option may be exercised by the Participant's legal representative or the Person or Persons to whom the deceased Participant's rights under the Option shall pass by will or the applicable laws of descent and distribution, and only to the extent the Participant would have been entitled to exercise the Option on the date of death;
  - (iv) ninety (90) days after termination of the Participant's employment by reason of permanent disability or retirement under any retirement plan of the Trust, any of its Subsidiaries or the Manager, as applicable, during which ninety (90) day period the Participant may exercise the Option to the extent he was entitled to exercise it at the time of such termination, provided that if the Participant shall die within such ninety (90) day period, then such right shall be extended to ninety (90) days following the date of death of the Participant and shall be exercisable only by the Persons described in clause 6(g)(iii) hereof and only to the extent therein set forth; and
  - (v) thirty (30) days after the date on which a Participant who is engaged in Investor Relations Activities ceases to be engaged or employed by the Trust, its Subsidiary or the Manager, as applicable, to provide Investor Relations Activities.
- (h) *Non-transferability of Options:* No Option shall be transferable or assignable by the Participant.
- (i) *Restrictions & Legends:* All Options granted under the Plan, and any Units issued upon exercise thereof, shall be subject to such restrictions on trading and the certificates thereof shall bear such legends as is required under applicable securities laws and the rules of the TSXV and/or any other stock exchange upon which the Units are then listed for trading.
- (j) *Applicable Laws or Regulations:* The Plan, the grant and exercise of Options hereunder and the Trust's obligation to sell and deliver Units upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, rules and regulations, the rules and regulations of any stock exchange on which the Units are listed for trading and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Trust, be required. The Trust shall not be obligated by any provision of the Plan or the granting of any Option hereunder to issue or sell Units in violation of such laws, rules and regulations or any condition of such approvals. No Option shall be granted and no Units issued or sold hereunder where such grant, issue or sale would require registration of the Plan or the Units under the securities laws of any foreign jurisdiction and any purported grant of any Option or issue or sale of Units hereunder in violation of this provision shall be void. In addition, the Trust shall have no obligation to issue any Units pursuant to the Plan unless such Units shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Units are listed for trading. Units issued and sold to Participants pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws.
- (k) *Vesting:* Options issued to Consultants performing Investor Relations Activities must vest in stages over 12 months, with no more than ¼ of the Options vesting in any three month period.
- (l) *Disinterested Unitholder Approval:* The Trust shall obtain disinterested unitholder approval if:
  - (i) an option plan, together with all of the Trust's previously established or proposed Option grants, could result at any time in:
    - (A) the number of Units reserved for issuance under Options granted to Insiders exceeding 10% of the outstanding Units;
    - (B) the issuance to Insiders, within a 12-month period, of a number of Units exceeding 10% of the outstanding Units; or

- (C) the issuance to any one Participant, within a 12-month period, of a number of Units exceeding 5% of the outstanding Units.
- (ii) the Trust is decreasing the exercise price of Options previously granted to Insiders.
- (m) *Consultants Performing Investor Relations Activities:* The Trustees must, through the establishment of appropriate procedures, monitor the trading in the Units by all Consultants performing Investor Relations Activities.

7. ADJUSTMENTS IN UNITS SUBJECT TO THE PLAN:

- (a) *Subdivisions and Redivisions:* In the event of any subdivision(s) or redivision(s) of the Units at any time while any Option is outstanding into a greater number of Units, the Trust shall thereafter deliver at the time of exercise of any Option, in lieu of the number of Units in respect of which such Option is then being exercised, such greater number of Units as would result from said subdivision(s) or redivision(s) had such Option been exercised before such subdivision(s) or redivision(s) without the Participant making any additional payment or giving any other consideration therefor.
- (b) *Consolidations:* In the event of any consolidation(s) of the Units at any time while any Option is outstanding into a lesser number of Units, the Trust shall thereafter deliver, and the Participant shall accept, at the time of exercise of any Option, in lieu of the number of Units in respect of which such Option is then being exercised, such lesser number of Units as would result from such consolidation(s) had such Option been exercised before such consolidation(s).
- (c) *Reclassifications/Changes:* In the event of any reclassification(s) or change(s) of the Units at any time while any Option is outstanding, the Trust shall thereafter deliver at the time of exercise of any Option hereunder the number of securities of the Trust of the appropriate class or classes resulting from said reclassification(s) or change(s) as the Participant would have been entitled to receive in respect of the number of Units in respect of which such Option is then being exercised had such Option been exercised before such reclassification(s) or change(s).
- (d) *Other Capital Reorganizations:* In the event of any capital reorganization of the Trust at any time while any Option is outstanding, not otherwise covered in this Section or a consolidation, amalgamation or merger with or into any other entity or the sale of the properties and assets as or substantially as an entirety to any other entity, the Participant if he has not exercised his Option prior to the effective date of such reorganization, consolidation, amalgamation, merger or sale, upon the exercise of such Option thereafter, shall be entitled to receive and shall accept in lieu of the number of Units then subscribed for by him but for the same aggregate consideration payable therefor, the number of other securities or property of the entity resulting from such merger, amalgamation or consolidation to which such sale may be made, as the case may be, that the Participant would have been entitled to receive on such capital reorganization, consolidation, amalgamation, merger or sale if, on the record date or the effective date thereof, the Participant had been the registered holder of the number of Units so subscribed for.
- (e) The Trust shall not be obligated to issue fractional Units in satisfaction of its obligations under the Plan or any Option and the Participant will not be entitled to receive any form of compensation in lieu thereof.
- (f) If at any time the Trust grants to its Unitholders the right to subscribe for and purchase pro rata additional securities or of any other corporation or entity, there shall be no adjustments made to the number of Units or other securities subject to the Options in consequence thereof and the Options shall remain unaffected.
- (g) The adjustment in the number of Units issuable pursuant to Options provided for in this section shall be cumulative.

- (h) On the happening of each and every of the foregoing events, the applicable provisions of the Plan and each of them shall, ipso facto, be deemed to be amended accordingly and the Trustees shall take all necessary action so as to make all necessary adjustments in the number and kind of securities subject to any outstanding Options (and the Plan) and the exercise price thereof.

8. CHANGE IN CONTROL:

Notwithstanding any other provision of this Plan:

- (a) all Options (whether or not currently exercisable) shall become exercisable immediately upon a direct or indirect Change in Control of the REIT; and
- (b) if, within 90 days preceding, or one year following, a direct or indirect Change in Control of the Manager, a Participant's employment with the Manager is terminated without Cause or a Participant resigns for Good Reason, all Options (whether or not currently exercisable) shall become exercisable effective the date immediately prior to the date of such termination or resignation.

9. AMENDMENT AND TERMINATION OF PLAN AND OPTIONS:

The Trustees may amend this Plan or any Option at any time, subject to acceptance of any applicable stock exchange, without the consent of Participants provided that such amendment shall:

- (a) not adversely alter or impair any Option previously granted except as permitted by the provisions of Section 7 hereof;
- (b) be subject to any regulatory approvals including, where required; and
- (c) be subject to unitholder approval, where required, by law provided that unitholder approval shall not be required for the following amendments and the Trustees may make any changes relating to:
  - (i) amendments of a "housekeeping nature";
  - (ii) a change to the vesting provisions of any Option;
  - (iii) a change to the termination provisions of any Option that does not entail an extension beyond the original expiration date (as such date may be extended by virtue of subparagraph 6(c));
  - (iv) provided (A) the Units are listed on the Toronto Stock Exchange or (B) the Trust is considered to be a "tier one" issuer by the TSX Venture Exchange, the introduction of a cashless exercise feature payable in securities (where such feature is permitted by any applicable stock exchange), whether or not such feature provides for a full deduction of the number of underlying securities from the Plan reserve;
  - (v) the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted;
  - (vi) a change to the eligible participants of the Plan; and
  - (vii) the addition of a deferred or restricted unit or any other provision which results in Participants receiving securities while no cash consideration is received by the Trust.

10. APPROVAL OF PLAN:

The establishment of the Plan shall be subject to approval of the Unitholders to be given by a resolution passed at a meeting of the Unitholders. In addition, all Options granted pursuant to the Plan prior to the approval thereof by the Unitholders shall also be subject to approval of the Unitholders; provided that all Options granted subsequent to such approval shall not require approval by the Unitholders unless such approval is required by the regulatory authorities or stock exchanges having jurisdiction over the affairs of the Trust.

The Plan shall also be subject to acceptance by the stock exchanges having jurisdiction over the affairs of the Trust at the time of the establishment of the Plan and each year thereafter. The Plan must be accepted by the regulatory authority before Options can be granted under the Plan.

11. EFFECTIVE DATE AND DURATION OF PLAN:

The Plan becomes effective, upon the receipt of the Unitholder and regulatory approval, on the date of its adoption by the Trustees and Options may be granted immediately thereafter. The Plan shall remain in full force and effect until such time as the Trustees shall terminate the Plan, and for so long thereafter as Options remain outstanding in favour of any Participant.

## **EXHIBIT “B”**

### **RESOLUTIONS APPROVING AMENDED AND RESTATED UNIT OPTION PLAN OF CHARTER REAL ESTATE INVESTMENT TRUST**

#### **BE IT RESOLVED THAT:**

- (i) the Amended and Restated Unit Option Plan of Charter Real Estate Investment Trust (the “REIT”), as set forth in Exhibit A to the REIT’s Management Information Circular dated May 6, 2008, is hereby approved; and
- (ii) any trustee or officer of the REIT be and is hereby authorized and directed to execute and deliver on behalf of the REIT all such deeds, documents, instruments and assurances and to do all such acts and things as may be necessary or desirable to give effect to the foregoing.

## **EXHIBIT “C”**

### **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

While the business and affairs of Charter Real Estate Investment Trust (“Charter”) are managed by the Board of Trustees (the “Board”), Charter has delegated responsibility for managerial and executive oversight and certain administrative services to C.A. Realty Management Inc. (the “Manager”) pursuant to the management agreement dated March 27, 2007 (the “Management Agreement”).

Until such time as a separate committee is formed to deal specifically with such matters, the Board as a whole shall be responsible for addressing issues relating to the corporate governance of the REIT, including the engagement of officers of Charter (in accordance with the Management Agreement), board composition and general corporate governance practices.

National Policy 58-201 – *Corporate Governance Guidelines* and National Instrument 58-101 – *Disclosure of Corporate Governance Practices* set out requirements and best practice standards for effective corporate governance. These rules require all reporting issuers in Canada to disclose their corporate governance practices. The REIT is pleased to make the following disclosure regarding its governance practices:

#### **Mandate of the Board of Trustees**

The Board is responsible for the stewardship of Charter and for the supervision of the management of the business and affairs of Charter. The Board’s general responsibilities are set out in the Board’s mandate, which is attached as Exhibit “D”.

#### **Composition of the Board**

The Board annually reviews the independence of the Trustees. The Board reviews the trustees’ employment status, other board memberships, shareholdings and business relationships to determine whether there are any relationships which might interfere with a Trustee’s ability to make an independent judgment.

Although Charter does not have a lead Trustee, three of the five current members of the Board are independent under applicable securities laws. Mr. John F. Driscoll (the Chair of the Board) is not independent because he is Charter’s Chief Executive Officer and a nominee of the Manager. Mr. Richard Zarzeczny is not independent because he is a nominee of the Manager and a director of C.A. Bancorp Inc. (parent company to the Manager).

Some meetings of the Board may be followed by an “in camera” session where non-independent Trustees and management do not attend. Additionally, the Board may also hold meetings from time to time at which non-independent Trustees and members of management are not in attendance.

#### **Board Committees**

To assist in the discharge of its responsibilities, the Board has established the Audit Committee. All of the members of the Audit Committee are “independent” within the meaning of applicable securities laws. The Audit Committee operates pursuant to a written charter and meets “in camera” at each meeting. Other committees may be established by the Board from time to time as circumstances require.

#### **Nomination of Trustees**

In lieu of delegating such tasks to a corporate governance and nominating committee, the Board as a whole has the responsibility of identifying individuals qualified to become new Trustees of Charter and recommending to the Board the Trustees to be nominated for election at annual meetings of unitholders.

In evaluating the competencies and skills of potential new Trustees, the Board considers: (a) the competencies and skills the Board, as a whole, should possess; (b) the competencies and skills each existing Trustee possesses; and (c) the personality and skills each new nominee would bring to the Board.

## **Position Descriptions**

The Board has developed position descriptions outlining the accountabilities for the Chair, the Chair of the Audit Committee and the Chief Executive Officer.

## **Orientation and Continuing Education of New Trustees**

The Board may, as appropriate, provide orientation opportunities for new Trustees to familiarize them with Charter and its business. A comprehensive orientation program would be developed with a goal of assisting new Trustees in understanding: (a) the role of the Board and its committees; (b) the contribution individual Trustees are expected to make (including the commitment of time and energy that Charter expects from its Trustees); and (c) the nature and operation of Charter's business.

The Board may, as appropriate, provide continuing education opportunities to assist Trustees in maintaining or enhancing their skills and abilities as Trustees and in ensuring that their knowledge and understanding of Charter's business remains current.

## **Compensation**

All costs associated with the current executive management team are borne by the Manager. In accordance with the terms of the Management Agreement, the Manager is required to consult with the independent members of the Board with regard to compensation decisions for executives who devote substantially all of their time to the business of Charter. The Board may, as appropriate: (a) administer Charter's equity-based compensation plans; (b) review Charter's compensation disclosure in public documents; and (c) consider Trustee compensation to ensure that it meets the objective of properly aligning the interests of Trustees with the long-term interests of Charter.

## **Ethical Business Conduct**

Charter is strongly committed to conducting its business in a lawful and ethical manner. The Board has adopted a written Code of Business Conduct and Ethics (the "Code") for Trustees, officers and employees. The Code describes confidential reporting procedures which may be used by personnel to communicate good faith concerns about any violation of the Code or related policies and guidelines. A copy of the Code may be obtained at any time upon request to Charter at 130 King St. West, Suite 2240, Toronto, Ontario, M5X 1A4, Tel. (416) 364-5705.

The Code, the mandate of the Board, as well as a number of other policies implemented by Charter, including insider trading and whistleblowing policies, serve to promote and encourage a culture of ethical business conduct within Charter.

## **Assessments**

In lieu of delegating such tasks to a corporate governance and nominating committee, the Board as a whole conducts, at least annually, a self-evaluation of the Board's powers, mandate, performance and membership that will be discussed with the Board after the end of each fiscal year. This evaluation focuses on the contribution of the Board to Charter and specifically focuses on areas in which Trustees and management believe that the contribution of the Board could be improved. Each committee of the Board is also reviewed by the Board, at least annually.

## **CEO and CFO Certification of Financial Statements**

Charter's Chief Executive Officer and Chief Financial Officer certify the annual financial statements and quarterly financial statements as required by the Canadian Securities Administrators' Multilateral Instrument 52-109.

## **Communication Policies**

Policies have been established relating to the treatment and disclosure of information about Charter on a timely, accurate, understandable and broadly disseminated basis. Information relating to Charter is reviewed by senior management and others as required, for a determination of materiality and, if appropriate, public disclosure. Charter

has reviewed its disclosure policies and practices to ensure full, fair and timely disclosure of information. Charter communicates with individual unitholders, institutional investors and financial analysts through its senior management.



**EXHIBIT “D”**

**MANDATE OF THE BOARD OF TRUSTEES  
OF  
CHARTER REAL ESTATE INVESTMENT TRUST<sup>1</sup>**

The purpose of this mandate is to set out the mandate and responsibilities of the board of trustees of Charter Real Estate Investment Trust (the “**Issuer**”).

**1. Composition**

The board of trustees shall be constituted with a majority of individuals who qualify as “independent” as defined in Multilateral Instrument 52-110 – Audit Committees.

**2. Responsibilities of the Board of Trustees**

The board of trustees is responsible for the stewardship of the Issuer and in that regard shall be specifically responsible for:

- (i) adopting a strategic planning process and approving, on at least an annual basis, a budget, and evaluating and discussing a strategic plan for the upcoming year which takes into account, among other things, the opportunities and risks of the Issuer’s business and investments;
- (ii) to the extent feasible under the management agreement (the “**Management Agreement**”) with C.A. Realty Management Inc. (the “**Manager**”), satisfying itself as to the integrity of the Chief Executive Officer, President & Chief Operating Officer and Chief Financial Officer of the Issuer and the Manager (collectively, “**Management**”) and that such officers create a culture of integrity throughout the organization;
- (iii) the identification of the principal risks of the Issuer’s business and ensuring the implementation of appropriate systems to manage these risks;
- (iv) succession planning;
- (v) adopting a disclosure policy which enables the Issuer to communicate effectively and addresses how the Issuer interacts with all of its stakeholders, including analysts and the public, contains measures for the Issuer to avoid selective disclosure and is reviewed at such intervals or times as the board deems appropriate;
- (vi) ensuring the integrity of the Issuer’s internal control and management information systems;
- (vii) establishing and maintaining a standing audit committee of the board of trustees (the “**Audit Committee**”);
- (viii) reviewing and reassessing the adequacy of the terms of reference of the Audit Committee at such intervals or times as the board deems appropriate;
- (ix) receiving recommendations of the Audit Committee respecting, and reviewing and approving, the audited, interim and any other publicly announced financial information of the Issuer;

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<sup>1</sup> This mandate is based largely on National Policy 58-201 – Corporate Governance Guidelines (the “**Policy**”).

- (x) developing the Issuer's approach to governance, including developing a set of governance principles and guidelines that are specifically applicable to the Issuer;
- (xi) implementing a process for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual trustees;
- (xii) implementing a process for examining the size of the board of trustees and undertaking, where appropriate, a program to establish a board size which facilitates effective decision-making;
- (xiii) implementing a process for reviewing the adequacy and form of compensation of trustees and ensuring that compensation realistically reflects the responsibilities and risk involved in being a trustee;
- (xiv) meeting regularly with Management to receive reports respecting the performance of the Issuer, new and proposed initiatives, the Issuer's business and investments, Management concerns and any areas of concern involving the Issuer;
- (xv) meeting regularly without Management; and
- (xvi) to the extent necessary and permitted under the Management Agreement, supervising the Manager and considering approvals required thereunder.

While the board of trustees is called upon to "manage" the business and affairs of the Issuer, the Issuer has delegated responsibility for managerial and executive oversight and certain administrative services to the Manager pursuant to the Management Agreement. The board of trustees is responsible for the on-going strategic planning process of the Issuer, approving the goals of the business and the strategies and policies within which it is managed, and then stepping back and evaluating Management's performance. Reciprocally, Management keeps the board of trustees fully informed of the progress of the Issuer and its subsidiaries towards the achievement of their established goals and of all material deviations from the goals or objectives and policies established by the board of trustees in a timely and candid manner.

It is recognized that every trustee in exercising powers and discharging duties must act honestly and in good faith with a view to the best interest of the Issuer. Trustees must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In this regard, they will comply with their duties of honesty, loyalty, care, diligence, skill and prudence.

In addition, trustees are expected to carry out their duties in accordance with policies adopted by the board of trustees from time to time, the current policy being annexed hereto as Appendix A.

It is expected that Management will co-operate in all ways to facilitate compliance by the board of trustees with its legal duties by causing the Issuer and its subsidiaries to take such actions as may be necessary in that regard and by promptly reporting any data or information to the board of trustees that may affect such compliance.

### **3. Responsibilities of Chair**

The role and responsibilities of the Chair of the board of trustees are set out below:

- (i) the Chair shall be expected to attend and chair meetings of the board of trustees of the Issuer and unitholders of the Issuer;
- (ii) the Chair shall not be expected to and shall not perform policy making functions other than in his or her capacity as a trustee of the Issuer. The Chair shall not have the right or entitlement to bind the Issuer in his or her capacity as Chair;
- (iii) the Chair shall provide direction with respect to the dates and frequencies of board meetings and related committee meetings;

- (iv) the Chair shall ensure that the board understands the boundaries between board and Management responsibilities; and
- (v) the Chair shall ensure that the board of trustees carries out its responsibilities effectively, which will involve the board meeting on a regular basis without management present and may involve assigning responsibility for administering the board's relationship with Management to a committee of the board.

#### **4. Corporate Governance**

Until such time as a separate committee is formed to deal specifically with such matters, the board of trustees as a whole shall be responsible for addressing issues relating to the corporate governance of the Issuer, including the engagement of officers of the REIT (in accordance with the Management Agreement), board composition and general corporate governance practices as follows:

With respect to the engagement of senior Management, and taking into consideration the REIT's external management arrangements and the limitations set forth in the Management Agreement, the board may, as appropriate:

- (i) consult with the Manager regarding the compensation of those executives that devote substantially all of their time to the Issuer;<sup>2</sup>
- (ii) at least annually, review and approve the position description of the Chief Executive Officer and the corporate goals and objectives relevant to the Chief Executive Officer;
- (iii) review and make recommendations to the board of trustees with respect to the compensation of trustees, including incentive compensation plans;
- (iv) approve awards to trustees, officers, employees and consultants of options, and any other equity-based and other incentives, pursuant to the board of trustees' approval of total periodic awards under any of the Issuer's Unit Option Plan, and any other incentive compensation and equity-based plans;
- (v) review key human resources policies (including, without limitation, those relating to management development, succession planning, pay and employment equity, retirement benefits, and long-term incentives and programs) in place and under development and their consistency with the strategy of the Issuer;
- (vi) review management's policies and practices for ensuring that the Issuer complies with legal prohibitions, disclosure and other requirements on making or arranging for personal loans and amending or extending any such loans or arrangements; and
- (vii) select, engage and compensate any outside compensation, nomination or other consultant the board determines to be necessary to permit it to carry out its duties.

With respect to the board composition matters, the board of trustees may, as appropriate:

- (i) review annually the competencies, skills and personal qualities required of board members, as a whole, in light of relevant factors, including:
  - a. the objective of adding value to the Issuer in light of the opportunities and risks facing the Issuer and the Issuer's proposed strategies,

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<sup>2</sup> Section 6.2 of the Management Agreement states that compensation matters should be addressed by the independent trustees.

- b. the need to ensure, to the greatest extent possible, that a majority of the board is comprised of individuals who meet the independence requirements of the applicable regulatory, stock exchange and securities law requirements or other guidelines, and
  - c. the policies of the board with respect to board member tenure, retirement and succession and board member commitments;
- (ii) establish and oversee an appropriately comprehensive orientation program for new board members in order to familiarize them with the Issuer and its business (including the Issuer's reporting and corporate structure, strategic plans, significant financial, accounting and risk issues, compliance programs and policies, management and the external auditors);
- (iii) provide continuing education opportunities for trustees, as appropriate, that shall, among other things, assist trustees to maintain or enhance their skills and abilities as trustees, and assist trustees in ensuring that their knowledge and understanding of the Issuer's business remains current;
- (iv) seek individuals qualified (in context of the needs of the Issuer and any formal criteria established by the board) to become members of the board for recommendation to the board, including whether prospective nominees are able to devote sufficient time and resources to their duties as board members;
- (v) review and recommend to the board the membership and allocation of board members to the various committees of the board;
- (vi) establish procedures for the receipt of comments from all board members to be included in an annual assessment of the board's performance, including individual contributions;
- (vii) at least annually, review and, if necessary, make recommendations to the board with respect to the compensation of board members, the Chair, and those acting as committee chairs to, among other things, ensure their compensation appropriately reflects the responsibilities they are assuming;
- (viii) appoint and, if appropriate, terminate any search firm to be used to identify board candidates and any compensation consultant to be used to assist in the evaluation of board compensation and to approve the search firm's and compensation consultant's fees and other retention terms;

With respect to corporate governance and compliance, the board may, as appropriate:

- (i) review the size of the board and the number of board members who are independent for the purpose of applicable regulatory, stock exchange and securities law requirements or guidelines and Issuer policies regarding board member independence;
- (ii) review the adequacy of the corporate governance practices of the Issuer;
- (iii) review the practices of the board (including separate meetings of non-management board members) to identify improvements in corporate governance practices;
- (iv) review the powers, mandates and performance, and the membership of the various committees of the board;
- (v) review the relationship between senior Management and the board with a view to ensuring that the board is able to function independently of Management; and
- (vi) review with the Manager the succession plans relating to the position of the Chief Executive Officer and other senior positions with respect to the selections of individuals to occupy these positions.

## **5. Decisions Requiring Prior Approval of the Board of Trustees**

Approval of the board shall be required for:

- (i) the payment of distributions;
- (ii) significant acquisitions/dispositions;
- (iii) related party transactions;
- (iv) the public dissemination of any financial information;
- (v) the issuance or repurchase of securities of the Issuer;
- (vi) the terms of reference of committees of the board; and
- (vii) any other matter that would give rise to a “material change” to the Issuer.

In considering related party transactions, when appropriate, the board of trustees will review a report of an independent financial advisor in making their decision. The foregoing list is intended to specify particular matters requiring board approval and is not intended to be an exhaustive list.

## **6. Measures for Receiving Unitholder Feedback**

All publicly disseminated materials of the Issuer shall provide for a mechanism for feedback of unitholders.

## **7. Meetings**

The board of trustees will meet not less than four times per year: three meetings to review quarterly results; and one prior to the issuance of the annual financial results of the Issuer. Unless otherwise set by the trustees, a quorum for the meetings shall be the greater of two and a majority of the trustees. From time to time trustees may be asked to participate in board retreats which may last one to three days.

## **8. Meeting Guidelines**

Trustees will be expected to have read and considered the materials sent to them in advance of each meeting, and to be prepared to discuss the matters contained in such materials at the meeting. Administrative matters (e.g., bank signing resolutions, etc.) which require a vote will be batched for voting purposes. Trustees will be expected to ask questions relating to batched items in advance of the meeting. The notice of meeting will highlight significant matters to be dealt with at each meeting so that trustees can focus on reviewing the related materials. Management will be made accessible to trustees at board meetings and committee meetings to fulfill their obligations.

## **9. Remuneration**

Remuneration shall be at a level which will attract and motivate professional and competent members.

## **10. Telephone Board Meetings**

A trustee may participate in a meeting of the trustees or in a committee meeting by means of telephone, electronic or such other communications facilities as permit all persons participating in the meeting to communicate with each other and a trustee participating in such a meeting by such means is deemed to be present at the meeting.

While it is the intent of the board of trustees to follow an agreed meeting schedule as closely as possible, it is felt that, from time to time, with respect to time sensitive matters telephone board meetings may be required to be

called in order for trustees to be in a position to better fulfill their legal obligations. Alternatively, management may request the trustees to approve certain matters by unanimous consent.

#### **11. Expectations of Management**

Management shall be required to report to the board of trustees at the request of the board on the performance of the Issuer, new and proposed initiatives, the Issuer's business and investments, management concerns and any other matter the board or its Chair may deem appropriate. In addition, the board expects Management to promptly report to the Chair any significant developments, changes, transactions or proposals respecting the Issuer or its subsidiaries.

## **APPENDIX A**

### **POLICY OF PRACTICES FOR TRUSTEES**

#### **Attendance at Meetings**

Each trustee is expected to have a very high record of attendance at meetings of the board of trustees, and at meetings of each committee on which the trustee sits. A trustee is expected to:

- (i) advise the Chair as to planned attendance at board and committee meetings shortly after meeting schedules have been distributed;
- (ii) advise the Chair as soon as possible after becoming aware that he or she will not be able to attend a meeting; and
- (iii) attend a meeting by conference telephone if unable to attend in person.

#### **Preparation for Meetings**

Trustees are expected to carefully review and consider the materials distributed in advance of a meeting of the board of trustees or a committee of the board of trustees. Trustees are also encouraged to contact the Chair and any other appropriate officers to ask questions and discuss agenda items prior to meetings.

#### **Conduct at Meetings**

Trustees are expected to ask questions and participate in discussions at meetings, and to contribute relevant insights and experience. In discussions at meetings, a trustee should:

- (i) be candid and forthright;
- (ii) not be reluctant to express views contrary to those of the majority;
- (iii) be concise and, in most circumstances, respect the time constraints of a meeting; and
- (iii) be courteous to and respectful of other trustees and guests in attendance.

#### **Knowledge of the Issuer's Business**

Trustees are expected to be knowledgeable with respect to the various fields and divisions of business of the Issuer. Although Management has a duty to keep the board of trustees informed about developments in the Issuer's business, trustees have a primary duty of care and diligence, which includes a duty of inquiry. Trustees should:

- ask questions of Management and other trustees/managers, at meetings and otherwise, to increase their knowledge of the business of the Issuer;
- familiarize themselves with the risks and challenges facing the business of the Issuer;
- read all internal memoranda and other documents circulated to the trustees, and all reports and other documents issued by the Issuer for external purposes;
- insist on receiving adequate information from Management with respect to a proposal before board approval is requested;

- familiarize themselves with the Issuer's competitors by, among other things, reading relevant news, magazine and trade journal articles; and
- familiarize themselves with the legal and regulatory framework within which the Issuer carries on its business.

### **Personal Conduct**

Trustees are expected to:

- (i) exhibit high standards of personal integrity, honesty and loyalty to the Issuer;
- (ii) project a positive image of the Issuer to news media, the financial community, governments and their agencies, unitholders and employees;
- (iii) be willing to contribute extra efforts, from time to time as may be necessary including, among other things, being willing to serve on committees of the board; and
- (iv) disclose any potential conflict of interest that may arise with the business or affairs of the Issuer and, generally, avoid entering into situations where such conflicts could arise or could reasonably be perceived to arise.

### **Independent Advice**

In discharging its mandate the board shall have the authority to retain (and authorize the payment by the Issuer of) and receive advice from, special legal, accounting or other advisors and outside consultants if appropriate.

### **Other Trusteeships and Significant Activities**

The Issuer values the experience trustees bring from other boards on which they serve and other activities in which they participate, but recognizes that those boards and activities also may present demands on a trustee's time and availability and may present conflicts or legal issues, including independence issues. No trustee should serve on the board of a competitor or of a regulatory body with oversight of the Issuer. Each trustee should, when considering membership on another board or committee, make every effort to ensure that such membership will not impair the trustee's time and availability for his or her commitment to the Issuer. Trustees should advise the chair and the Chief Executive Officer before accepting membership on other public company boards of trustees or any audit committee or other significant committee assignment on any other board of trustees, or establishing other significant relationships with businesses, institutions, governmental units or regulatory entities, particularly those that may result in significant time commitments or a change in the trustee's relationship to the Issuer.



## **APPENDIX B**

### **DEFINITIONS**

**“independent trustee”** means a trustee who has no direct or indirect material relationship with the Issuer.<sup>3</sup>

**“material relationship”** means a relationship which could, in the view of the board of trustees of the Issuer, be reasonably expected to interfere with the exercise of a member’s independent judgement. Without limiting the generality of the foregoing, the following individuals are considered to have a material relationship with the Issuer:<sup>4</sup>

- (a) an individual who is, or has been within the last three years, an employee or executive officer<sup>5</sup> of the Issuer;
- (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Issuer;
- (c) an individual who:
  - (i) is a partner<sup>6</sup> of a firm that is the Issuer’s internal or external auditor,
  - (ii) is an employee of that firm, or
  - (iii) was within the last three years a partner or employee of that firm and personally worked on the Issuer’s audit within that time;
- (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
  - (i) is a partner of a firm that is the Issuer’s internal or external auditor,
  - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
  - (iii) was within the last three years a partner or employee of that firm and personally worked on the Issuer’s audit within that time;
- (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Issuer’s current executive officers serves or served at that same time on the entity’s compensation committee; and

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<sup>3</sup> For the purpose of the definitions of “independent trustee” and “material relationship” in this Appendix, “Issuer” includes a subsidiary entity of the Issuer and a parent of the Issuer, as applicable.

<sup>4</sup> An individual will not be considered to have a material relationship with the Issuer solely because he or she had a relationship identified in this definition if that relationship ended before March 30, 2004 or, if such relationship was with a subsidiary entity of the Issuer or a parent of the Issuer, that relationship ended before June 30, 2005. An individual will not be considered to have a material relationship with the Issuer solely because the individual or his or her immediate family member has previously acted as an interim chief executive officer of the Issuer or acts, or has previously acted, as a chair or vice-chair of the board of trustees or of any board committee of the Issuer on a part-time basis.

<sup>5</sup> An “executive officer” includes any individual who performs a policy-making function in respect of the entity.

<sup>6</sup> A partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

- (f) an individual who received, or whose immediate family member who is employed as an executive officer of the Issuer received, more than \$75,000 in direct compensation<sup>7</sup> from the Issuer during any 12 month period within the last three years.<sup>8</sup>

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<sup>7</sup> Direct compensation does not include: (a) remuneration for acting as a member of the board of trustees or of any board committee of the Issuer; and (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Issuer if the compensation is not contingent in any way on continued service.

<sup>8</sup> An individual who: (a) has a relationship with the Issuer pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Issuer or any subsidiary entity of the Issuer, other than as remuneration for acting in his or her capacity as a member of the board of trustees or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or (b) is an affiliated entity of the Issuer or any of its subsidiary entities, is considered to have a material relationship with the Issuer. The indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by: (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or (b) an entity in which such individual is a partner, member, an officer such as a managing trustee occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Issuer or any subsidiary entity of the Issuer. Compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Issuer if the compensation is not contingent in any way on continued service.

**EXHIBIT “E”**

**AUDIT COMMITTEE CHARTER**  
**OF**  
**CHARTER REAL ESTATE INVESTMENT TRUST**

**PURPOSE**

The Audit Committee (the “**Committee**”) is appointed by the board of trustees (the “**Board**”) of Charter Real Estate Investment Trust (the “**REIT**”) to assist in the oversight and evaluation of:

- the quality and integrity of the financial statements of the REIT;
- the internal control and financial reporting systems of the REIT;
- the compliance by the REIT with legal and regulatory requirements in respect of financial disclosure;
- the qualification, independence and performance of the REIT’s independent auditors;
- the performance of the REIT’s Chief Financial Officer; and
- any additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

In addition, the Committee provides an avenue for communication between the independent auditor, financial management, other employees and the Board concerning accounting and auditing matters.

The Committee is directly responsible for the appointment, compensation, retention (and termination) and oversight of the work of the independent auditor (including oversight of the resolution of any disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing audit reports or performing other audit, review or attest services for the REIT.

The Committee is not responsible for:

- planning or conducting audits,
- certifying or determining the completeness or accuracy of the REIT’s financial statements or that those financial statements are in accordance with generally accepted accounting principles, or
- guaranteeing the report of the REIT’s independent auditor.

The fundamental responsibility for the REIT’s financial statements and disclosure rests with management. It is not the duty of the Committee to conduct investigations, to itself resolve disagreements (if any) between management and the independent auditor or to ensure compliance with applicable legal and regulatory requirements.

**REPORTS**

The Committee shall report to the Board on a regular basis and, in any event, before the public disclosure by the REIT of its quarterly and annual financial results. The reports of the Committee shall include any issues of which the Committee is aware with respect to:

- the quality or integrity of the REIT’s financial statements;

- compliance by the REIT with legal or regulatory requirements in respect of financial matters and disclosure;
- the performance and independence of the REIT's independent auditor;
- the effectiveness of systems of control (including risk management) established by management to safeguard the assets (real and intangible) of the REIT; and
- the proper maintenance of accounting and other records.

The Committee shall also prepare, as required by applicable law, any audit committee report required for inclusion in the REIT's publicly filed documents.

## COMPOSITION

The members of the Committee shall be three or more individuals who are appointed by the Board (and may be replaced) by the Board. Each of the members of the Committee shall meet the standards for independence required by applicable regulatory, stock exchange and securities law requirements and, without limitation, shall be financially literate (or acquire that familiarity within a reasonable period after appointment). This shall, at a minimum, include the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity that can reasonably be expected to be raised by the REIT's financial statements. No member of the Committee shall accept (directly or indirectly) any consulting, advisory or other compensatory fee from the REIT, C.A. Realty Management Inc., and the REIT's subsidiaries or affiliates (collectively, the "**Charter Group**") (other than remuneration for acting in his or her capacity as a Trustee) or be an "affiliated person" of the Charter Group. (For this purpose, an "affiliate" of a person is a person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the first person.) Without the approval of the board, no member of the Committee shall concurrently serve on the audit committee of more than two other public companies or on the audit committee of a competitor or client.

## RESPONSIBILITIES

### Independent Auditors

The Committee shall:

- Recommend to the Board the independent auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the REIT.
- Establish the compensation of the independent auditor.
- Obtain confirmation from the independent auditor that it ultimately is accountable, and will report directly, to the Committee and the Board.
- Oversee the independent auditor and, in the context thereof, require the independent auditor to report to the Committee (among other things) any disagreement between management and the independent auditor regarding financial reporting and the resolution of each such disagreement.
- Adopt policies and procedures for the pre-approval of the retention of the REIT's independent auditor for all audit and permitted non-audit services (subject to any restrictions on such services imposed by applicable legislation), including procedures for the delegation of authority to provide such approval to one or more members of the Committee.
- At least annually, review the qualifications, performance and independence of the independent auditor. In doing so, the Committee should, among other things, undertake the measures set forth in Schedule "A".

## The Audit Process, Financial Statements and Related Disclosure

The Committee shall, as it determines to be appropriate:

- Review with management and the independent auditor:
  - the planning and staffing of the audit by the independent auditor;
  - before public disclosure, the REIT's annual audited financial statements and quarterly unaudited financial statements, the REIT's accompanying disclosure of Management's Discussion and Analysis ("MD&A") and earnings press releases and make recommendations to the Board as to the approval and dissemination of those statements and disclosure;
  - the adequacy of the procedures for the review of the REIT's public disclosure of financial information extracted or derived from the REIT's financial statements, other than the public disclosure referred to in the immediately preceding paragraph;
  - financial information and any earnings guidance provided to analysts and rating agencies, recognizing that this review and discussion may be done generally (consisting of a discussion of the types of information to be disclosed and the types of presentations to be made) and need not take place in advance of the disclosure of each release or provision of guidance;
  - any significant financial reporting issues and judgments made in connection with the preparation of the REIT's financial statements, including any significant changes in the selection or application of accounting principles, any major issues regarding auditing principles and practices, and the adequacy of internal controls that could significantly affect the REIT's financial statements;
  - all critical accounting policies and practices used;
  - all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;
  - the use of "pro forma" or "adjusted" non-GAAP information;
  - the effect of regulatory and accounting initiatives, as well as any off-balance sheet structures, transactions, arrangements and obligations (contingent or otherwise), on the REIT's financial statements;
  - any disclosures concerning any weaknesses or any deficiencies in the design or operation of internal controls or disclosure controls made to the Committee by the Chief Executive Officer and the Chief Financial Officer during their certification process in documents filed with applicable securities regulators;
  - the adequacy of the REIT's internal accounting controls and management information systems and its financial, auditing and accounting organizations and personnel and any special steps adopted in light of any material control deficiencies; and
  - the establishment, and periodic review, of procedures for the review of financial information extracted or derived from the REIT's consolidated financial statements.
- Review with management the REIT's guidelines and policies with respect to risk assessment and the REIT's major financial risk exposures and the steps management has taken to monitor and control such exposures.

- Review with the independent auditor:
  - the quality as well as the acceptability of the accounting principles that have been applied;
  - any problems or difficulties the independent auditor may have encountered during the provision of its audit-related services, including any restrictions on the scope of activities or access to requested information and any significant disagreements with management, any management letter provided by the independent auditor or other material communication (including any schedules of unadjusted differences) to management and the REIT's response to that letter or communication; and
  - any changes to the REIT's significant auditing and accounting principles and practices suggested by the independent auditor and members of management.
- Review with management all related party transactions and the development of policies and procedures related to those transactions.
- Oversee appropriate disclosure of the Committee's charter, and other information required to be disclosed by applicable legislation, in the REIT's Annual Information Form and all other applicable disclosure documents, including any management information circular distributed in connection with the solicitation of proxies from the REIT's securityholders.

## **Compliance**

The Committee shall, as it determines appropriate:

- Review with the REIT's Chief Financial Officer, other members of management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding the REIT's financial statements or accounting policies.
- Review with the REIT's Chief Financial Officer legal matters that may have a material impact on the financial statements or accounting policies.
- Establish procedures (which are currently set out in the REIT's Whistleblower Policy) for:
  - the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters; and
  - the confidential, anonymous submission by employees of the Charter Group with concerns regarding any accounting or auditing matters.
- Periodically review with management the need for an internal audit function.

## **Delegation**

To avoid any confusion, the Committee responsibilities identified above are the sole responsibility of the Committee and may not be delegated to a different committee.

## **MEETINGS**

The Committee shall meet at least quarterly and more frequently as circumstances require. All members of the Committee should strive to be at all meetings. The Committee shall meet separately, periodically, with management and the independent auditors and may request any officer or employee of the Charter Group or the REIT's outside counsel or independent auditor to attend meetings of the Committee or with any members of, or advisors to, the Committee. The Committee also may meet with the investment bankers, financial analysts and rating agencies that

provide services to, or follow, the REIT. The Committee may form and delegate authority to individual members and subcommittees where the Committee determines it is appropriate to do so.

#### **INDEPENDENT ADVICE**

In discharging its mandate, the Committee shall have the authority to retain, at the expense of the REIT, special advisors as the Committee determines to be necessary to permit it to carry out its duties.

#### **ANNUAL EVALUATION**

At least annually, the Committee shall, in a manner it determines to be appropriate:

- Perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with this charter.
- Review and assess the adequacy of its charter (including with respect to the procedures regarding the review of the REIT's public disclosure of financial information extracted or derived from the REIT's financial statements) and recommend to the Board any improvements to this charter that the Committee determines to be appropriate.

## **SCHEDULE “A”**

### **Qualifications, Performance and Independence of Independent Auditor**

- Review the experience and qualifications of the senior members of the independent auditor’s team.
- Confirm with the independent auditor that it is in compliance with applicable legal, regulatory and professional standards relating to auditor independence.
- Review and approve clear policies for the hiring by the Charter Group of employees or partners or former employees or former partners of the current and former independent auditor.
- Review annual reports from the independent auditor regarding its independence and consider whether there are any non-audit services or relationships that may affect the objectivity and independence of the independent auditor and, if so, recommend that the Board take appropriate action to satisfy itself of the independence of the independent auditor.
- Obtain and review such report(s) from the independent auditor as may be required by applicable legal and regulatory requirements.