CHARTER
REAL ESTATE INVESTMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009

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ADVISORY

This *Management's Discussion and Analysis* ("MD&A") presents an analysis of the financial condition of Charter Real Estate Investment Trust ("Charter" or the "REIT") for the three and twelve months ended December 31, 2009. The MD&A should be read in conjunction with the audited consolidated financial statements and the accompanying notes of the REIT for the years ended December 31, 2009 and 2008. Historical results, including trends which might appear, should not be taken as indicative of future operations or results.

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

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

These statements involve known and unknown risks, uncertainties and other factors that could cause actual results or events to differ materially from those anticipated in such forward-looking statements, and accordingly, no undue reliance should be placed on any such forward-looking statements. Those risks and uncertainties include, among other things: the ability of the REIT to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits; risks associated with the current economic conditions; real property ownership, including occupancy rates; competitive conditions in the business in which the REIT participates; the outcome of pending legal proceedings, if any exist; general economic conditions and normal business uncertainty; interest rate fluctuations and other changes in borrowing and borrowing costs; environmental matters; reliance on external sources of capital; and changes to the laws, rules, and regulations applicable to the REIT or the markets in which the REIT operates. Additional information about these risks and uncertainties and any corresponding plan to mitigate these risks, where possible, is contained in the REIT's filings with securities regulators, including the REIT's Annual Information Form dated February 27, 2009 which is available on www.sedar.com.

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

This MD&A is dated March 2, 2010 and presents material information up to this date, unless otherwise noted.

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

OVERVIEW AND BUSINESS STRATEGY

The REIT, which trades on the TSX Venture Exchange under the symbol CRH.UN, is focused on acquiring and managing a portfolio of retail and mixed-use retail community and neighbourhood centres, generally in the mid-market deal size range of $10 to $40 million, comprised of stable cash flow and value-add properties from both primary and secondary markets throughout Canada. Charter's principal goal is to generate a reliable and growing yield for its investors. The REIT currently owns ten retail properties located in Ontario and Quebec.

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

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

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

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

In keeping with the aforementioned business strategy, Charter will continue to focus on improving its existing assets through redevelopment and leasing initiatives in 2010 and will actively look for ways to grow the REIT's asset base.

EXECUTIVE SUMMARY

The global economic recession and credit crisis continued to make 2009 a difficult year for many businesses. In the real estate industry, access to capital (both debt and equity capital) was limited early in the year; however, it improved in the latter half of the year. Despite the improvement, the equity markets remained challenging throughout 2009 for "micro-cap" entities such as Charter. Charter's unit price also continued to trade at levels below its net book value, making it difficult to deploy equity in property acquisitions on an accretive basis. Given these conditions, 2009 was a year of internal focus for Charter. The REIT's goal was to generate organic growth through redevelopment and releasing activities at its existing centres. Charter successfully began the redevelopment of its Châteauguay property through the replacement of a 15,000 square foot cinema tenant with an 18,138 square foot Pharmaprix (Shoppers Drug Mart) store for a 15 year term. Along with this lease deal at the centre, Charter downsized and renewed its lease with Yellow Group Inc. for a 10 year term, undertook significant façade improvements at the centre and upgraded the landscaping and exterior amenities on the site.

Overall occupancy for Charter for 2009 remained strong and ended the year at 95.1%, with approximately 92% of the portfolio leased to national and regional tenants.

Given the access to capital challenges in the early part of 2009, the REIT was proactive in managing its liquidity over the course of the year by securing the early renewal and extension of its operating and acquisition facility for a two-year term. That facility was the only debt maturing for the REIT in 2009. This early renewal allows the REIT to continue with its business plan and leasing initiatives. The REIT continues to maintain a strong balance sheet with a debt-to-gross book value ratio of 62.7% at December 31, 2009. As well, the REIT currently generates sufficient operating cash flow and funds from operations to cover its distributions. The REIT's payout ratio for the year ended December 31, 2009 is 70% of funds from operations based on the current distribution level of $0.16 per year.

In terms of Charter's results for 2009, funds from operations were up year over year mainly as a result of the full year impact of acquisitions made in 2008. The results were negatively impacted by: the vacancies created at the Châteauguay property as a result of the redevelopment and re-leasing initiative; other vacancies in the REIT's portfolio; an increase in the allowance for doubtful accounts and a decrease in rental income at the Méga Centre property. The full positive impact on rental income from Châteauguay as a result of the Pharmaprix/Yellow Group Inc. lease deal will commence in the 2nd quarter of 2010.

The following is a summary chart of selected key financial information and statistics:

	Q4 2009	Q4 2008	Q3 2009
NOI[(1),(2)]	**$ 2,543,655**	$ 2,905,800	$ 2,730,506
Same-property NOI[(1),(2)]	**$ 2,543,655**	$ 2,905,800	$ 2,730,506
FFO[(1),(2)]	**$ 800,920**	$ 1,169,956	$ 1,088,052
FFO per unit - diluted[(1),(2)]	**$ 0.04**	$ 0.07	$ 0.06
Net loss[(2)]	**$ 607,645**	$ 228,370	$ 305,476
Net loss per unit - diluted[(2)]	**$ 0.03**	$ 0.01	$ 0.02
Distributions	**$ 739,632**	$ 726,470	$ 737,472
Distributions per unit[(3)]	**$ 0.040**	$ 0.040	$ 0.040
Cash distributions[(4)]	**$ 674,709**	$ 519,600	$ 677,005
Cash distributions per unit[(4)]	**$ 0.037**	$ 0.029	$ 0.037
Total assets	**$134,599,449**	$138,143,389	$134,661,529
Total debt[(5)]	**$ 92,225,963**	$ 92,345,108	$ 91,482,026
Debt-to-gross book value	**62.7%**	63.7%	62.8%
Interest coverage ratio	**1.66**	1.96	1.89
Debt service coverage ratio	**1.36**	1.76	1.55
Weighted average interest rate[(6)]	**5.87%**	5.87%	5.87%
Portfolio occupancy	**95.1%**	95.9%	95.9%

(1) Net operating income or “NOI” and funds from operations or “FFO” are non-GAAP financial measures widely used in the real estate industry. See “Financial Review” section for further details and advisories.
(2) As a result of new accounting standards implemented on January 1, 2009, prior year comparatives have been restated. Please see “Advisories” section for further details.
(3) Excluding the 3% bonus units given to participants in the Distribution Reinvestment and Optional Unit Purchase Plan.
(4) Represents distributions to unitholders net of the distribution reinvestment plan.
(5) Includes secured debt and credit facilities.
(6) Represents the weighted average interest rate for secured debt excluding the operating and acquisition facility, which has a floating rate of interest.

It should be noted that the large decrease in NOI for the fourth quarter of 2009 compared to the fourth quarter of 2008 and compared to the third quarter of 2009, is primarily due to lease expiries, vacancies and lost rental income (including temporary vacancies as a result of the redevelopment of the Châteauguay property).

	Year ended December 31,	
	2009	**2008**
NOI[(1),(2)]	**$ 10,740,078**	$ 9,564,812
Same-property NOI[(1),(2)]	**$ 10,740,078**	$ 11,254,339
FFO[(1),(2)]	**$ 4,185,577**	$ 3,821,776
FFO per unit - diluted[(1),(2)]	**$ 0.23**	$ 0.21
Net loss[(2)]	**$ 1,772,397**	$ 1,257,596
Net loss per unit - diluted[(2)]	**$ 0.10**	$ 0.07
Distributions	**$ 2,942,291**	$ 4,663,275
Distributions per unit[(3)]	**$ 0.160**	$ 0.216
Cash distributions[(4)]	**$ 2,435,809**	$ 3,842,402
Cash distributions per unit[(4)]	**$ 0.133**	$ 0.216
Total assets	**$ 134,599,449**	$138,143,389
Total debt[(5)]	**$ 92,225,963**	$ 92,345,108
Debt-to-gross book value	**62.7%**	63.7%
Interest coverage ratio	**1.88**	2.10
Debt service coverage ratio	**1.57**	1.91
Weighted average interest rate[(6)]	**5.87%**	5.87%
Portfolio occupancy	**95.1%**	95.9%

(1) Net operating income or "NOI" and funds from operations or "FFO" are non-GAAP financial measures widely used in the real estate industry. See "Financial Review" section for further details and advisories.
(2) As a result of new accounting standards implemented on January 1, 2009, prior year comparatives have been restated. Please see "Advisories" section for further details.
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(5) Includes secured debt and credit facilities.
(6) Represents the weighted average interest rate for secured debt excluding the operating and acquisition facility, which has a floating rate of interest.

REAL ESTATE PORTFOLIO

Real Estate Portfolio

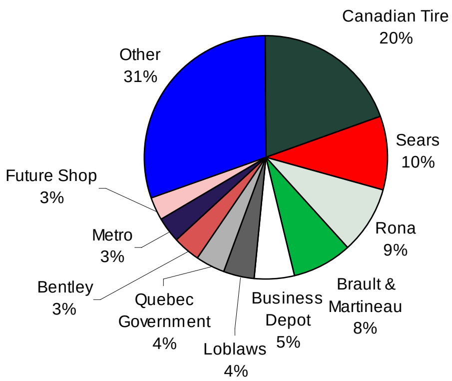
The REIT currently owns ten retail and mixed-use retail properties in Ontario and Quebec as follows:

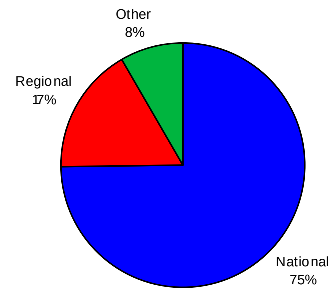
Property and location	Property type	Date built /redeveloped	Anchor tenants	Gross Leaseable Area (sq.ft.) Retail[1]	Gross Leaseable Area (sq.ft.) Storage space	Occupancy[2] [3]	% of annualized base rental revenue[3]	Weighted average rent[3]
Ontario:								
Cornwall Square Cornwall, Ontario	Enclosed Mall	1979/1989	Sears Loblaws (No Frills)	249,994	1,258	98.3%	28.1%	$11.67
Place Val Est Sudbury, Ontario	Grocery-anchored Strip Centre	1983/1987, 1990, 1998	Metro	110,598	-	73.4%	10.4%	$13.16
Canadian Tire Property Brockville, Ontario	Free Standing	1995/2006	Canadian Tire	70,380	-	100%	7.6%	$11.00
Canadian Tire Property Strathroy, Ontario	Free Standing	2005	Canadian Tire	67,834	-	100%	7.3%	$11.00
Canadian Tire Property Wasaga Beach, Ontario	Free Standing	2007	Canadian Tire	54,081	-	100%	5.8%	$11.00
Rona Property Exeter, Ontario	Free Standing	1996/2000	Rona	42,780	-	100%	1.3%	$3.21
Rona Property Seaforth, Ontario	Free Standing	1962/2000	Rona	19,622	-	100%	0.4%	$2.24
Rona Property Zurich, Ontario	Free Standing	1961/2000	Rona	24,400	-	100%	0.3%	$1.35
Quebec:								
Méga Centre Montreal, Quebec	Community Power Centre	1973/1993, 1999, 2000, 2004	Brault & Martineau Staples Future Shop	277,477	36,081	95.3%	25.5%	$9.85
Châteauguay Montreal, Quebec	Mixed-use Strip Centre	1970/1994	Shoppers Drug Mart Staples	114,756	-	96.5%	13.3%	$12.28
Total				**1,031,922**	**37,339**	**95.1%** [4]	**100%**	**$10.43** [4]

Notes:

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

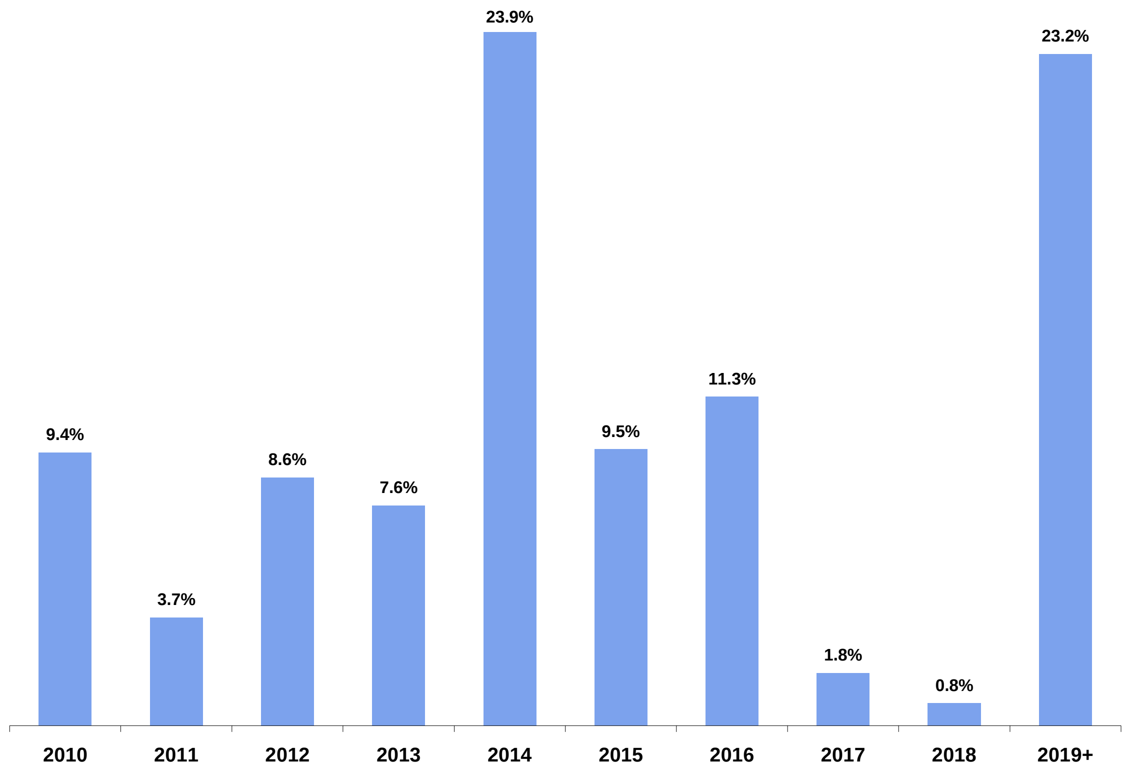
The REIT has a strong mix of national and regional tenants. The tenant mix for the properties at December 31, 2009 is as follows:





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

The weighted average term to maturity of existing leases at December 31, 2009 is almost 7 years. The chart below shows the lease expiration schedule of the properties as a percentage of leased square feet for 2010 and beyond:



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

Leasing Activity and Occupancy

Charter has made significant initial steps in improving the quality of tenants at its Châteauguay property, and continues to make strides on re-leasing at its other properties. In 2009, the portfolio had lease expiries of 93,690 square feet at an average base rent of $13.22 per square foot. Of these, new or renewal leases of 91,184 square feet have been entered into at an average base rent of $12.04 per square foot. It should be noted that in 2009, 34,000 square feet of the lease expiries noted above (relating to the Méga Centre property), was re-leased to Bentley Leathers Inc. for a one-year term until September 30, 2010. The lease includes a significant percentage rent component which has been adjusted from Charter's initial forecasts given the store's performance. This one tenant brings down the average base rent per square foot of new or renewal leases. If this tenant is removed from the analysis, the average base rent per square foot for new or renewal leases was 24% higher than the average base rent per square foot of related expiring leases. Charter continues to look for long term solutions for this space at the Méga Centre.

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

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

	Q1	Q2	Q3	Q4	Total	
Lease expiries	36,203	14,496	4,721	48,662	104,082	
Base rent per square foot	$13.57	$11.95	$5.36	$6.96	$9.88	(1)
New leasing/renewals	15,391	6,157	-	-	21,548	
Base rent per square foot	$10.21	$16.32	$-	$-	$11.96	(1)

(1) weighted average

At the Châteauguay property in Montreal, the REIT replaced a 15,000 square foot cinema tenant with an 18,138 square foot Pharmaprix (Shoppers Drug Mart) store for a 15 year term. Along with the Pharmaprix lease deal, the REIT downsized and renewed its lease with Yellow Group Inc. for a 10 year term, undertook significant façade improvements at the centre and upgraded the landscaping and exterior amenities. Yellow Group Inc. began its term on December 1, 2009 while Pharmaprix has taken possession of its space and is scheduled to open in March 2010. Additional leasing at this property to the date of this MD&A includes, two two-year renewals with two office tenants occupying 2,637 square feet and 11,134 square feet, respectively. Finally, a retail tenant occupying 12,012 square feet, expiring in 2010 is not expected to remain at the property. The REIT has entered into a binding offer with a new tenant to take between 8,500 square feet and 12,012 square feet of this location, subject to certain tenant conditions. The tenant is required to waive these conditions by March 31, 2010. This lease deal has not been included in the above chart as new leasing/renewals.

At the Méga Centre property in Montreal, the REIT replaced a tenant who occupies approximately 34,000 square feet, with Bentley Leathers Inc. for a one-year term. As mentioned previously, Charter continues to look for long term solutions for this space given the initial sales performance of the tenant. Other leasing at the centre includes the early renewal of a 1,500 square foot tenant that was set to expire in 2011, until 2021. It should be noted that a dollar store occupying 18,573 square feet vacated the property on February 2nd, 2010 which will affect occupancy in the first quarter of 2010 and could impact net operating income by up to $210,000 annually. The above chart does not include this vacancy as an expiry in 2010. The REIT is actively looking to improve the tenant mix at the centre and lease all of the currently vacant space.

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

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

OTHER 2009 EVENTS

Acquisition Facility

In May 2009, the REIT early renewed its revolving operating and acquisition facility (the "Acquisition Facility") that it has with a Canadian chartered bank. The Acquisition Facility is now for a two-year term expiring in May 2011 (previously a one-year term) for a maximum amount of $26,000,000. Amounts drawn down will bear interest at a rate equal to the Bank's prime rate plus 3.50% per annum or Banker's Acceptances plus 4.50% per annum.

For further details, see the "Financial Review" section of this MD&A.

FINANCIAL REVIEW

Statement of Operations

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

	Three months ended		
	December 31,		**September 30,**
	2009	**2008**	**2009**
Revenues from income producing properties	**$ 4,191,382**	$ 4,591,023	$ 4,186,174
Interest income	**976**	17,856	8,254
Operating costs from income producing properties	**1,647,727**	1,685,223	1,455,668
Interest expense	**1,351,655**	1,345,138	1,350,824
General and administrative expenses	**350,547**	340,835	254,299
Depreciation and amortization	**1,450,074**	1,446,983	1,429,202
Incentive unit option compensation	**-**	19,070	9,911
Net loss	**607,645**	228,370	305,476
Net loss per unit-basic & diluted	**0.03**	0.01	0.02

	Year ended	
	December 31, 2009	**December 31, 2008**
Revenues from income producing properties	**$ 17,118,069**	$ 15,822,563
Interest income	**21,675**	64,515
Operating costs from income producing properties	**6,377,991**	6,257,751
Interest expense	**5,218,757**	4,038,269
General and administrative expenses	**1,145,361**	1,246,958
Depreciation and amortization	**6,141,407**	5,435,249
Incentive unit option compensation	**28,625**	166,447
Net loss	**1,772,397**	1,257,596
Net loss per unit-basic & diluted	**0.10**	0.07

Net Loss

The net loss increased in the fourth quarter of 2009 compared to the fourth quarter of 2008 primarily due to a decrease in net operating income from the properties.

The net loss increased in the fourth quarter of 2009 compared to the third quarter of 2009 primarily due to a decrease in net operating income from the properties as well as an increase in general and administrative expenses.

The net loss for the year ended December 31, 2009 increased over the prior year comparable primarily due to increased depreciation and amortization expense due to the acceleration of amortization of certain intangible assets recorded in the second quarter of 2009 relating to square footage not renewed by existing tenants, as well as increased interest expense on corporate secured debt that was obtained in September 2008 in connection with the acquisition of the Canadian Tire portfolio. This was partly offset by the positive impact of the net results from the Canadian Tire portfolio (net of mortgage financing expense) that was acquired in September 2008, a reduction in general and administrative expenses and incentive unit option compensation expense year over year and decreased interest expense on the Acquisition Facility because of lower prevailing interest rates as well as a lower balance outstanding throughout most of the year.

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

Interest Expense

Interest expense was marginally higher at $1,351,655 for the quarter ended December 31, 2009 compared to $1,345,138 for the quarter ended December 31, 2008 and $1,350,824 recorded for the third quarter of 2009.

Interest expense was $5,218,757 for the year ended December 31, 2009 compared to $4,038,269 for the year ended December 31, 2008. The increase was mainly due to the mortgage financing obtained on the Canadian Tire property acquisitions completed in September 2008 as well as the corporate secured debt obtained at the same time in connection with those acquisitions. This was partly offset by decreased interest expense on the Acquisition Facility because of lower prevailing interest rates and a lower outstanding balance throughout most of the year.

General and Administrative Expenses

General and administrative expenses for the quarter ended December 31, 2009 increased marginally in comparison to the comparable prior year quarter primarily due to an increase in trustee fees and consulting fees. This was partly offset by the fact that the REIT did not incur significant expenditures on reviewing property acquisitions during the year. Expenses for the current quarter also increased compared to the third quarter of 2009 due mainly to the increased trustee fees and consulting fees mentioned above.

General and administrative expenses for the year ended December 31, 2009 decreased in comparison to the comparable prior year period mainly due to a decrease in expenditures on reviewing property acquisitions during the year, as well as a decrease in audit, audit-related and tax fees. This was partly offset by the increased trustee fees and consulting fees mentioned above.

General and administrative expenses for the year ended December 31, 2009 consist of legal and consulting fees of $203,697, audit and tax compliance fees of $149,471, trustee fees of $191,671, asset management fees of $439,906, transfer agent fees, shareholder reports and other statutory filings of $58,506 and other miscellaneous expenses of $102,110.

Depreciation and Amortization

Depreciation and amortization for the quarter ended December 31, 2009 was marginally higher compared to the quarter ended December 31, 2008 and September 30, 2009.

Depreciation and amortization increased for the year ended December 31, 2009 compared to the prior year mainly as a result of the accelerated amortization of intangible assets recorded in the second quarter relating to square footage not renewed by existing tenants, as well as the full-year impact of the Canadian Tire properties which were acquired in September 2008.

Incentive Unit Option Compensation

Incentive unit option compensation decreased for the quarter and year ended December 31, 2009 compared to the quarter and year ended December 31, 2008 and compared to the quarter ended September 30, 2009 mainly as a result of the fact that some of the previous grants of options have fully vested and have therefore already been fully amortized.

Net Operating Income

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

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

Net Operating Income – All Properties

	Three months ended December 31, 2009	**Three months ended December 31, 2008**	**Favourable/ (unfavourable) variance**
Revenues from income producing properties	**$ 4,191,382**	$ 4,591,023	$ (399,641)
Operating costs from income producing properties	**1,647,727**	1,685,223	37,496
Net operating income	**$ 2,543,655**	$ 2,905,800	$ (362,145)

The decrease in NOI for the quarter ended December 31, 2009 compared to the same period in 2008 is primarily due to a decrease in NOI at the REIT's Méga Centre, Châteauguay, Cornwall Square and Place Val Est properties. At the Méga Centre property, NOI was negatively affected by a decrease in rental income from the new Bentley Leathers Inc. lease deal compared to the previous tenant occupying that space. As well, temporary lease deals in vacant space increased NOI from the property in 2008. At Châteauguay, the cinema tenant expired effective May 31, 2009. This tenant is being replaced by a Pharmaprix (Shoppers Drug Mart) which is currently under construction. At Cornwall Square, there were a few small in-line tenant vacancies that occurred during the year. Finally, at Place Val Est, the rental guarantee that the REIT had from the vendor of the property, relating to the former SAAN tenant, expired effective July 31, 2009.

	Three months ended December 31, 2009	Three months ended September 30, 2009	Favourable/ (unfavourable) variance
Revenues from income producing properties	**$ 4,191,382**	$ 4,186,174	$ 5,208
Operating costs from income producing properties	**1,647,727**	1,455,668	(192,059)
Net operating income	**$ 2,543,655**	$ 2,730,506	$ (186,851)

The decrease in NOI for the quarter ended December 31, 2009 compared to the prior quarter is primarily due to: vacancy tax rebates received in the third quarter of 2009; lower rental income at the Méga Centre property of approximately $110,000 a large portion of which pertains to the decrease in rental income from the new Bentley Leathers Inc. deal, compared to the rental income received from the previous tenant; and a decrease in rental income at Place Val Est relating to the expiry of the SAAN rental guarantee effective July 31, 2009.

	Year ended December 31, 2009	Year ended December 31, 2008	Favourable/ (unfavourable) variance
Revenues from income producing properties	**$ 17,118,069**	$ 15,822,563	$ 1,295,506
Operating costs from income producing properties	**6,377,991**	6,257,751	(120,240)
Net operating income	**$ 10,740,078**	$ 9,564,812	$ 1,175,266

The increase in NOI for the year ended December 31, 2009 compared to the prior year period is primarily due to the full-year impact of the acquisition of the Canadian Tire properties which occurred in September 2008 and the full-year impact of the Place Val Est acquisition which occurred on January 31, 2008. Both of these items had an impact on NOI of approximately $1.7 million. The increase in NOI was partly offset by: an increase in the provision for doubtful accounts; a decrease in rental income from the Méga Centre property mainly relating to the decrease in rental income from the new Bentley Leathers Inc. deal, compared to the rental income received from the previous tenant; the expiry of the SAAN rental guarantee in Place Val Est; small in-line tenant vacancies that occurred during the year at Cornwall Square; a tenant rental adjustment at the Châteauguay property recorded in the second quarter of 2009; and the expiry of the cinema tenant at the Châteauguay property.

Net Operating Income – Same Properties

The same-property NOI included in the following table includes the operating results for the properties that were owned throughout the current and comparative periods. Any properties that were acquired during the comparative period have been “grossed-up” for a full period.

All ten of the REIT's properties were owned during the entire quarters ended December 31, 2009, December 31, 2008 and September 30, 2009. As such, a same-property NOI comparison between these quarters has not been prepared since the analysis of these quarters prepared under the heading "Net Operating Income – All Properties" above, also serves as a same-property NOI analysis.

In the following table, same-property NOI reflects all ten of the REIT's current properties as they were all owned throughout, or acquired within, both periods being compared.

	Year ended December 31, 2009	**Year ended December 31, 2008**	**Favourable/ (unfavourable) variance**
Revenues from income producing properties	**$ 17,118,069**	$ 17,599,705	$ (481,636)
Operating costs from income producing properties	**6,377,991**	6,345,366	(32,625)
Net operating income	**$ 10,740,078**	$ 11,254,339	$ (514,261)

The decrease in same-property NOI for the year ended December 31, 2009 compared to the year ended December 31, 2008 is mainly due to: an increase in the provision for doubtful accounts; a decrease in rental income from the Méga Centre property mainly relating to the decrease in rental income from the new Bentley Leathers Inc. deal, compared to the rental income received from the previous tenant; the expiry of the SAAN rental guarantee in Place Val Est; small in-line tenant vacancies that occurred during the year at Cornwall Square; a tenant rental adjustment at the Châteauguay property recorded in the second quarter of 2009; and the expiry of the cinema tenant at the Châteauguay property.

Funds From Operations

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

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

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

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

	Three months ended December 31, 2009	Three months ended December 31, 2008	Three months ended September 30, 2009
Net (loss) for the period	**$ (607,645)**	$ (228,370)	$ (305,476)
Add depreciation & amortization of:			
Income producing properties	**933,343**	914,002	915,858
Deferred costs	**14,134**	3,657	6,160
Intangible assets	**461,088**	480,667	471,510
FFO	**$ 800,920**	$ 1,169,956	$ 1,088,052
Weighted average units			
Basic	**18,440,938**	18,010,444	18,387,944
Diluted	**18,440,938**	18,010,444	18,387,944
FFO per unit			
Basic	**$ 0.04**	$ 0.07	$ 0.06
Diluted	**$ 0.04**	$ 0.07	$ 0.06

FFO decreased during the three months ended December 31, 2009 compared to the same period in 2008 primarily due to decreased NOI of approximately $362,000.

FFO for the quarter ended December 31, 2009 decreased compared to the quarter ended September 30, 2009, primarily due to a decrease in NOI of approximately 187,000, as well as an increase in general and administrative expenses of approximately $96,000.

	Year ended December 31, 2009	Year ended December 31, 2008
Net (loss) for the period	**$ (1,772,397)**	$(1,257,596)
Add depreciation & amortization of:		
Income producing properties	**3,713,160**	3,225,162
Deferred costs	**31,512**	11,463
Intangible assets	**2,213,302**	1,842,747
FFO	**$ 4,185,577**	$ 3,821,776
Weighted average units		
Basic	**18,284,298**	17,821,282
Diluted	**18,284,298**	17,821,282
FFO per unit		
Basic	**$ 0.23**	$ 0.21
Diluted	**$ 0.23**	$ 0.21

FFO increased for the year ended December 31, 2009 compared to the prior year primarily due to: increased NOI of approximately $1.2 million mainly arising from the full-year impact of the purchase of the Canadian Tire properties in September 2008 as well as the full-year impact of the Place Val Est acquisition which occurred on January 31, 2008; a decrease in general and administrative expenses of approximately $102,000; and a $138,000 decrease in incentive unit option compensation expense compared to the previous year. These items were partly offset by an increase in interest expense of approximately $1.2 million mainly relating to the financing put in place for the Canadian Tire properties acquired in September 2008.

Balance Sheet Analysis – Total Assets

	As at December 31, 2009	**As at December 31, 2008**
Income producing properties	**$ 122,216,906**	$ 122,907,634
Intangible assets	**9,738,939**	11,952,241
Deferred costs	**403,390**	160,734
Cash	**1,074,765**	1,404,271
Restricted cash	**-**	422,830
Other assets	**1,165,449**	1,295,679
Total assets	**$ 134,599,449**	$ 138,143,389

The REIT allocates the purchase price of properties acquired largely to income producing properties (land, building and tenant improvements) and intangible assets (which represent above-market leases, lease origination costs and tenant relationship values that are acquired in a property purchase). No acquisitions were made during the year ended December 31, 2009. The change in the balances of income producing properties and intangible assets is primarily due to depreciation and amortization on these previously acquired assets, partly offset by approximately $3.0 million of capital expenditures and tenant improvements on income producing properties.

Deferred costs represent leasing costs, net of amortization, as well as deferred financing costs on the Acquisition Facility, also net of amortization. The increase mainly relates to approximately $281,000 of financing costs incurred on the early renewal and extension of the Acquisition Facility during the second quarter of 2009 as well as approximately $177,000 of leasing costs incurred on the properties.

Restricted cash represented the remaining balance of the reserve fund the REIT was required to set up with its first mortgage lender on the Méga Centre in order to fund capital expenditures at the centre. As all of the required capital expenditures were completed, the balance of the reserve fund was released and reimbursed back to the REIT in the second quarter of 2009.

Other assets of $1,165,449 at December 31, 2009 include accounts receivable of $819,243 (net of allowance for doubtful accounts) and prepaid expenses of $346,206 (which primarily consist of prepaid property taxes, prepaid insurance and prepaid interest on Bankers' Acceptances entered into under the Acquisition Facility). Within accounts receivable, $655,562 relates to accumulated rental revenue recognized on a straight-line basis.

Capital

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

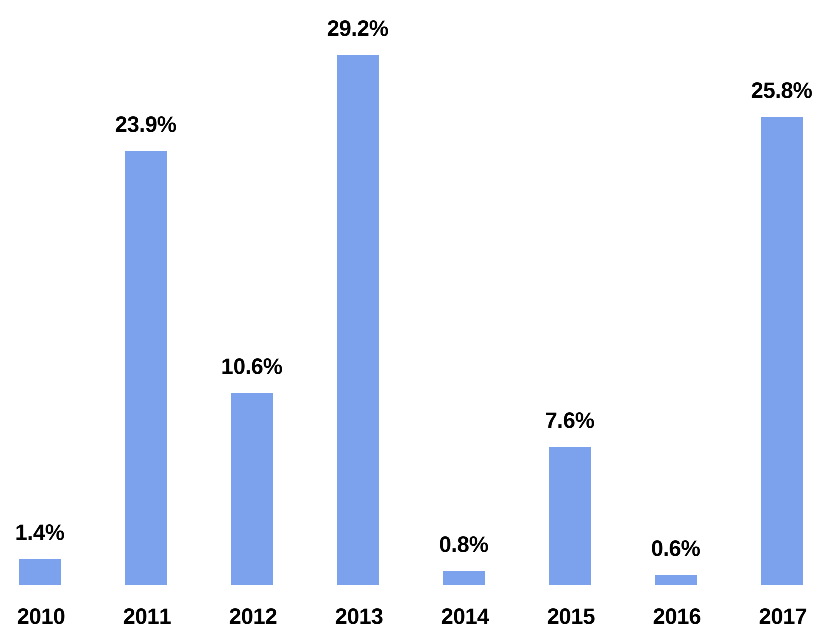
Real estate is a capital intensive industry. As a result, debt capital in particular, is a very important aspect to managing the business. In addition, financial leverage is used to enhance returns from purchased real estate. Given the importance of debt capital, the REIT monitors its debt carefully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

The following table shows the REIT's total capital at December 31, 2009 and 2008.

	As at December 31, 2009	**As at December 31, 2008**
Secured debt	**$ 71,725,963**	$ 72,645,108
Credit facilities	**20,500,000**	19,700,000
Unitholders' equity	**39,496,064**	43,786,088
Total capital	**$ 131,722,027**	$ 136,131,196

Mortgages and Other Financing

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



It should be noted that 92% of the 2011 maturity as shown in the above table relates to the renewal of the REIT's revolving Acquisition Facility.

Interest coverage and debt service coverage ratios are as follows:

	Year ended December 31, 2009	Year ended December 31, 2008
Interest coverage ratio(1)	**1.88**	2.10
Debt service coverage ratio(2)	**1.57**	1.91

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

The decrease in both the interest coverage ratio and the debt service coverage ratio mainly relate to the increase in debt balances as a result of the acquisitions that took place during 2008.

Secured Debt

The REIT's current average term to maturity on its secured debt (including mortgages payable and corporate secured debt but excluding the Acquisition Facility all discussed below in more detail) is approximately 5 years, and the weighted average contractual interest rate is 5.87%.

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

Year	Principal instalment payments	Balance maturing	Total	Contractual interest rate on debt maturing
2010	**$ 1,298,790**	**$ -**	**$ 1,298,790**	
2011	**1,697,518**	**-**	**1,697,518**	
2012	**1,805,741**	**8,014,133**	**9,819,874**	**5.39%**
2013	**1,479,292**	**25,627,933**	**27,107,225**	**6.69%**
2014	**755,905**	**-**	**755,905**	
Thereafter	**1,488,127**	**30,085,651**	**31,573,778**	**5.29%**
Total	**$ 8,525,373**	**$ 63,727,717**	**$ 72,253,090**	

Mortgages Payable

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

Under the terms of the Méga Centre mortgage, $525,000 was required to be set up as a reserve fund in order to fund capital expenditures at the centre. During the year ended December 31, 2009, the remaining balance of $422,830 was released and reimbursed to the REIT as a result of the remaining required capital expenditures being completed.

Corporate Secured Debt

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

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

The second facility is a $1,400,000 five-year facility that bears interest at 8.75% per annum on an interest-only basis for the first two years and is then self-amortizing over the final three years. The facility can be prepaid without penalty at any time and is secured by a second charge on the Cornwall Square shopping centre.

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

Acquisition Facility

The REIT has the Acquisition Facility available to it from a Canadian chartered bank. The Acquisition Facility is secured by Cornwall Square. The Acquisition Facility may be used to fund the equity portion of future acquisitions (without lender approval of the particular acquisition) and for general working capital purposes. The facility was set to expire on August 6, 2009 but in May 2009 this facility was early renewed and extended. The Acquisition Facility is now for a two-year term expiring on May 19, 2011 (previously a one-year term) for a maximum amount of $26,000,000. Pursuant to the terms of the Acquisition Facility, from time to time, the amount permitted to be drawn under the Acquisition Facility may be adjusted based on certain financial tests. At December 31, 2009, the permitted draw down is $23,750,000. Under the renewed terms, amounts drawn down under the Acquisition Facility bear interest at a rate equal to the Bank's prime rate plus 3.50% per annum (up from prime plus 1% per annum) and Banker's Acceptances bear interest at a rate equal to the Bank's Acceptance stamping fee plus 4.50% per annum (up from Banker’s Acceptances plus 2% per annum). The Acquisition Facility contains financial covenants with respect to maintaining agreed upon debt-to-gross book value ratios (being a maximum of 75%) and other tests customary for this type of facility.

Financing Costs

The unamortized balance of financing costs of $527,127 at December 31, 2009 relating to secured debt (including mortgages payable and corporate secured debt), has been netted against the secured debt on the balance sheet. The unamortized balance of financing costs of $194,128 at December 31, 2009 relating to the renewal of the Acquisition Facility has been capitalized to deferred costs on the balance sheet.

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

Debt-to-Gross Book Value

The REIT monitors its debt-to-gross book value ratio, a ratio that has become a common industry metric reviewed by analysts, unitholders and others within the industry. The REIT does not have a specific debt-gross book value threshold imposed on it in its Declaration of Trust, however the REIT's Acquisition Facility and corporate secured debt impose a restriction on the REIT's debt-to-gross book value ratio, being a maximum of 75%. At December 31, 2009, the REIT has a debt-to-gross book value ratio of 62.7%, calculated as follows:

	As at December 31, 2009	As at December 31, 2008
Debt:		
Gross value of secured debt[1]	**$ 72,253,090**	$ 73,261,809
Amounts drawn on available credit facilities	**20,500,000**	19,700,000
	$ 92,753,090	$ 92,961,809
Gross Book Value of Assets:		
Total assets	**$ 134,599,449**	$ 138,143,389
Accumulated depreciation and amortization	**13,252,337**	7,889,942
	$ 147,851,786	$ 146,033,331
Debt-to-Gross Book Value	**62.7%**	63.7%

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

Unitholders' Equity

In 2009, unitholders' equity was mainly impacted by the net loss recorded and $2.9 million in distributions to unitholders. The REIT currently makes monthly cash distributions of $0.01333 per unit, representing an annualized distribution of $0.16 per unit. The REIT's trustees have discretion in declaring distributions and review those distributions on a regular basis.

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

Cash Flows

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

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

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

Prior to its distribution reduction in September 2008, the REIT was paying distributions in excess of operating cash flow and FFO and had funded the excess using its Acquisition Facility. However, as a result of the distribution reduction, the REIT has generated sufficient operating cash flow and FFO to cover distributions. Management believes that operating cash flow and FFO will continue to cover distributions. The REIT's payout ratio for the year ended December 31, 2009 is 70% of FFO based on the current distribution level of $0.16 per year.

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

	Three months ended			Year ended	
	December 31, 2009	**December 31, 2008**	**September 30, 2009**	**December 31, 2009**	**December 31, 2008**
Net cash provided by operating activities	**$ 1,089,603**	$ 1,696,139	$ 1,412,450	**$ 4,432,644**	$ 4,152,609
Net cash provided by (used in) financing activities	**$ 34,513**	$ (1,012,268)	$ (969,425)	**$(3,030,428)**	$ 32,117,351
Net cash used in investing activities	**$(1,465,730)**	$ (481,315)	$ (89,693)	**$(1,731,722)**	$(36,289,212)

Cash provided by operating activities for the three months ended December 31, 2009 compared to the same period in 2008 decreased primarily due to a decrease in FFO of approximately $369,000 and a decrease in change in non-cash working capital of approximately $206,000. The decrease in change in non-cash working capital mainly relates to deposits on potential property acquisitions returned to the REIT in the fourth quarter of 2008, partly offset by changes in accounts receivable and accounts payable balances in the ordinary course.

Cash provided by operating activities for the quarter ended December 31, 2009 decreased compared to the quarter ended September 30, 2009 mainly due to a decrease in FFO of approximately $287,000.

For the year ended December 31, 2009, cash provided by operating activities increased over the prior year comparable period due to an increase in FFO of approximately $364,000 and a $267,000 increase in change in non-cash working capital. These were partly offset by an $86,000 increase in leasing costs paid and a decrease of approximately $138,000 in incentive unit option compensation expense added back to arrive at operating cash flows. The increase in change in non-cash working capital mainly relates to changes in accounts receivable and accounts payable balances in the ordinary course, partly offset by deposits on potential property acquisitions either returned to the REIT in 2008 or applied to property acquisitions in 2008.

For the three months ended December 31, 2009, cash provided by financing activities mainly relates to a drawdown on the Acquisition Facility of $1,000,000 required for the redevelopment of the Châteauguay property, partly offset by $674,709 in cash distributions paid to unitholders and principal repayments on secured debt amounting to $288,998.

Cash used in financing activities decreased during the current quarter compared to the quarter ended December 31, 2008 mainly due to: the $1,000,000 drawdown on the Acquisition Facility (no drawdowns occurred in the fourth quarter of 2008); $168,176 of units cancelled under the normal course issuer bid in the fourth quarter of 2008; and $162,699 of financing fees incurred on new secured debt obtained.

Cash used in financing activities decreased in the quarter ended December 31, 2009 as compared to the quarter ended September 30, 2009 due to the $1,000,000 drawdown on the Acquisition Facility that occurred in the fourth quarter of 2009.

Cash used in financing activities increased in the year ended December 31, 2009 compared to the same period in the prior year primarily due to: $28,573,587 of new secured debt obtained in the prior year relating to the purchase of the Canadian Tire properties; a net $8.2 million drawdown of the Acquisition Facility in the prior year, compared to a $800,000 in 2009; a $596,304 increase in principal repayments in the current year due primarily to the interest-only period expiring on the Méga Centre first mortgage as well as the full year impact of principal repayments on the Canadian Tire properties in 2009. These were partly offset by a decrease in cash distributions to unitholders in the amount of $1,406,593 primarily as a result of the reduction in distributions from $0.3104 per unit annually to $0.16 per unit annually, which occurred in September 2008.

Cash used in investing activities was $1,465,730 for the quarter ended December 31, 2009 compared to $481,315 for the quarter ended December 31, 2008 and $89,693 for the quarter ended September 30, 2009. The increase over both quarters was mainly due to the large amount of additions to building improvements and tenant improvements relating to the redevelopment of the Châteauguay property.

Cash used in investing activities improved for the year ended December 31, 2009 compared to the year ended December 31, 2008 mainly as a result of the acquisitions of the Canadian Tire portfolio in the third quarter of 2008 and Place Val Est in the first quarter of 2008 and the receipt of the remaining restricted cash of $422,830 in 2009. These were partly offset by the large amount of additions to building improvements and tenant improvements in 2009 relating to the redevelopment of the Châteauguay property.

Capital Expenditures and Leasing Costs

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

With respect to Cornwall Square, the REIT does not expect to make significant non-recoverable capital expenditures on the property in the next five years. During 2009, approximately $208,000 was incurred on new family and handicap washrooms, upgrades to the food court as well as new pylon signage. These expenditures are largely recoverable from tenants. As well, approximately $83,000 was incurred in tenant improvements and landlord's work relating to new leasing/renewals.

With respect to the Châteauguay property, approximately $2.5 million was incurred on tenant improvements, landlord's work, building improvements and landscaping upgrades relating to the property's redevelopment and re-leasing of the cinema space. Management expects that an additional $300,000 will be incurred by the end of the first quarter of 2010 prior to Pharmaprix's anticipated occupancy. The REIT does not expect to incur any further capital expenditures on the property in the next five years.

With respect to Place Val Est, management expects to spend between $175,000 and $350,000 in capital expenditures over the next five years. These expenditures are primarily for HVAC replacement, parking lot maintenance and sidewalk renovations. Management believes that approximately 50% of these amounts will be recoverable from tenants. In 2009, approximately $200,000 was incurred on roof replacement at the centre. This was approximately 50% recoverable from tenants. As well, approximately $51,000 was incurred in tenant improvements relating to new leasing/renewals.

Related Party Transactions

Pursuant to the REIT's management agreement with C.A. Realty Management Inc. (the "Manager") (a wholly-owned subsidiary of C.A. Bancorp Inc. – the REIT's major unitholder, holding approximately 33% of the outstanding units of Charter), management fees (both asset management fees and acquisition fees) of $110,888 for the quarter ended December 31, 2009 and $439,906 for the year ended December 31, 2009 were payable to the Manager ($109,758 and $606,129 for the quarter and year ended December 31, 2008, respectively).

Quarterly Performance

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

	Q1-2008	Q2-2008	Q3-2008	Q4-2008	Q1-2009	Q2-2009	Q3-2009	Q4-2009
Total revenues	$3,625,773	$3,714,219	$3,938,207	$4,608,879	$4,535,193	$4,217,765	$4,194,428	$4,192,358
Expenses	$4,087,894	$3,910,659	$4,308,872	$4,837,249	$4,729,908	4,882,326	$4,499,904	$4,800,003
Net loss	$462,121	$196,440	$370,665	$228,370	$194,715	$664,561	$ 305,476	$ 607,645
Net loss per unit – basic & diluted	$0.03	$0.01	$0.02	$0.01	$0.01	$0.04	$0.02	$0.03

Changes in Accounting Policies

Current year changes in accounting policies are described in more detail in Note 3 to the audited consolidated financial statements for the year ended December 31, 2009.

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

International Financial Reporting Standards ("IFRS")

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

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

The REIT's IFRS implementation strategy has been communicated to the REIT's trustees and updated quarterly and the REIT is currently on track with respect to relevant timelines, although the implementation strategy and relevant timelines continue to be revisited and changed as more information on the REIT's adoption of IFRS becomes known. Management believes that it has enough internal resources to deal with the conversion. At the current time, it is anticipated that no significant system changes will be required, although appropriate training will need to be undertaken with the REIT's property managers to ensure that they understand the IFRS changes relevant to the REIT. Any system changes and training are planned for 2010. As well, certain key arrangements that the REIT has in place, such as its Acquisition Facility, may need to be revised in order to deal with the changes to the REIT's financial statements that will occur. Any such changes are proposed to occur in 2010.

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

Income Producing Properties

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

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

It is anticipated that the REIT will initially measure its income producing properties at fair value, which will be deemed cost. It is expected that any work required to be done by appraisers will commence in the first quarter of 2010. In terms of any decisions regarding the REIT's policy choice on income producing properties subsequent to transition to IFRS (that is cost versus fair value), the REIT is still evaluating its options.

Tenant Improvements

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

Critical Accounting Estimates

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

Property Acquisitions

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

Impairment of Income Producing Properties

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

Depreciation and Amortization

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

Incentive Unit Options

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

Fair Value Disclosures

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

DISCLOSURE CONTROLS AND INTERNAL CONTROLS

Management maintains appropriate information systems, procedures and controls to ensure that information that is publicly disclosed is complete, reliable and timely. This includes establishing adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Management believes that the REIT's disclosure controls and procedures and internal controls over financial reporting as at December 31, 2009 were appropriately designed, however management is not required to certify the design and evaluation of the REIT's disclosure controls and procedures or internal controls over financial reporting and have not completed such an evaluation. As well, inherent limitations on the ability of management to design and implement on a cost-effective basis, disclosure controls and procedures or internal controls over financial reporting for the REIT, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

There has been no change in internal controls over financial reporting in 2009 that has materially affected, or is reasonably likely to materially affect the REIT's internal controls over financial reporting. For many of its properties, the REIT has engaged the services of third-party property managers whose internal controls form part of the REIT's system of internal controls. The REIT has documented and continues to review those internal controls, reports and other documentation provided by the property managers as part of its internal control activities.

TAX

The distributions made during 2009 are tax deferred and will therefore not be included in the income of a unitholder for tax purposes but will reduce the adjusted cost base of that unitholder's units. Also, as currently structured, management believes that the REIT qualifies as a "real estate investment trust" under the SIFT tax legislation. Under the SIFT legislation, certain distributions to investors from certain publicly listed or traded trusts and partnerships (or "SIFTs") other than real estate investment trusts, will be subject to tax at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations and will be taxed in the hands of unitholders as though they were a dividend from a taxable Canadian corporation. The result is that SIFTs (other than real estate investment trusts) will be taxed in a similar manner to corporations and their investors will be taxed in a manner similar to investors in a corporation. The SIFT legislation applied commencing in the 2007 taxation year. The SIFT legislation does not apply to certain trusts that qualify as real estate investment trusts. Should it be found that the REIT fails to qualify as a real estate investment trust or the REIT undertakes subsequent activities that cause it to fail to qualify as a real estate investment trust, the SIFT legislation would allow the failure to be cured within the taxation year so that the REIT could qualify as a real estate investment trust for the next taxation year.

OUTLOOK

As a result of the difficult market conditions for real estate entities, 2009 was a year of internal focus for the REIT. In that regard, the REIT made good progress on its leasing and redevelopment initiatives at its Châteauguay property and for 2010, this focus will continue at its other properties as well. In particular, Charter's objectives for 2010 will be to lease vacant space and improve the tenant mix at the Méga Centre property and to look for a replacement tenant for the vacant SAAN store at the Place Val Est property. Leasing velocity from retailers was slow throughout 2009 as a result of the difficult market conditions; however, retailers have recently become more active generally, and the REIT has noticed a renewed retailer interest in its properties.

The global economic recession and credit crisis also brought its challenges to accessing debt capital. As a result, the REIT was proactive in early renewing and extending its Acquisition Facility in 2009 for a two-year term. This early renewal and extension means that there is no debt maturing for the REIT in 2010.

Finally, although Charter's units have gone from a low of $0.64 per unit earlier in 2009, to a high of $1.45 per unit later in 2009, reflecting the improvement in the real estate investment trust market and the equity markets in general in the latter half of this year, Charter's unit price continues to trade at levels that are below net book value. As well, the equity markets have still been fragile for "micro-cap" entities, making it difficult for them to raise capital. Furthermore, it should be noted that C.A. Bancorp Inc. (the REIT's major unitholder and asset manager) publicly announced in December 2009 that it engaged a financial advisor to evaluate a range of strategic alternatives to enhance its shareholder value. In January 2010, C.A. Bancorp Inc. further announced that its strategic review process will conclude by the middle of March 2010. The outcome of C.A. Bancorp Inc.'s strategic process and its possible effect on Charter are unknown at this time, further complicating Charter's ability to raise capital. In light of all these factors, Charter has been actively engaged in looking for alternative ways to grow its asset base, with a view to enhancing value for its unitholders. This will be a continued key focus for the REIT in 2010.