



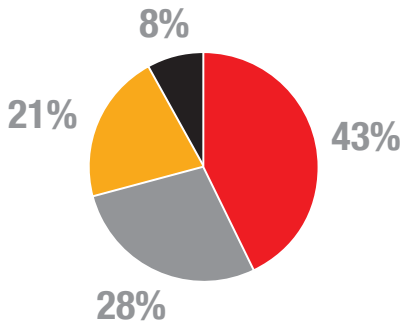
RELIABLE.
DURABLE.
GROWING.

CT REIT 2013 Annual Report



Oakville, Ontario

258
PROPERTIES



CT REIT is an investment grade, unincorporated, closed-end real estate investment trust that owns income producing commercial properties.

With 258 properties in its portfolio*, CT REIT is structured to deliver predictable cash flow and reliable distributions through long-term, escalating, triple-net leases with its high-quality investment grade major tenant and majority Unitholder – Canadian Tire Corporation, Limited (CTC), one of the country's leading general merchandisers and among the most recognized and trusted Canadian brands. The alignment with CTC provides CT REIT with a low cost of capital, a pipeline of growth and unsurpassed market insights – key competitive advantages that will be of value to CT REIT from its successful launch onwards.

DIVERSIFIED BY GEOGRAPHY
% of forecast annual base minimum rent¹

- Ontario
- Quebec
- Western Canada
- Atlantic Canada

*As of 31 December 2013

¹excludes Quebec distribution centre property and development properties



INITIAL PUBLIC OFFERING

\$303,025,000

GROSS LEASABLE AREA (SQURE FEET)

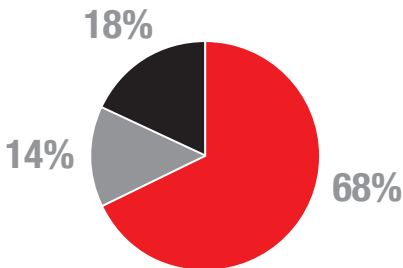
19,000,000

CT REIT came to the market offering an outstanding real estate portfolio, an investment grade major tenant, well-structured leases, a sound governance structure and a clear, compelling growth story.

Our launch in Fall 2013 proved to be among the most successful Initial Public Offerings (IPOs) for a REIT in recent years. The October 23, 2013 IPO raised \$263.5 million based on the sale of 26,350,000 Trust Units (Units) at \$10.00 each.

Encouraged by the markets' favourable response, the underwriters exercised in full their option to purchase an additional 3,952,500 Units at the same price, bringing the total raised by the offering to \$303.025 million. Proceeds from the IPO were used to acquire CT REIT's initial portfolio of 256 properties from CTC.

CTC has always considered real estate to be a long-term strategic asset and, over the course of decades, has carefully identified, acquired and developed some of Canada's most valuable retail real estate. This approach laid the foundation for CT REIT's exceptional portfolio, and was a key element in the success of our IPO.



DIVERSIFIED BY MARKET SIZE
% of forecast base minimum rent¹

- Large urban
- Small
- Medium

¹excludes Quebec distribution centre property and development properties

OUR STRATEGY FOR GROWTH

RELIABLE

CT REIT delivers dependable value through many avenues, including the relationship it enjoys, and the strong covenants it has in place, with its major tenant and Unitholder CTC – a trusted name, an iconic brand and one of the most successful general retailers in Canada.

Vancouver, British Columbia

With a Canada-wide portfolio of top-quality real estate, an investment grade major tenant, access to future opportunities through our relationship with CTC, the guidance of an engaged Board and an experienced management team, CT REIT *is well-positioned* to deliver reliable, durable and growing monthly cash distributions to our Unitholders while strategically pursuing opportunities to add value to our portfolio and our Unit price.

DURABLE

With its rock-solid retail real estate portfolio, long-term leases, low risk strategy, solid financial position, strong governance model and experienced management team, CT REIT is structured for stability even in potentially volatile markets. Put simply, we're built to last.

GROWING

An outstanding portfolio with growth built in – through escalating leases and unparalleled access to opportunities through CTC – gives CT REIT a foundation for pursuing additional growth – in scale, in distributions to Unitholders and in Unit value – through acquisition, development and intensification.

CT REIT is built to last and designed to grow. We have a 99.9% occupancy rate and long-term, escalating, triple-net leases, with a weighted average lease term of 16 years, the longest in the industry. CTC, which represents over 97% of our base minimum rent, is one of Canada's leading retailers with revenues of \$11.8 billion in 2013. We have a lean cost structure that leverages our relationship with CTC, a strong balance sheet and the best credit rating in the industry: BBB (high) by DBRS and BBB+ by S&P*.

Our lease agreements include annual rent escalations of 1.5%, which provide CT REIT with built-in organic growth while supporting predictable, durable cash flows and reliable monthly

distributions. Our contractual Right of First Offer on properties owned now or in the future by CTC provides us with access to a pipeline of prime real estate opportunities.

Finally, CT REIT will also grow by acquiring and developing third-party commercial properties and through intensification, adding new businesses and services to existing properties in our portfolio. Many growth opportunities will come to us through our close relationship with CTC, which, over the course of more than 90 years, has gained remarkable insight into how and where markets are growing.

*Dominion Bond Rating Service and Standard & Poor's, respectively

LETTER FROM THE CEO



KEN SILVER
Chief Executive Officer

“CT REIT entered the market with one of the most successful Initial Public Offerings for a Canadian REIT in recent years.”

Dear Fellow Unitholders,

I am very happy to present the first CT REIT Annual Report.

In October 2013, CT REIT entered the market with one of the most successful Initial Public Offerings for a Canadian REIT in recent years. Our offering of 26,350,000 Units at \$10.00 per unit raised gross proceeds of \$263.5 million. Subsequently, when the underwriters chose to exercise, in full, their over-allotment option to purchase an additional 3,952,500 Units, it brought the total gross proceeds to \$303 million, one of the largest IPOs in any sector in 2013. We were off to a good start.

On a personal note, the market's favourable response was gratifying because I had spent a considerable part of my career leading the development of what became CT REIT's initial portfolio in my former position as President of CTC's Real Estate group. Now, I am fully dedicated to leading CT REIT on its growth path and am proud of how well the REIT has been structured and excited about its prospects.

CT REIT has three basic objectives: to provide Unitholders with reliable and growing cash distributions, to expand the REIT's asset base, and to enhance the value of the REIT's assets in order to maximize long-term Unitholder value.

The key to meeting these objectives is the quality of our real estate; the lease agreements with CTC, with built-in growth, that we have in place at our properties; and the strong relationship we have with our major tenant and Unitholder, Canadian Tire Corporation, Limited.

This last point deserves further explanation. Clearly, CT REIT benefits through its association with an iconic brand and from having one of Canada's most successful retailers as our primary tenant. However, our relationship, and the strong inherent alignment between CTC and CT REIT, also provides us with access to the market insight and the path to opportunities that CTC has established over 90 years. This, along with the covenants and agreements we have in place with CTC, will be instrumental in helping CT REIT achieve its objectives for growth.

Only two months have passed between CT REIT's launch and our first fiscal year-end, so I'm not going to make much noise about meeting our distribution objectives (though we did). However, I am pleased that by year-end we had initiated our growth strategy and had acquired two development projects, both of which were purchased from third-party vendors and will be the site of future Canadian Tire banner retail stores. Scheduled to be completed by December 2014, these development projects are just one type of growth opportunity we will be pursuing in the future.

As CT REIT looks forward to our first full year of operation, I would like to thank all those at CTC who helped create, launch and continue to serve CT REIT. Our CFO, Louis Forbes, and I look forward to continuing to work with the CTC team to realize CT REIT's outstanding prospects.

Finally, I want to thank you, our Unitholders, for putting your faith in us. I look forward to telling you about CT REIT's growth and performance in the years ahead.

A handwritten signature in black ink, appearing to read 'Ken Silver', written over a light grey background.

Ken Silver
Chief Executive Officer

LETTER FROM THE CHAIR



DAVID LAIDLEY
Chairman

“CT REIT ... [is] committed to strong governance and full transparency. This commitment is one of CT REIT’s strengths, and I believe it played a part in the success of our IPO.”

Dear Fellow Unitholders,

I’m delighted to write to you on behalf of your Board of Trustees in this first Annual Report for CT REIT.

CT REIT was created to enable investors to participate in the value of Canadian Tire Corporation, Limited’s (CTC) exceptional real estate portfolio. The REIT structure was chosen to provide reliable, durable and growing monthly cash distributions to Unitholders, and as an effective platform for growth in terms of scale, asset value and Unit value.

CT REIT operates with a Board committed to strong governance and full transparency and composed of a majority of independent trustees. This commitment is one of CT REIT’s strengths, and I believe it played a part in the success of our IPO.

Of course, the core strength of CT REIT is the portfolio that we acquired from CTC. Strategically assembled over the years, it includes some of the most attractive retail real estate in Canada. Our portfolio and the agreements we have in place with our major tenant and Unitholder, CTC, provide CT REIT with a solid foundation for future growth.

CT REIT also benefits from the drive and experience of CEO Ken Silver and CFO Louis Forbes. Ken left Canadian Tire, where he was President of CTC’s Real Estate group, to launch CT REIT. In addition to first-hand knowledge of the properties in our portfolio, he has a comprehensive understanding of every aspect of retail real estate. As the former CFO of Primaris Retail REIT, Louis combines expertise in retail real estate with a track record for building a large retail REIT and maximizing Unitholder value. Together, they form a team as strong as any in the Canadian REIT sector.

Working with the Board, Ken and Louis helped create the strategy that positions CT REIT to grow organically as well as through acquisitions, development and intensification. They also oversaw the REIT’s first new accretive acquisitions, in St. John’s, NL, and Charlottetown, PE, now in development. These projects will be completed in time for Christmas 2014.

Looking ahead to 2014, your Board will stay focused on developing strategies to drive growth and manage risk while maintaining a high standard of governance. We will continue to represent all Unitholders and to ensure that the REIT gets the best possible value from its relationship with CTC.

In closing, I would like to thank my fellow trustees and CT REIT management for their contribution to our successful launch and recognize and thank CT REIT’s Unitholders for their confidence and support.

A handwritten signature in black ink, appearing to read 'D. Laidley', written over a light blue circular stamp.

David H. Laidley, FCPA, FCA
Chairman of the Board

BOARD OF TRUSTEES AND MANAGEMENT TEAM

CT REIT is committed to providing its Unitholders with reliable, durable and growing distributions and to maximizing the value of their investment. We believe that good governance and transparency are essential to ensuring that the REIT meets these commitments.

Under our Declaration of Trust, a majority of CT REIT's Board of Trustees, including the Chairman, must be independent and unaffiliated with Canadian Tire Corporation. Collectively, the REIT's trustees have extensive experience in corporate governance, capital markets, retail and real estate.

The management team is responsible for CT REIT's day-to-day operations and the implementation of strategy, while the Board's mandate is to provide governance and stewardship for the REIT and its business. The Board's responsibilities include monitoring the REIT's performance, approving strategic goals and performance objectives, and ensuring that policies and procedures are in place to identify and manage the principal risks inherent in the REIT's business.

DAVID LAIDLEY, CHAIRMAN *1,2



Mr. David Laidley was a partner of Deloitte LLP (Canada) from 1975 until his retirement in 2007. Mr. Laidley was elected Chairman of the firm in 2000 and served in that capacity until 2006. A Chartered Professional Accountant, Mr. Laidley has over 40 years of professional services experience, specializing in the areas of tax and audit. Mr. Laidley currently serves on the boards of Aimia Inc., EMCOR Group Inc., Input Capital Inc. and Aviva Canada Inc. He previously was the Chairman of Nautilus Indemnity Holdings Limited and the Lead Director of the Bank of Canada. He served on the boards of Biovail Corporation (now Valeant Pharmaceuticals International, Inc.) and ProSep Inc. Mr. Laidley holds a Bachelor of Commerce degree from McGill University and completed the Directors Education Program at the Institute of Corporate Directors at the University of Toronto.

ANNA MARTINI *1,2



Ms. Anna Martini is President of Groupe Dynamite Inc., a specialty apparel global retailer since 2004. From 1985 to 2004, Ms. Martini worked at Deloitte LLP (Canada), including as a partner in audit and advisory services from 1996 until her departure. During her tenure at Deloitte, she specialized in the retail and consumer products industry sectors. Ms. Martini currently serves on the board of Transcontinental Inc. She served on the board of Velan Inc. from 2008 to 2013 where she also chaired the Audit Committee. Ms. Martini is a Chartered Professional Accountant and a member of the Advisory Committee to the President of Telus Quebec since 2010, a board member and Treasurer of the Retail Council of Canada since 2007, and a board member of the Royal Victoria Hospital Foundation.

BRENT HOLLISTER *2,3



Mr. Brent Hollister is a Corporate Director. He currently serves as a Director on the board of Holiday Holdings Inc., a private equity company. Mr. Hollister was formerly President, CEO and Board Director for Sears Canada. He stepped down in 2006 after 37 years of service. During his tenure he held several leadership positions including Chief Operating Officer, President Sales and Service and Executive Vice-President. He also served as a Trustee of Primaris Retail REIT until 2013. He is an honorary life member of the Canadian Marketing Association. Mr. Hollister is a graduate of Ryerson in Retail Administration, served as a business member of Ryerson's Retail Advisory Committee and has completed the Directors Education Program at the Institute of Corporate Directors at the University of Toronto.

JOHN O'BRYAN *1,3



Mr. John O'Bryan is Chairman of CBRE Limited and a member of its Canadian Board of Directors and Canadian Executive Management Committee. Prior to joining CBRE in 2008, Mr. O'Bryan served as Managing Director at TD Securities from 1998 to 2008. With over 40 years' experience in the real estate industry, Mr. O'Bryan's past accomplishments include selling in excess of \$8.0 billion worth of commercial real estate across Canada and negotiating over 3 million square feet of leases for major Canadian companies and institutions. Mr. O'Bryan holds an honours degree in Estate Management and is a member of the Royal Institution of Chartered Surveyors.

* Independent member

1 Audit Committee (Chair: Anna Martini)

2 Governance, Compensation and Nominating Committee (Chair: Brent Hollister)

3 Investment Committee (Chair: John O'Bryan)



Toronto, Ontario

DEAN McCANN



Mr. Dean McCann is Executive Vice-President and Chief Financial Officer of CTC. Prior to that role, Mr. McCann served as President of Canadian Tire Financial Services Limited and Chief Executive Officer and Director of Canadian Tire Bank, both of which are subsidiaries of CTC. During the past 17 years

with CTC, Mr. McCann has held a number of progressively senior roles and led a number of impactful projects, including leading the establishment of Canadian Tire Bank, driving the success of Canadian Tire MasterCard with over five million accounts issued, and developing a shareholder value creation program. Mr. McCann is a Chartered Professional Accountant and a graduate of the Directors College Chartered Director Program at McMaster University.

STEPHEN WETMORE ²



Mr. Stephen Wetmore is CEO of CTC and a Director of Canadian Tire Financial Services Limited, a wholly owned subsidiary of CTC. Mr. Wetmore was previously President and CEO, Bell Aliant Regional Communications Income Fund (now Bell Aliant Inc.), Group President, Corporate Performance and National

Markets, Bell Canada and Executive Vice-President, BCE Inc., President and CEO of Aliant Inc., President and CEO of NewTel Enterprises Ltd., President of Air Atlantic and Managing Director of Scotia Holdings PLC. He also served as a Director of Aliant Inc., Axia NetMedia Corporation, Manitoba Telecom Services Inc. and Stratos Global Corporation. Mr. Wetmore was Chair of the Atlantic Provinces' Economic Council and Nova Scotia Council on Higher Education and has actively promoted education through his leadership affiliations with Dalhousie University, Memorial University, University College of Cape Breton, the Shad Valley Institute, RCS Netherwood and the Canadian Youth Business Fundraising Committee. He has also been a Director of the C.D. Howe Institute and a member of the Financial Executives Institute.

KEN SILVER, CEO (TRUSTEE AND MANAGEMENT TEAM) ³



Mr. Ken Silver is the Chief Executive Officer of CT REIT and has over 20 years of experience in retail and commercial real estate and in the retail industry. Mr. Silver joined CTC in 1995 and prior to his appointment as President and Chief Executive Officer of CT REIT, Mr. Silver was Senior Vice-President,

Corporate Strategy and Real Estate of CTC and President, Canadian Tire Real Estate Limited. His accountabilities included all aspects of developing and managing the real estate portfolio, corporate strategy development, and strategic initiatives including business sustainability and negotiating a new Canadian Tire dealer agreement. Mr. Silver holds a Bachelor of Arts degree from Queen's University, a Master of Business Administration degree from McGill University and completed the Directors Education Program at the Institute of Corporate Directors at the University of Toronto.

LOUIS FORBES, CFO (MANAGEMENT TEAM)



Mr. Louis Forbes is the Chief Financial Officer of CT REIT and has over 20 years of real estate and finance experience. Prior to this appointment, Mr. Forbes was the Executive Vice-President and Chief Financial Officer of Primaris Retail Real Estate Investment Trust from 2003 to 2013. Prior to serving in

that role, Mr. Forbes was Vice-President, Director and Senior Canadian Real Estate Equities Analyst of Merrill Lynch Canada, where he was responsible for covering North American real estate securities. Mr. Forbes also served as Vice-President, Finance and Chief Financial Officer of Revenue Properties Company Limited. Mr. Forbes holds a Bachelor of Science degree from McMaster University, a Master of Business Administration degree from Queen's University and is a Chartered Professional Accountant. Mr. Forbes completed the Chartered Director Program at the Directors College, McMaster University.



CT REIT PORTFOLIO OF PROPERTIES



Toronto, Ontario; inset left to right: Newmarket, Ontario; New Minas, Nova Scotia; and Saskatoon, Saskatchewan

TIRE



Location	GLA	Property Type	Location	GLA	Property Type
Whitehorse, YT	103,276 sq. ft.	●	High Level, AB	28,676 sq. ft.	○
Yellowknife, NT	65,054 sq. ft.	○	Hinton, AB	36,016 sq. ft.	○
Castlegar, BC	67,585 sq. ft.	○	Lethbridge, AB	78,860 sq. ft.	○
Chilliwack, BC	64,539 sq. ft.	○	Lloydminster, AB	65,109 sq. ft.	○
Dawson Creek, BC	35,099 sq. ft.	○	Medicine Hat, AB	115,949 sq. ft.	○
Fernie, BC	51,049 sq. ft.	○	Olds, AB	67,535 sq. ft.	○
Invermere, BC	28,670 sq. ft.	○	Peace River, AB	32,730 sq. ft.	●
Kamloops, BC	51,236 sq. ft.	○	Red Deer, AB	84,755 sq. ft.	○
Kamloops, BC	24,338 sq. ft.	○	Rocky Mountain House, AB	47,247 sq. ft.	○
Kelowna, BC	84,822 sq. ft.	○	Sherwood Park, AB	85,629 sq. ft.	●
Langley, BC	88,266 sq. ft.	○	Slave Lake, AB	45,995 sq. ft.	○
Merritt, BC	44,575 sq. ft.	○	Spruce Grove, AB	95,909 sq. ft.	○
Mission, BC	40,621 sq. ft.	○	St. Albert, AB	101,034 sq. ft.	○
Penticton, BC	64,092 sq. ft.	○	St. Paul, AB	39,420 sq. ft.	○
Prince George, BC	96,197 sq. ft.	○	Stettler, AB	28,783 sq. ft.	○
Quesnel, BC	27,858 sq. ft.	○	Sylvan Lake, AB	59,143 sq. ft.	○
Sechelt, BC	37,082 sq. ft.	○	Vegreville, AB	52,734 sq. ft.	○
Smithers, BC	35,105 sq. ft.	○	Wainwright, AB	45,804 sq. ft.	○
Terrace, BC	64,164 sq. ft.	○	Wetaskiwin, AB	53,639 sq. ft.	○
Trail, BC	49,121 sq. ft.	○	Whitecourt, AB	64,021 sq. ft.	●
Vancouver, BC	189,816 sq. ft.	●	Estevan, SK	38,931 sq. ft.	○
Vancouver, BC	214,337 sq. ft.	●	Humboldt, SK	28,677 sq. ft.	○
Athabasca, AB	39,119 sq. ft.	○	Melfort, SK	28,622 sq. ft.	○
Brooks, AB	45,977 sq. ft.	○	Regina, SK	100,480 sq. ft.	○
Calgary, AB	72,996 sq. ft.	○	Regina, SK	90,883 sq. ft.	○
Calgary, AB	89,129 sq. ft.	○	Saskatoon, SK	82,989 sq. ft.	●
Camrose, AB	64,664 sq. ft.	○	Swift Current, SK	56,864 sq. ft.	○
Cold Lake, AB	56,312 sq. ft.	○	Weyburn, SK	39,659 sq. ft.	○
Drumheller, AB	31,183 sq. ft.	○	Flin Flon, MB	38,620 sq. ft.	○
Edmonton, AB	94,106 sq. ft.	○	Portage La Prairie, MB	38,162 sq. ft.	○
Edmonton, AB	64,786 sq. ft.	○	Selkirk, MB	67,474 sq. ft.	●
Edmonton, AB	77,022 sq. ft.	○	Steinbach, MB	58,537 sq. ft.	○
Edmonton, AB	79,555 sq. ft.	●	Winnipeg, MB	98,897 sq. ft.	○
Fort Saskatchewan, AB	51,860 sq. ft.	●	Winnipeg, MB	72,051 sq. ft.	○

○ Standalone ● Multi-tenant ● Standalone – Land Lease ● CT Distribution Centre ● Development Property

PORTFOLIO OF PROPERTIES CONTINUED

Location	GLA	Property Type	Location	GLA	Property Type
Alexandria, ON	17,368 sq. ft.	○	Markham, ON	88,957 sq. ft.	○
Alliston, ON	66,532 sq. ft.	○	Midland, ON	69,868 sq. ft.	○
Amherstburg, ON	44,261 sq. ft.	○	Milton, ON	89,581 sq. ft.	○
Ancaster, ON	68,951 sq. ft.	○	Mississauga, ON	114,804 sq. ft.	●
Aylmer, ON	27,867 sq. ft.	○	Mississauga, ON	91,525 sq. ft.	○
Bancroft, ON	48,779 sq. ft.	○	Mississauga, ON	99,333 sq. ft.	○
Barrie, ON	115,680 sq. ft.	●	Morrisburg, ON	30,974 sq. ft.	○
Blenheim, ON	27,814 sq. ft.	○	Nepean, ON	107,222 sq. ft.	○
Bowmanville, ON	125,981 sq. ft.	○	Nepean, ON	70,731 sq. ft.	●
Bracebridge, ON	51,344 sq. ft.	○	Nepean, ON	84,679 sq. ft.	○
Bradford, ON	45,004 sq. ft.	○	New Liskeard, ON	33,980 sq. ft.	○
Brampton, ON	85,887 sq. ft.	○	Newmarket, ON	126,758 sq. ft.	●
Brampton, ON	84,507 sq. ft.	○	North Bay, ON	112,961 sq. ft.	○
Brampton, ON	64,277 sq. ft.	○	Oakville, ON	99,074 sq. ft.	○
Brantford, ON	107,139 sq. ft.	●	Oakville, ON	88,386 sq. ft.	●
Cambridge, ON	129,914 sq. ft.	○	Oakville, ON	88,847 sq. ft.	○
Campbellford, ON	28,410 sq. ft.	○	Orangeville, ON	69,910 sq. ft.	○
Carleton Place, ON	48,417 sq. ft.	○	Orleans, ON	119,753 sq. ft.	○
Casselman, ON	42,466 sq. ft.	○	Oshawa, ON	88,650 sq. ft.	○
Chelmsford, ON	70,877 sq. ft.	○	Ottawa, ON	95,571 sq. ft.	○
Cobourg, ON	92,771 sq. ft.	●	Ottawa, ON	75,146 sq. ft.	○
Cochrane, ON	29,312 sq. ft.	○	Owen Sound, ON	89,646 sq. ft.	●
Cornwall, ON	88,522 sq. ft.	○	Pembroke, ON	91,157 sq. ft.	○
Deep River, ON	36,497 sq. ft.	○	Peterborough, ON	64,818 sq. ft.	○
Dryden, ON	38,163 sq. ft.	●	Pickering, ON	89,858 sq. ft.	○
Dunnville, ON	38,876 sq. ft.	○	Port Elgin, ON	29,348 sq. ft.	●
Elliot Lake, ON	20,561 sq. ft.	○	Port Perry, ON	45,152 sq. ft.	○
Espanola, ON	48,724 sq. ft.	○	Renfrew, ON	40,604 sq. ft.	○
Essex, ON	47,033 sq. ft.	○	Rockland, ON	51,829 sq. ft.	○
Etobicoke, ON	100,621 sq. ft.	○	Smiths Falls, ON	56,712 sq. ft.	○
Exeter, ON	28,134 sq. ft.	○	St. Catharines, ON	89,347 sq. ft.	○
Fenelon Falls, ON	18,864 sq. ft.	○	St. Thomas, ON	71,726 sq. ft.	○
Fergus, ON	36,813 sq. ft.	○	Sturgeon Falls, ON	28,164 sq. ft.	○
Fort Erie, ON	36,781 sq. ft.	○	Thornhill, ON	70,301 sq. ft.	○
Fort Frances, ON	55,737 sq. ft.	○	Thunder Bay, ON	83,063 sq. ft.	○
Guelph, ON	84,228 sq. ft.	●	Tilbury, ON	11,904 sq. ft.	○
Guelph, ON	52,847 sq. ft.	○	Timmins, ON	97,532 sq. ft.	○
Hamilton, ON	18,598 sq. ft.	○	Toronto, ON	155,979 sq. ft.	●
Hanmer, ON	52,982 sq. ft.	○	Toronto, ON	109,674 sq. ft.	●
Hearst, ON	36,497 sq. ft.	○	Toronto, ON	164,928 sq. ft.	●
Huntsville, ON	61,604 sq. ft.	○	Uxbridge, ON	56,875 sq. ft.	○
Kanata, ON	119,023 sq. ft.	○	Waterdown, ON	71,424 sq. ft.	○
Kemptville, ON	62,666 sq. ft.	○	Waterloo, ON	99,394 sq. ft.	○
Kenora, ON	59,844 sq. ft.	○	Waterloo, ON	57,580 sq. ft.	○
Keswick, ON	59,125 sq. ft.	○	Welland, ON	98,145 sq. ft.	○
Kincardine, ON	30,983 sq. ft.	○	Whitby, ON	72,095 sq. ft.	○
Kingston, ON	119,791 sq. ft.	○	Whitby, ON	77,209 sq. ft.	○
Lindsay, ON	104,362 sq. ft.	○	Windsor, ON	94,432 sq. ft.	○
Listowel, ON	35,188 sq. ft.	●	Windsor, ON	90,452 sq. ft.	○
London, ON	100,233 sq. ft.	●	Woodbridge, ON	109,634 sq. ft.	○
London, ON	97,710 sq. ft.	○	Woodstock, ON	90,051 sq. ft.	○
Marathon, ON	28,164 sq. ft.	○	Baie-Comeau, QC	47,284 sq. ft.	○

○ Standalone ● Multi-tenant ● Standalone – Land Lease ● CT Distribution Centre ● Development Property



Owen Sound, Ontario

Location	GLA	Property Type	Location	GLA	Property Type
Blainville, QC	64,919 sq. ft.	○	Sainte-Marie, QC	37,749 sq. ft.	○
Boucherville, QC	92,802 sq. ft.	○	Salaberry-de-Valleyfield, QC	97,021 sq. ft.	○
Buckingham, QC	65,633 sq. ft.	○	Sept-Îles, QC	47,557 sq. ft.	○
Châteauguay, QC	85,548 sq. ft.	○	Shawinigan, QC	106,042 sq. ft.	●
Chicoutimi, QC	75,617 sq. ft.	○	Sorel, QC	72,705 sq. ft.	○
Coteau-du-Lac, QC	1,658,165 sq. ft.	●	Terrebonne, QC	99,388 sq. ft.	○
Cowansville, QC	64,928 sq. ft.	○	Terrebonne, QC	47,423 sq. ft.	○
Dolbeau-Mistassini, QC	53,367 sq. ft.	●	Trois-Rivières, QC	98,931 sq. ft.	○
Donnacona, QC	31,355 sq. ft.	○	Atholville, NB	45,384 sq. ft.	○
Drummondville, QC	108,722 sq. ft.	○	Bathurst, NB	51,807 sq. ft.	○
Gatineau, QC	96,291 sq. ft.	○	Dieppe, NB	64,814 sq. ft.	○
Granby, QC	118,926 sq. ft.	●	Edmundston, NB	33,142 sq. ft.	○
Greenfield Park, QC	94,703 sq. ft.	○	Fredericton, NB	81,740 sq. ft.	○
Jonquière, QC	64,566 sq. ft.	○	Grand Falls, NB	39,857 sq. ft.	○
Kirkland, QC	100,759 sq. ft.	○	Miramichi, NB	78,588 sq. ft.	○
L'Ancienne-Lorette, QC	92,041 sq. ft.	●	Oromocto, NB	53,775 sq. ft.	●
La Baie, QC	39,540 sq. ft.	○	Riverview, NB	23,460 sq. ft.	○
La Sarre, QC	35,026 sq. ft.	○	Saint John, NB	72,777 sq. ft.	○
Lac-Mégantic, QC	27,868 sq. ft.	○	Saint John, NB	58,691 sq. ft.	○
Laval, QC	70,027 sq. ft.	○	St. Stephen, NB	38,068 sq. ft.	○
Laval, QC	99,349 sq. ft.	○	Tracadie Sheila, NB	68,160 sq. ft.	○
Laval, QC	64,744 sq. ft.	○	Woodstock, NB	39,870 sq. ft.	○
Lévis, QC	76,780 sq. ft.	○	Amherst, NS	48,852 sq. ft.	○
Lévis, QC	88,960 sq. ft.	○	Bedford, NS	84,726 sq. ft.	○
Longueuil, QC	91,374 sq. ft.	○	Cookville, NS	68,031 sq. ft.	○
Magog, QC	75,271 sq. ft.	○	Digby, NS	30,931 sq. ft.	○
Mont-Laurier, QC	36,913 sq. ft.	○	Grace Bay, NS	20,419 sq. ft.	○
Montmagny, QC	41,829 sq. ft.	○	Greenwood, NS	53,775 sq. ft.	○
Montréal, QC	90,705 sq. ft.	○	New Glasgow, NS	80,403 sq. ft.	○
Montréal, QC	89,287 sq. ft.	○	New Minas, NS	56,096 sq. ft.	○
Montréal, QC	54,184 sq. ft.	○	Port Hawkesbury, NS	27,449 sq. ft.	○
Montréal, QC	73,044 sq. ft.	○	Sydney, NS	59,779 sq. ft.	○
Paspébiac, QC	31,334 sq. ft.	○	Tantallon, NS	37,208 sq. ft.	○
Québec, QC	88,295 sq. ft.	○	Truro, NS	62,312 sq. ft.	○
Québec, QC	88,065 sq. ft.	○	Charlottetown, PE	-	●
Repentigny, QC	122,235 sq. ft.	●	Summerside, PE	50,882 sq. ft.	○
Roberval, QC	21,689 sq. ft.	○	Carbonear, NL	38,420 sq. ft.	○
Rosemère, QC	103,252 sq. ft.	○	Clarenville, NL	32,517 sq. ft.	○
Rouyn-Noranda, QC	65,467 sq. ft.	○	Corner Brook, NL	74,486 sq. ft.	○
Saint-Bruno-de-Montarville, QC	91,016 sq. ft.	○	Mount Pearl, NL	87,909 sq. ft.	○
Saint-Georges, QC	58,867 sq. ft.	○	St. John's, NL	59,743 sq. ft.	○
Saint-Hyacinthe, QC	92,062 sq. ft.	○	St. John's, NL	-	●
Saint-Léonard, QC	77,253 sq. ft.	○	Stephenville, NL	31,306 sq. ft.	○



Bowmanville, Ontario



Mississauga, Ontario



Calgary, Alberta

CT Real Estate Investment Trust Management's Discussion and Analysis For the Period Ended December 31, 2013

FORWARD-LOOKING DISCLAIMER

This Management's Discussion and Analysis ("MD&A") contains statements that are forward-looking. Actual results or events may differ materially from those forecasted in this disclosure because of the risks and uncertainties associated with the business of CT Real Estate Investment Trust ("CT REIT" or the "REIT") and the general economic environment. See Part XII in this MD&A for additional important information and a caution on the use of forward-looking statements.

CT REIT cannot provide any assurance that forecasted financial or operational performance will actually be achieved or, if it is, that it will result in an increase in the price of CT REIT's units.

PART I

BASIS OF PRESENTATION

The following MD&A is intended to provide readers with an assessment of the performance of CT REIT over the period from July 15, 2013 to December 31, 2013 and should be read in conjunction with the REIT's audited consolidated financial statements and accompanying notes for the period from July 15, 2013 to December 31, 2013 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). In addition, the following MD&A should be read in conjunction with CT REIT's information about and caution with respect to the use of forward-looking statements which can be found in Part XII of this MD&A. Information about the REIT, including the Prospectus dated October 10, 2013 filed in connection with its initial public offering (the "Offering"), Annual Information Form ("AIF"), Material Change Reports and all other continuous disclosure documents required by the Canadian securities regulators, can be found on the System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com and on the REIT's website in the Investors section at www.ctreit.com.

DEFINITIONS

In this document, the terms "CT REIT", "the REIT", and "the Trust", refer to CT Real Estate Investment Trust and its subsidiaries unless the context requires otherwise. In addition, "the Company", "CTC" and the "Corporation" refer to Canadian Tire Corporation, Limited and its subsidiaries and their collective businesses unless the context requires otherwise. For commonly used terminology refer to the glossary of terms at the end of this 2013 Annual Report.

ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements that conform to IFRS requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Refer to Part VIII in this MD&A for further information.

Financial data included in this MD&A for the period from July 15, 2013 to December 31, 2013 includes material information up to February 11, 2014. Disclosure contained in this document is current to that date, unless otherwise noted.

All amounts in this MD&A are in thousands of Canadian dollars, except unit, per unit and square foot amounts.

NON-GAAP AND OPERATIONAL KEY PERFORMANCE INDICATORS

Net operating income ("NOI"), earnings before interest and other financing costs, taxes and fair value adjustments ("EBITFV"), funds from operations ("FFO"), FFO per Unit, adjusted funds from operations ("AFFO"), AFFO per Unit, interest coverage ratio, and indebtedness ratio are key performance indicators used by Management to track and assess CT REIT's performance. Some of these measures are not defined by IFRS, also referred to as GAAP, and therefore should not be construed as alternatives to net income or cash flow from operating activities calculated in accordance with IFRS.

Further, the key performance indicators used by Management may not be comparable to similar measures presented by other real estate investment trusts or enterprises. Net income prepared in accordance with IFRS is subject to varying degrees of judgment, and some meaningful differences in accounting policies exist between publicly traded entities in Canada. Accordingly, net income as presented by CT REIT may not be comparable to net income presented by other real estate entities.

For further information on the non-GAAP and operational key performance indicators used by Management and for reconciliations to the nearest GAAP measures, refer to Part IX.

REVIEW AND APPROVAL BY THE BOARD OF TRUSTEES

The Board of Trustees ("the Board"), on the recommendation of its Audit Committee, authorized for issuance the contents of this MD&A on February 11, 2014.

NATURE AND FORMATION

CT REIT is an unincorporated, closed-end real estate investment trust established on July 15, 2013 pursuant to the declaration of trust under, and governed by, the laws of the Province of Ontario as amended and restated as at October 22, 2013 (the "Declaration of Trust"). CT REIT commenced operations on October 23, 2013. The principal, registered and head office of CT REIT is located at 2180 Yonge Street, Toronto, Ontario M4P 2V8. CT REIT is a subsidiary of Canadian Tire Corporation, Limited ("CTC"), which owns an 83.1 per cent effective interest in CT REIT as of December 31, 2013, consisting of 59,711,094 of the issued and outstanding units of CT REIT ("Units") and all of the issued and outstanding Class B limited partnership units ("Class B LP Units") of CT REIT Limited Partnership (the "Partnership"), which are economically equivalent to and exchangeable for Units.

CT REIT was formed to own income-producing commercial properties located primarily in Canada. On July 15, 2013, one Unit was issued for a nominal amount. On October 23, 2013 (the "Closing"), CT REIT raised gross proceeds of approximately \$263,500 pursuant to an initial public offering (the "Offering") through the issuance of 26,350,000 Units at a price of \$10.00 per Unit. On November 4, 2013 CT REIT raised additional gross proceeds of approximately \$39,525 through the issuance of 3,952,500 Units at a price of \$10.00 per Unit, increasing CT REIT's gross proceeds from the Offering to approximately

\$303,025. In connection with the Offering, CT REIT indirectly acquired, through the Partnership, a portfolio of 256 properties (the "Initial Properties") from CTC. The Partnership is consolidated by CT REIT. The Units are listed on the Toronto Stock Exchange (the "TSX") under the symbol CRT.UN.

PART II

ACQUISITION OF INITIAL PROPERTIES

At Closing, the REIT, indirectly, purchased the Initial Properties from CTC in exchange for a combination of Class B LP Units of the Partnership (which are exchangeable on a one-for-one basis into Units and accompanied by an equivalent number of special voting units (the "Special Voting Units") in CT REIT; Class A LP Units which were immediately acquired by CT REIT using the net proceeds from the Offering; and Class C LP Units. The purchase price of the Initial Properties was \$3,533,668 and was supported by independent appraisals. CT REIT incurred costs on the acquisition of the Initial Properties of \$468, which was added to the carrying value of the Initial Properties upon their recognition. The purchase price was satisfied as follows:

(in thousands of Canadian dollars)

Cash ¹	\$ 240,958
Units acquired by CTC	597,111
Class B LP Units	895,599
Class C LP Units	1,800,000
Total consideration paid	\$ 3,533,668

¹ Represents proceeds from the Offering less issuance costs of \$22,074 and property acquisition costs of \$468.

GROWTH STRATEGY AND OBJECTIVES

The principal objective of CT REIT is to create Unitholder value over the long-term by generating reliable, durable and growing monthly cash distributions on a tax-efficient basis. To achieve this objective, Management is focusing on expanding the REIT's asset base while also increasing its AFFO per Unit.

Future growth is expected to be achieved as follows:

1. The current portfolio of Canadian Tire store leases contain contractual annual rent escalations of 1.5% per year, on average, over the initial term of the leases and have a weighted average lease term of 16 years;
2. CT REIT has contractual arrangements with CTC whereby CT REIT has a right of first offer ("ROFO") on all current and future CTC properties which meet the REIT's investment criteria and preferential rights, subject to certain exceptions, to participate in the development of, and to acquire, certain new retail properties; and
3. CT REIT expects to use its relationship with CTC to obtain insights into potential real estate acquisitions and development opportunities resulting from CTC's direct knowledge of consumer behaviour and their impact on retailers' square footage requirements.

PART III

OVERVIEW OF THE PROPERTY PORTFOLIO

Property Profile

The property portfolio consists of 255 retail properties, one distribution centre and two development properties acquired for the future development of Canadian Tire stores. These investment properties are located in each of the provinces and two territories across Canada and the retail properties and the distribution centre contain approximately 19,000,000 square feet of gross leasable area ("GLA").

(in square feet)

	GLA	Occupied GLA	Occupancy
Canadian Tire stores and Petroleum gas bars	16,792,323	16,792,323	100.0%
Canadian Tire distribution centre	1,658,165	1,658,165	100.0%
Third-party tenants (including other CTC banners)	436,670	426,727	97.7%
Total	18,887,158	18,877,215	99.9%

The fair value of the property portfolio represents 98.1% of the total assets of CT REIT as at December 31, 2013.

(in thousands of Canadian dollars)	December 31, 2013
Balance at beginning of period	\$ -
Acquisition of Initial Properties	3,534,136
Additions	9,011
Straight-line rent	5,185
Fair value adjustment on investment properties	(468)
Balance at end of year	\$ 3,547,864

The Initial Properties, with an aggregate value of \$3,533,668 at time of acquisition, were subject to independent third-party appraisals prior to their acquisition by CT REIT.

At December 31, 2013 the estimate of fair value of these properties was updated by Management to include current market assumptions, using market capitalization rates provided by independent valuation professionals.

Management will determine the fair value of income producing properties at each quarter end. This will be done by a combination of internal and independent valuations such that substantially all of the properties will be independently appraised over a four-year period.

Included in the fair value of investment properties are six buildings with a fair value of approximately \$60,658. The buildings are situated on leased land which is not included in the fair value of investment properties. Assuming all extension periods are exercised, the land leases have terms between 29 and 42 years with an average remaining lease term of 35 years.

Acquisition of Additional Investment Properties

The following section contains forward-looking information and users are cautioned that actual results may vary.

On December 23, 2013, CT REIT completed two acquisitions of development lands from separate third-party vendors. The total purchase price was approximately \$9,011 including acquisition costs. These acquisitions were funded with cash.

The REIT is committed to spending approximately \$19,997 during 2014 to complete the construction of two new Canadian Tire stores on these lands. The estimated GLA will be approximately 186,056 square feet with an estimated weighted average capitalization rate of 6.84%. Completion of these developments is expected in Q4 2014.

Lease Maturities

CTC is CT REIT's largest tenant. As at December 31, 2013, CTC had leased 18.5 million square feet of GLA with approximately 91% and 9% of the GLA attributable to retail and distribution, respectively. The weighted average term of the CTC leases is 16 years, excluding the exercise of any renewals.

The following graph sets out as of December 31, 2013 the lease maturity profile from 2014 to 2034 (assuming tenants do not exercise renewal options or termination rights) as a percentage of total base minimum rent and GLA as of the time of expiry.



Notes:

(1) Excludes development properties

(2) Initial Minimum Rent excludes contractual escalation, which have a weighted average rate of 1.5% per annum

PART IV

RESULTS OF OPERATIONS

The results of operations contained in this MD&A cover the period from July 15, 2013 through to December 31, 2013. CT REIT did not carry on operations prior to October 23, 2013.

The Prospectus contained forecasted information relating to the expected results for CT REIT in 2014 (the "Forecast"). As of December 31, 2013, Management has identified the following two items that will cause the actual 2014 results to be different than the Forecast:

- the Forecast did not assume that the over-allotment option would be exercised. Pursuant to the exercise of the over-allotment option, on November 4, 2013 CT REIT issued 3,952,500 additional Units to the public at a price of \$10.00 per unit; and
- the Forecast did not assume that CT REIT would close any property acquisitions following October 23, 2013 and, as such, the Forecast numbers do not reflect this activity.

A comparison of actual results to the Forecast will be provided beginning in Q1 2014.

Summary of Selected Financial and Operational Information

Readers are reminded that certain key performance indicators may not have standardized meanings under GAAP. For further information on the REIT's operating measures and non-GAAP financial measures, refer to Parts I and IX.

	For the period from July 15, 2013 to December 31, 2013
(in thousands of Canadian dollars, except per Unit, Unit and square footage amounts)	
Property revenue	\$ 63,026
Income before interest and other financing charges and fair value adjustments ³	\$ 47,113
Income before interest and other financing charges and fair value adjustments/unit (basic) ^{1,3}	\$ 0.263
Income before interest and other financing charges and fair value adjustments/unit (diluted) ^{3,6}	\$ 0.263
Net income	\$ 30,996
Net income/Unit (basic) ¹	\$ 0.173
Net income/Unit (diluted) ²	\$ 0.134
Funds from operations ³	\$ 31,464
Funds from operations/Unit (diluted) ^{1,3,6}	\$ 0.176
Adjusted funds from operations ³	\$ 23,466
Adjusted funds from operations/Unit (diluted) ^{1,3,6}	\$ 0.131
Cash distributions/Unit ¹	\$ 0.125
AFFO payout ratio	95%
Excess of AFFO over cash distributions:	
Cash retained from operations before distribution reinvestment ³	\$ 1,133
Per Unit ^{1,3,6}	\$ 0.006
Weighted average number of Units outstanding ¹	
Basic	178,898,906
Diluted ²	347,223,286
Diluted (non-GAAP) ⁶	178,924,054
Period-end Units outstanding ¹	179,586,644
Total assets at December 31, 2013	\$ 3,611,243
Total debt and Class C LP Units as at December 31, 2013	\$ 1,800,000
Book value per Unit as at December 31, 2013 ¹	\$ 9.95
OTHER DATA	
Weighted average interest rate – term debt	4.50%
Indebtedness ratio ³	49.8%
Interest coverage (times) ³	3.01
Debt / enterprise value ratio ³	47.9%
Rentable square footage ⁴	18,887,158
Occupancy rate ⁵	99.9%

¹ Total Units consists of both REIT Units and Class B LP Units outstanding.

² Diluted Units determined in accordance with IFRS includes restricted and deferred Units issued under various plans and the effect of assuming that all of the Class C LP Units will be settled with Class B LP Units.

³ Non-GAAP Key Performance Indicators. Refer to Part IX for further information.

⁴ Rentable square footage refers to retail and distribution properties and excludes development lands.

⁵ Refers to retail and distribution properties and excludes development lands.

⁶ Diluted Units used in calculating non-GAAP measures include restricted and deferred Units issued under various plans and exclude the effect of assuming that all of the Class C LP Units will be settled with Class B LP Units.

Financial Results for the Period July 15, 2013 to December 31, 2013

(in thousands of Canadian dollars)	For the period from July 15, 2013 to December 31, 2013
Property revenue	\$ 63,026
Property expense	(13,773)
General and administrative expense	(2,223)
Interest income	83
Interest and other financing charges	(15,649)
Fair value adjustment on investment properties	(468)
Net income and comprehensive income	\$ 30,996

Property Revenue

Property revenue includes all amounts earned from tenants pursuant to lease agreements including property tax, operating cost and other recoveries. Many of CT REIT's expenses are recoverable from tenants pursuant to their leases, with CT REIT absorbing these expenses to the extent of vacancies.

Total revenue for CT REIT was \$63,026 for the period from July 15, 2013 to December 31, 2013 which includes expense recoveries in the amount of \$12,788.

The total amount of minimum lease payments to be received from operating leases is recognized on a straight-line basis over the term of the lease. For the period from July 15, 2013 to December 31, 2013, straight-line rent of \$5,185 was included in total property revenue.

CTC is CT REIT's largest tenant. At December 31, 2013, CTC represented 97.7% of total GLA and 97.4% of annual base minimum rent.

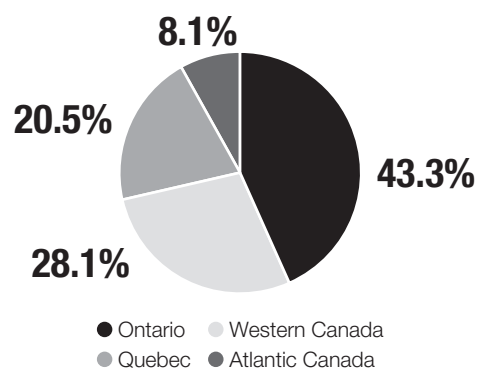
Revenue by Province

CT REIT's portfolio is located across Canada with approximately 63.8% of annual base minimum rent received in respect of properties in Ontario and Quebec.

Property Expense

The major components of property expense consist of realty taxes and costs associated with the Property Management Agreement, as well as other costs, the majority of which are recoverable from tenants, with CT REIT absorbing these expenses to the extent of vacancies. CT REIT's vacancy rate for the period July 15, 2013 to December 31, 2013 was 0.1% and recoverable expenses in respect of those properties of \$216 were not recovered by CT REIT. Refer to Part VII for additional information on the Property Management Agreement.

INITIAL PROPERTIES BY REGION¹
(as a % of Annual Base Minimum Rent)



⁽¹⁾ Excludes the distribution centre and development properties

Net Operating Income

CT REIT defines NOI as property revenue less property expense, adjusted further for straight-line rent and land lease adjustments. Management is of the opinion that this provides a more useful presentation of NOI by presenting the measure on a cash basis.

(in thousands of Canadian dollars)	For the period from July 15, 2013 to December 31, 2013
Property revenue	\$ 63,026
Less:	
Property expense	13,773
Straight-line rent adjustment	5,185
Straight-line land lease expense adjustment	(30)
Net operating income¹	\$ 44,098

¹ Non-GAAP key performance measure. Refer to Part IX for additional information.

General and Administrative Expense

CT REIT has two broad categories of general and administrative expenses i) public entity costs, and ii) outsourced costs. The public entity costs reflect the expenses related to ongoing operations of CT REIT and will fluctuate depending on when such expenses are incurred. The outsourced costs are largely related to the services provided by CTC pursuant to the services agreement (the "Services Agreement"). The Services Agreement provides for services to the REIT to be on a cost recovery basis with a fixed maximum fee for the first two calendar years and as such, it is not expected that such costs will fluctuate materially from quarter to quarter during 2014 and 2015. Refer to Part VII for additional information on the Services Agreement.

(in thousands of Canadian dollars)	For the period from July 15, 2013 to December 31, 2013
Services Agreement	\$ 627
Public entity costs (excluding one-time start-up costs)	774
One-time start-up costs	822
General and administrative expense¹	\$ 2,223
General and administrative expense (excluding one-time start-up costs)	\$ 1,401
As a percent of property revenue	2.22%

¹ General and administrative expenses includes administrative, consulting and legal expenses and certain one-time start-up costs incurred before October 23, 2013.

One-time start-up costs of \$822 were incurred by the REIT in the period from July 15, 2013 to December 31, 2013. General and administrative expenses, excluding the impact of the one-time start-up costs, amounted to \$1,401 or 2.2% of property revenue.

Interest Expense

The Partnership has issued 1,800,000 Class C LP Units with a value of \$1,800,000 and bearing a weighted average distribution rate of 4.5% per annum. The Class C LP Units are subject to redemption rights. Accordingly, the Class C LP Units are classified as financial liabilities and distributions on the Class C LP Units are presented in interest expense in the consolidated statement of income and comprehensive income in the period. During the period, CTC elected to receive a loan in lieu of distributions on certain of the Class C LP Units; as such the amount recorded in interest expense for the period from July 15, 2013 to December 31, 2013 reflects distributions in November 2013 of which \$7,991 were deferred and distributions in December which are payable in January 2014. Refer to notes 11 and 15 in the notes to the consolidated financial statements for additional information on distributions during the period.

(in thousands of Canadian dollars)	For the period from July 15, 2013 to December 31, 2013
Interest on Class C LP Units	\$ 15,534
Other financing costs	115
Interest and other financing charges	\$ 15,649

CT REIT recognized interest expense of \$15,534 for the period from July 15, 2013 to December 31, 2013 for distributions on the 1,800,000 Class C LP Units held by CTC.

For the period from July 15, 2013 to December 31, 2013 CT REIT recorded \$35, representing the amortization of the facility fee and agency fee and \$80 representing the standby fee on the REIT's committed, unsecured credit facility (the "Credit Facility"). The standby fee is incurred at 0.24% per annum on the full amount of the Credit Facility. There was no balance drawn on the Credit Facility as at December 31, 2013.

The annualized weighted average effective interest rate for the period from July 15, 2013 to December 31, 2013 amounted to 4.50%.

Interest Income

Interest income of \$83 is attributable to the interest earned on investing the net over-allotment proceeds of \$37,450 in short-term marketable securities.

Fair Value Adjustment on Investment Properties

Transaction costs of \$468 related to the Offering were capitalized and added to the cost of the Initial Properties. Management's determination of fair value of the Initial Properties at December 31, 2013 resulted in the transaction costs being written off as a fair value adjustment.

Income Tax Expense

Management operates CT REIT in a manner that enables CT REIT to continue to qualify as a REIT pursuant to the Income Tax Act ("ITA"). CT REIT distributes 100% of its taxable income to Unitholders and therefore does not incur income tax expense in relation to its activities.

If CT REIT fails to distribute the required amount of income to Unitholders or if CT REIT fails to qualify as a REIT under the ITA, substantial adverse tax consequences may occur. Refer to Part X for additional information on tax-related risk factors.

Leasing Activities

The future financial performance of CT REIT will be impacted by occupancy rates, trends in rental rates achieved on leasing or renewing currently leased space, and contractual increases in rent.

After accounting for GLA leased to CTC, approximately 261,000 square feet of GLA was available to lease to tenants not related to CTC. At December 31, 2013, approximately 251,000 square feet was leased to such tenants, leaving approximately 10,000 square feet, or approximately 0.1% of the total portfolio, as vacant space. There was no new leasing activity to tenants not related to CTC during the fourth quarter of 2013.

Recoverable Capital Costs

Many of the capital items that will be incurred by CT REIT are recoverable from tenants pursuant to the terms of their leases. The recoveries will occur either in the year in which such expenditures are incurred or, in the case of a major item of repair, maintenance or replacement, on a straight-line basis over the expected useful life together with an imputed rate of interest on the unrecovered balance at any point in time. From time to time, as a result of specific lease terms which limit the recovery of expenses, CT REIT is unable to recover these costs from certain tenants. There were no capital expenditures incurred during the period ended December 31, 2013.

PART V

LIQUIDITY AND FINANCIAL CONDITION

CT REIT intends to fund capital expenditures for acquisitions and development activities through (i) cash on hand, (ii) issuances of Units, Class B LP Units and Class C LP Units, (iii) draws on the Credit Facility, and/or (iv) other long-term financing.

Cash flow generated from operating the property portfolio represents the primary source of liquidity to service debt and to fund planned maintenance expenditures, leasing costs, general and administrative expenses and distributions to Unitholders (other sources being interest income as well as cash on hand).

(in thousands of Canadian dollars)	For the period from July 15, 2013 to December 31, 2013
Cash generated from operating activities	\$ 31,784
Cash used for investing activities	(250,437)
Cash generated from financing activities	265,652
Cash generated in the period	\$ 46,999

Discussion of Cash Flows During the Period

Cash generated during the period in the amount of \$46,999 is primarily related to the balance of cash remaining from the proceeds received from the Offering and related over-allotment option, offset by:

- the acquisition of the Initial Properties;
- the acquisition of two development sites;
- payment of operating expenses; and
- payment of distributions from the Units and various classes of the Partnership's units.

Credit Ratings

CT REIT is rated by two independent credit rating agencies: DBRS Limited ("DBRS") and Standard & Poor's Financial Services LLC ("S&P") who provide credit ratings of debt securities for commercial entities. A credit rating generally provides an indication of the risk that the borrower will not fulfill its full obligations in a timely manner with respect to both interest and principal commitments. Rating categories range from highest credit quality (generally "AAA") to default in payment (generally "D").

CT REIT's ratings are related to and currently equivalent to those of CTC, CT REIT's most significant tenant for the foreseeable future. This ratings equivalence is largely based on CTC's significant ownership position in CT REIT and the strategic relationship and integration of CT REIT and CTC.

The following table sets out the current credit ratings of CT REIT:

Credit Ratings (Canadian Standards)	DBRS		S&P	
	Credit Rating	Trend	Credit Rating	Trend
Issuer rating	BBB (high)	Stable	BBB+	Stable

Debt and Capital Structure

CT REIT's debt and capital structure as at December 31, 2013 is as follows:

(in thousands of Canadian dollars)	At December 31, 2013	(%)
Class C LP Units	\$ 1,800,000	100.0%
Variable rate bank credit facility	-	-
	\$ 1,800,000	100.0%

Class C LP Units

At December 31, 2013 there were 1,800,000 Class C LP Units outstanding, all of which were held by CTC. The Class C LP Units are designed to provide CTC with an interest in the Partnership that entitles holders to fixed, cumulative, preferential cash distributions in priority to distributions made to holders of the Class A LP Units, Class B LP Units and the GP Units (subject to certain exceptions), if, as and when declared by the Board of Directors of the General Partner, payable monthly at an annual distribution rate for each series as set out in the table below. In addition, the Class C LP Units have voting rights pursuant to Special Voting Units issuable by the REIT to holders of Class C LP Units in certain limited circumstances.

Immediately following the completion of the Initial Fixed Rate Period for each series and each five-year period thereafter, the fixed distribution rate for the applicable series of Class C LP Units will be reset, and the holders of the applicable series of Class C LP Units will be entitled, subject to certain conditions, to elect either a fixed rate or floating rate option.

On expiry of the Initial Fixed Rate Period applicable to each series of Class C LP Units, and every five years thereafter, each such series of Class C LP Units is redeemable at par (together with all accrued and unpaid distributions thereon) at the option of the Partnership or the holder, upon giving at least 120 days' prior notice. The Partnership also has the ability to redeem any of the Class C LP Units at any time after January 1, 2019 at a price equal to the greater of par and a price to provide a yield equal to the then equivalent Government of Canada bond yield plus a spread determined upon the issuance of the Class C LP Units, so long as such redemption is in connection with a sale of properties.

Redemptions of Class C LP Units (other than upon a change of control of CT REIT) can be settled, at the option of the Partnership, in cash or Class B LP Units of an equivalent value.

Series of Class C LP Units	Initial Subscription Price (\$000)	Annual Distribution Rate During Initial Fixed Rate Period	Expiry of Initial Fixed Rate Period	% of Total Class C LP Units ¹
Series 1	\$ 200,000	3.50%	May 31, 2015 (1.4 years)	11.1%
Series 2	\$ 200,000	3.50%	May 31, 2016 (2.4 years)	11.1%
Series 3	\$ 200,000	4.50%	May 31, 2020 (6.4 years)	11.1%
Series 4	\$ 200,000	4.50%	May 31, 2024 (10.4 years)	11.1%
Series 5	\$ 200,000	4.50%	May 31, 2028 (14.4 years)	11.1%
Series 6	\$ 200,000	5.00%	May 31, 2031 (17.4 years)	11.1%
Series 7	\$ 200,000	5.00%	May 31, 2034 (20.4 years)	11.1%
Series 8	\$ 200,000	5.00%	May 31, 2035 (21.4 years)	11.1%
Series 9	\$ 200,000	5.00%	May 31, 2038 (24.4 years)	11.1%
Total / weighted average	\$ 1,800,000	4.50%	13.2 years	100%

¹ This column adds to 100%, the percentages of individual series have been rounded.

Assuming a future economic environment that is substantially similar to the current environment, Management does not foresee any material impediments to re-financing a redemption request.

Liquidity

CT REIT's sources of liquidity are comprised of cash and cash equivalents and access to a committed, unsecured floating rate, revolving credit facility of \$200,000 with an option to increase it by an additional \$100,000. The Credit Facility expires in October 2017, but a request to extend the Credit Facility can be made at any time, subject to agreement from all lenders. The Credit Facility bears interest at a rate based on the bank's prime rate of interest or bankers' acceptances plus a margin. No amount was drawn on the Credit Facility as at December 31, 2013, however standby fees were charged and recorded in interest expense during the period.

The Credit Facility is subject to the maintenance of certain financial covenants and as at December 31, 2013 CT REIT was in compliance with all such financial covenants.

Capital Strategy

Management expects the REIT's future debt and capital will be in the form of:

- Class C LP Units (treated as debt for accounting purposes);
- funds drawn on the Credit Facility;
- unsecured public debt; and
- limited use of secured debt assumed upon acquisition of properties.

Management's objectives are to access the lowest cost of capital with the most flexible terms, to have a maturity/redemption schedule (for fixed term obligations) spread over a time horizon so as to manage refinancing risk, and to be in a position to finance acquisition opportunities when they become available.

The Declaration of Trust limits the REIT's overall indebtedness ratio to 60% of total assets. This limitation is in relation to the assets of CT REIT in aggregate.

CT REIT's indebtedness ratio was 49.8% as at December 31, 2013. The REIT manages its capital structure so that its indebtedness ratio is below 60% (65% if convertible debentures are included). Refer to Part IX for the definition and calculation of CT REIT's indebtedness ratio.

At December 31, 2013 CT REIT was in compliance with all investment guidelines and operating policies as contained in the Declaration of Trust.

CT REIT has also adopted interest coverage guidelines which provide an indication of the ability to service or pay the interest charges relating to the underlying debt.

CT REIT will generally operate its affairs and manage its capital structure so that its interest coverage ratio is in a range of 2.4 to 3.8 times. As at December 31, 2013, CT REIT's interest coverage ratio was 3.01 times. Refer to Part IX for the definition and calculation of CT REIT's interest coverage ratio.

Commitments and Contingencies

CT REIT has approximately \$19,997 in future commitments for property capital expenditures.

CT REIT has sufficient liquidity to fund these future commitments as a result of (i) its conservative use of leverage on the balance sheet, (ii) liquidity on hand, (iii) a committed Credit Facility, (iv) an investment grade credit rating, (v) unencumbered assets, and (vi) sufficient operating cash flow retained in the business.

PART VI

EQUITY

The components of equity are as follows:

Authorized Capital and Outstanding Units

CT REIT is authorized to issue an unlimited number of Units. As of December 31, 2013, CT REIT had a total of 90,026,773 Units outstanding, 59,711,094 of which were held by CTC. In addition, 89,559,871 Class B LP Units were outstanding (as well as a corresponding number of Special Voting Units), all of which were held by CTC.

Class B LP Units are economically equivalent to Units, are accompanied by a Special Voting Unit, and are exchangeable at the option of the holder for Units (subject to certain conditions). Holders of the Class B LP Units are entitled to receive distributions when declared by the Partnership equal to the per unit amount of distributions payable on the Units. However, Class B LP Units have limited voting rights over the Partnership.

The following table summarizes the total number of Units issued as at December 31, 2013:

	At December 31, 2013
TRUST UNITS ISSUED:	
October 23, 2013	86,061,094
November 4, 2013 (over-allotment)	3,952,500
2013 Distribution Reinvestment Plan (DRIP)	13,179
	90,026,773
CLASS B LP UNITS ISSUED:	
October 23, 2013 (non-controlling interest)	89,559,871
Total number of Units and Class B LP Units issued	179,586,644

Each Unit is transferable and represents an equal, undivided beneficial interest in the REIT and any distributions from the REIT. Each Unit entitles the holder to one vote at all meetings of Unitholders.

Special Voting Units are only issued in tandem with Class B LP Units, or in limited circumstances to holders of the Class C LP Units, and are not transferable separately from the Class B LP Units or Class C LP Units to which they relate. Each Special Voting Unit entitles the holder thereof to one vote at all meetings of Unitholders or with respect to any resolution in writing of Unitholders. Except for the right to attend and vote at meetings of the Unitholders with respect to written resolutions of the Unitholders, Special Voting Units do not confer upon the holders thereof any other rights.

For the period October 23, 2013 to December 31, 2013, the weighted average number of Units and Class B LP Units outstanding was 89,339,035 and 89,559,871 respectively. For the period October 23, 2013 to December 31, 2013, the weighted average number of Units outstanding on a fully-diluted basis, including the effect of assuming that all of the Class C LP Units will be issued with Class B LP Units, was 347,223,286.

Net income attributable to Unitholders and weighted average Units outstanding used in determining basic and diluted net income per Unit are calculated as follows:

	December 31, 2013		
	Units	Class B LP Units	Total
(in thousands of Canadian dollars, except for Unit amounts)			
Net income attributable to Unitholders – basic	\$ 15,269	\$ 15,727	\$ 30,996
Dilutive effect of settling Class C LP Units with Class B LP Units			15,534
Net income attributable to Unitholders – diluted			\$ 46,530
Weighted average Units outstanding – basic	89,339,035	89,559,871	178,898,906
Dilutive effect of other Unit plans			25,148
Dilutive effect of settling Class C LP Units with Class B LP Units			168,299,232
Weighted average Units outstanding – diluted			347,223,286

The calculation of diluted per Unit amounts is determined on a combined basis for the Units, the Class B LP Units as the Class B LP Units are exchangeable into Units on a one-for-one basis and are entitled to an equivalent amount of net income per Unit as the Units, and the dilutive effect of potentially settling Class C LP Units with Class B LP Units. The weighted average Units outstanding – basic, is for the 70-day period from the Closing to December 31, 2013. Prior to the Closing, CT REIT had no operations.

Equity

(in thousands of Canadian dollars)	For the period from July 15, 2013 to December 31, 2013
Equity – beginning of the period	\$ –
Issuance of Trust Units, net of issuance cost	875,988
Issuance of Class B LP Units classified as equity (non-controlling interests)	895,599
Net income for the period	30,996
Issuance of Units under Distribution Reinvestment Plan	136
Distributions to non-controlling interests	(11,139)
Distributions to Unitholders	(11,194)
Equity – end of the year	\$ 1,780,386

Cash Distributions

CT REIT's primary business goal is to accumulate a portfolio of high-quality real estate assets, and deliver the benefits of such real estate ownership to Unitholders. The primary benefit to Unitholders is expected to be reliable, durable and growing cash distributions, over time.

In determining the amount of the monthly cash distributions paid to Unitholders, the REIT's Board applies discretionary judgment to forward-looking cash flow information, which includes forecasts and budgets and many other factors including provisions in the Declaration of Trust, the macro-economic and industry- specific environment, debt maturities and covenants and taxable income.

The Board regularly reviews CT REIT's rate of distributions to ensure an appropriate level of cash distributions.

On February 11, 2014, the Board reviewed the current rate of distributions of \$0.65 per Unit per year and resolved to maintain the rate at this time.

Net income prepared in accordance with IFRS recognizes certain revenues and expenses at time intervals that do not match the receipt or payment of cash. Therefore, in applying judgment, consideration is given to AFFO (which is the product of the cash generated from, and required for, operating activities) and other factors when establishing cash distributions to Unitholders.

(in thousands of Canadian dollars, except per Unit amounts)	For the period from July 15, 2013 to December 31, 2013
Cash distributions before distribution reinvestment	\$ 22,333
Distribution reinvestment	136
Cash distributions net of distribution reinvestment	\$ 22,197
Cash distribution per Unit	\$ 0.124

PART VII

RELATED PARTY TRANSACTIONS

CT REIT's controlling Unitholder is CTC, which, on December 31, 2013, held an approximate 83.1% effective interest in the REIT, on a fully-diluted basis, through ownership of 59,711,094 Units and all of the issued and outstanding Class B LP and Class C LP Units.

In addition to its ownership interest, CTC is CT REIT's largest tenant representing approximately 97.4% of the annual base minimum rent earned by CT REIT and approximately 97.7% of its GLA as at December 31, 2013.

In the normal course of its operations, CT REIT enters into various transactions with related parties that have been valued at amounts agreed to between the parties and recognized in the consolidated financial statements.

Services Agreement

On October 23, 2013, CTC and CT REIT entered into a Services Agreement. Under this agreement, CTC provides CT REIT with certain administrative, legal, financial, information technology, internal audit and other support services as may be reasonably required from time to time. CTC provides these services to

CT REIT on a cost recovery basis pursuant to which CT REIT reimburses CTC for all costs and expenses incurred by CTC in connection with providing the services, plus applicable taxes, with a fixed maximum fee not to exceed \$3,300 for the year ended December 31, 2014, which amount was pro-rated for the period from October 23, 2013 until December 31, 2013, with subsequent adjustments to such fee based on the Consumer Price Index ("CPI"), for the following year. The Services Agreement's initial term ends on December 31, 2015 and is renewable for further one year terms thereafter.

Property Management Agreement

On October 23, 2013, the Partnership and CTC entered into a Property Management Agreement. Under this agreement CTC provides the Partnership with customary property management services (the "Property Management Services"). CTC has agreed to provide the Property Management Services to the Partnership on a cost-recovery basis pursuant to which the Partnership reimburses CTC for all costs and expenses incurred by CTC in connection with providing the services, plus applicable taxes, with a fixed maximum fee not to exceed \$2,300 for the year ended December 31, 2014, which amount was pro-rated for the period from October 23, 2013 until December 31, 2013, with subsequent adjustments to such fee based on the CPI for the following year. The Property Management Agreement's initial term ends on December 31, 2015 and is renewable for further one year terms thereafter.

Refer to CT REIT's AIF for additional information on related party agreements and arrangements with CTC.

CT REIT's policy is to conduct all transactions and settle all balances with related parties on market terms and conditions. The following table summarizes CT REIT's related party transactions:

(in thousands of Canadian dollars)	For the period from July 15, 2013 to December 31, 2013
Rental revenue	\$ 61,342
Property Management and Services Agreement expense	1,090
Interest expense on Class C LP Units	15,534

In addition, certain amounts payable to CTC by CT REIT remained outstanding as at December 31, 2013 and the net balance due to CTC is comprised of the following:

(in thousands of Canadian dollars)	December 31, 2013
Tenant and other receivables	\$ (554)
Loans receivable on Class C LP Units	(7,991)
Class C LP Units	1,800,000
Interest payable on Class C LP Units	14,778
Accounts payable and other liabilities	2,503
Distributions payable on Class B LP Units and Units	8,086
Net due to CTC	\$ 1,816,822

At December 31, 2013 remuneration of management personnel, including the chief executive officer, chief financial officer and independent trustees, was \$879.

(in thousands of Canadian dollars)	For the period from July 15, 2013 to December 31, 2013
Cash compensation	\$ 525
Unit-based awards	354
Total	\$ 879

PART VIII

ACCOUNTING POLICIES AND ESTIMATES

Significant Areas of Estimation

CT REIT's significant accounting policies are described in note 2 to the consolidated financial statements for the period from July 15, 2013 to December 31, 2013.

The preparation of financial statements requires Management to apply judgment, and to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Estimates are based upon historical experience and on various other assumptions that are reasonable under

the circumstances. The result of ongoing evaluation of these estimates forms the basis for applying judgment with regards to the carrying values of assets and liabilities and the reported amounts of revenues and expenses. Actual results may differ from estimates. The significant areas of estimation are outlined in notes 2(n), 2(o) and 5 to the consolidated financial statements for the period from July 15, 2013 to December 31, 2013, the most significant of which is the fair value of investment properties.

Fair Value of Investment Properties

To determine fair value, CT REIT uses the income approach. Fair value is estimated by capitalizing the cash flows that the property can reasonably be expected to produce over its remaining economic life. The income approach is derived from two methods: the overall capitalization rate ("OCR") method, whereby the net operating income is capitalized at the requisite OCR, or the discounted cash flow ("DCF") method, in which the cash flows are projected over the anticipated term of the investment and a terminal value is estimated, then all are discounted using an appropriate discount rate.

Properties under development are measured using the DCF method, net of costs to complete, as of the balance sheet date. Development sites in the planning phases are measured using comparable market prices for similar assets.

The Initial Properties, aggregating to \$3,533,668 at time of acquisition, were subject to independent, third-party appraisals in advance of the Offering. At December 31, 2013, the estimates of fair value were updated by Management for current market assumptions and using market capitalization rates provided by qualified independent valuation professionals.

On a periodic basis, CT REIT will obtain independent valuations such that substantially all of the properties will be appraised by third parties over a four-year period.

The significant assumptions used to determine the fair value of CT REIT's investment properties are as follows:

	Properties valued by the OCR method	Properties valued by the DCF method
Number of properties	215	41
Value as at December 31, 2013 (\$000s)	\$ 2,815,324	\$ 723,528
Discount rate	–	7.50%
Terminal capitalization rate	–	6.98%
Overall capitalization rate	6.54%	–
Hold period (years)	–	10

Valuations determined by the OCR method are most sensitive to changes in capitalization rates. Valuations determined in accordance with the DCF method are most sensitive to changes in discount rates. The table below summarizes the sensitivity of the fair value of investment properties to changes in the capitalization rate:

(in thousands of Canadian dollars, except where indicated)

Rate sensitivity	OCR Sensitivity		DCF Sensitivity	
	Fair value	Change in fair value	Fair value	Change in fair value
+ 75 basis points	\$ 2,525,971	\$ (289,353)	\$ 685,306	\$ (38,222)
+ 50 basis points	2,615,628	(199,696)	697,764	(25,764)
+ 25 basis points	2,711,883	(103,441)	710,517	(13,011)
Base rate	2,815,324	–	723,528	–
- 25 basis points	2,927,336	112,012	736,937	13,409
- 50 basis points	3,048,431	233,107	750,621	27,093
- 75 basis points	3,179,977	364,653	764,632	41,104

Included in investment properties is \$5,185 of straight-line rent receivables arising from the recognition of rental revenue on a straight-line basis over the lease term.

Investment properties with a fair value of approximately \$60,658 are situated on land held under leases or other agreements with remaining terms, assuming all extension periods are exercised, of between 29 and 42 years, and an average remaining term of 34 years. Investment properties do not include any properties held under operating leases.

Future Accounting Policy Changes

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ended December 31, 2013, and, accordingly, have not been applied in preparing the consolidated financial statements.

Financial instruments classification and measurement

In November 2009, the IASB issued IFRS 9 – Financial Instruments: Classification and Measurement (“IFRS 9”), which contained requirements for financial assets. In October 2010, requirements for financial liabilities were added to IFRS 9. IFRS 9 will replace IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”) in its entirety. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. For financial liabilities measured at fair value, fair value changes due to changes in CT REIT’s credit risk are presented in other comprehensive income instead of net income unless this would create an accounting mismatch. An accounting mismatch may occur when financial liabilities that are measured at fair value are managed with assets that are measured at fair value through profit or loss. A mismatch could arise because the entire change in the fair value of the financial assets would be presented in net income but a portion of the change in the fair value of the related financial liabilities would not. The effective date has been deferred. Early adoption is permitted. CT REIT is assessing the potential impact of this standard.

Financial instruments presentation: Asset and liability offsetting

In December 2011, the IASB amended IAS 32 – Financial Instruments: Presentation (“IAS 32”) to clarify the requirements which permit offsetting a financial asset and liability in the financial statements. The IAS 32 amendments will be applied retrospectively for annual periods beginning on or after January 1, 2014. CT REIT is assessing the potential impact of the IAS 32 amendments.

Levies

In May 2013, the IASB issued IFRIC Interpretation 21 – Levies (“IFRIC 21”), which is an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for years beginning on or after January 1, 2014 and must be applied retrospectively. CT REIT is assessing the potential impact of this standard.

PART IX**NON-GAAP AND OPERATIONAL KEY PERFORMANCE INDICATORS**

CT REIT uses the following non-GAAP key performance indicators: NOI, FFO, FFO per Unit AFFO, AFFO per Unit, interest coverage ratio, indebtedness ratio and EBITFV. CT REIT believes these non-GAAP measures and ratios provide useful supplemental information to both Management and investors in measuring the financial performance and financial condition of CT REIT for the reasons outlined below. When calculating diluted FFO and AFFO per Unit, Management excludes the effect of settling the Class C LP Units with Class B LP Units, which is required when calculating diluted Units in accordance with IFRS.

These measures and ratios do not have a standardized meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measures and ratios presented by other publicly traded REITs, and should not be construed as an alternative to other financial measures determined in accordance with GAAP.

Net Operating Income

CT REIT defines NOI as property revenue less property expense, adjusted further for straight-line rent and land lease adjustments. Management believes that calculating the NOI measure on a cash basis provides a more useful presentation of performance over which Management has control. Refer to Part IV for a calculation of NOI.

Funds From Operations

FFO is not a term defined under IFRS and may not be comparable to similar measures used by other real estate entities. CT REIT calculates its FFO in accordance with the Real Property Association of Canada White Paper on FFO for IFRS issued in November 2012. The purpose of the White Paper was to provide reporting issuers and investors with greater guidance on the definition of FFO and to help promote more consistent disclosure amongst reporting issuers.

Management believes that FFO provides an operating performance measure that, when compared period-over-period, reflects the impact on operations of trends in occupancy levels, rental rates, operating costs and realty taxes, acquisition activities and interest costs, and provides a perspective of the financial performance that is not immediately apparent from net income determined in accordance with IFRS. FFO adds back to net income items that do not arise from operating activities, such as fair value adjustments.

FFO, however, still includes non-cash revenues related to accounting for straight-line rent and makes no deduction for the recurring capital expenditures necessary to sustain the existing earnings stream.

Adjusted Funds From Operations

AFFO is a supplemental measure of operating performance widely used in the real estate industry. Management believes that AFFO is an effective measure of the cash generated from operations, after providing for operating capital requirements which are referred to as 'productive capacity maintenance expenditures.'

CT REIT calculates AFFO by adjusting FFO for non-cash income and expense items such as amortization of straight-line rents and finance charges. FFO is also adjusted for a reserve for maintaining productive capacity required for sustaining property infrastructure and revenue from real estate properties and direct leasing costs. Property capital expenditures do not occur evenly during the fiscal year or from year to year. The property capital reserve in the AFFO calculation is intended to reflect an average annual spending level. The reserve is based on a 15-year average expenditure as determined by building condition reports prepared during 2013 by an independent expert. The amount is also consistent with actual average amounts spent by CTC prior to 2013.

There is currently no standard industry-defined measure of AFFO. As such, CT REIT's method of calculating AFFO may differ from that of other real estate entities and, accordingly, may not be comparable to such amounts reported by other issuers.

The following table reconciles FFO and AFFO to GAAP net income and comprehensive income:

	For the period from July 15, 2013 to December 31, 2013
(in thousands of Canadian dollars, except per unit amounts)	
Net income and comprehensive income	\$ 30,996
Fair value adjustment of investment property	468
Funds from operations	\$ 31,464
Properties straight-line rent adjustment	(5,185)
Land lease straight-line expense adjustment	30
Capital expenditure reserve ¹	(2,843)
Adjusted funds from operations	\$ 23,466
FFO per Unit – basic	\$ 0.176
FFO per Unit – diluted ²	\$ 0.176
AFFO per Unit – basic	\$ 0.131
AFFO per Unit – diluted ²	\$ 0.131
AFFO payout ratio	95%
YTD distribution per Unit	\$ 0.125

¹ Anticipated Q1 2014 maintenance capital expenditure is approximately of \$3,656, prorated for the 70 days CT REIT was in operation in 2013. However, no sustaining capital expenditures were incurred in Q4 2013.

² For the purposes of calculating diluted FFO and AFFO per Unit, diluted Units includes restricted and deferred Units issued under various plans and excludes the effects of settling the Class C LP Units with Class B LP Units.

FFO for the period from July 15, 2013 to December 31, 2013 amounted to \$31,464 or \$0.176 per unit. FFO for the period July 15, 2013 to December 31, 2013 excluding the impact of one-time start-up costs of \$822 amounted to \$32,286 or \$0.180 per unit.

AFFO for the period from July 15, 2013 to December 31, 2013 amounted to \$23,466 or \$0.131 per unit. AFFO for the period July 15, 2013 to December 31, 2013, excluding the impact of one-time start-up costs of \$822, amounted to \$24,288 or \$0.136 per unit.

The AFFO payout ratio for the period ended December 31, 2013 was 95.0% which is above the REIT's stated intention of delivering an AFFO payout ratio of approximately 90%. The differences in the actual results compared to the Forecast, relate to the one-time start-up costs and the exercise of the overallotment option following the Offering which resulted in a higher number of Units outstanding than forecasted.

A reconciliation of the IFRS term "Cash Generated from Operating Activities" (refer to the Consolidated Statement of Cash Flow for year ended December 31, 2013) to AFFO is as follows:

(in thousands of Canadian dollars)	For the period from July 15, 2013 to December 31, 2013
Cash generated from operating activities	\$ 31,784
Working capital items:	
Changes in other non-cash operating items	10,174
Interest expense	(15,649)
Straight-line rental income	5,185
Straight-line land lease expense	(30)
FFO	\$ 31,464
Less:	
Straight-line rent adjustment	5,185
Straight-line land lease expense adjustment	(30)
Capital expenditure reserve ¹	2,843
AFFO	\$ 23,466
AFFO	23,466
Cash distributions before distribution reinvestment	22,333
Excess of AFFO over cash distributions	\$ 1,133

¹ Anticipated Q1 2014 maintenance capital expenditure is approximately \$3,656 prorated for the 70 days CT REIT was in operation in 2013. However, no sustaining capital expenditures were incurred in Q4 2013.

Earnings Before Interest Expense and other Financing Costs, Taxes and Fair Value Adjustments

EBITFV is a generally accepted measure of a REIT's operating cash flow and represents earnings before interest expense and other financing costs, income tax expense, fair value adjustments on investment properties, losses or gains on disposition of property, and excluding other non-recurring items that may occur under IFRS.

EBITFV is used in some of CT REIT's debt metrics in place of net income because it excludes major non-cash items and interest expense. For the period from July 15, 2013 to December 31, 2013, EBITFV was as follows:

(in thousands of Canadian dollars)	For the period from July 15, 2013 to December 31, 2013
Net income and comprehensive income	\$ 30,996
Fair value adjustment on investment properties	468
Interest expense and other financing charges	15,649
EBITFV	\$ 47,113

Interest Coverage Ratio

Interest coverage ratios test an entity's ability to service its debt, including construction financing or development debt. Generally speaking, the higher the ratio is, the lower the risk of default on debt.

CT REIT will generally operate its affairs and manage its capital structure so that its interest coverage ratio is in the range of 2.4 to 3.8 times. The ratio is calculated as follows:

(in thousands of Canadian dollars)	For the period from July 15, 2013 to December 31, 2013
Net income	\$ 30,996
Add (subtract):	
Unrealized fair value losses on investment properties	468
Interest expense and other financing charges	15,649
EBITFV (A)	\$ 47,113
Interest expense and other financing charges	15,649
Total interest incurred (B)	\$ 15,649
Interest coverage (A)/(B)	3.01
Interest coverage normalized for one-time start-up costs¹	3.06

¹ One-time start-up costs were \$822 and expensed in Q4 2013.

Indebtedness ratio

CT REIT has adopted an indebtedness ratio guideline which Management uses as a measure to evaluate its leverage and the strength of its equity position, expressed as a percentage of financing provided by debt. CT REIT's Declaration of Trust limits its Indebtedness (plus the aggregate par value of the Class C LP Units) to a maximum of 60% of the gross book value, excluding convertible debentures, and 65% including convertible debentures. Gross book value is defined as total assets as reported on the latest consolidated balance sheet. CT REIT calculates its indebtedness ratio as follows:

(in thousands of Canadian dollars)	For the period from July 15, 2013 to December 31, 2013
Total assets¹ (A)	\$ 3,611,243
Total indebtedness² (B)	\$ 1,800,000
Indebtedness ratio (B)/(A)	49.8%

¹ Total assets, as reported on the consolidated balance sheet as at December 31, 2013.

² Total indebtedness as at December 31, 2013 reflects the value of the Class C LP Units.

PART X

ENTERPRISE RISK MANAGEMENT

To preserve and enhance Unitholder value over the long-term, CT REIT is approaching the management of risk strategically through a disciplined approach. That approach:

- addresses strategic, financial and operational risks and the potential related impacts;
- is cross-functional in its perspective, and, is designed to help support and optimize risk/reward related decisions;
- is integrated into the strategic, planning and reporting processes; and
- assesses and incorporates risk mitigation strategies.

The risk factors section below highlights those factors previously disclosed in the Prospectus, except for the risk factors relating to the Offering. Consistent with the presentation of risks in the Prospectus, the risk factors are divided into three groupings, specifically, risk factors related to the:

- real estate industry and the business of the REIT;
- REIT's relationship with CTC; and,
- business of the REIT's key tenant.

Over the course of 2014, as part of its regular review of its risk disclosures, CT REIT will assess these risk factors in terms of their continued relevancy as the REIT's principal risks are defined and its enterprise risk program ("ERM program") is further developed.

Risk Governance

The mandate of the Board includes the responsibility to monitor the REIT's ERM program and oversee Management's implementation of appropriate systems to effectively identify, monitor, manage, and mitigate the impact of risks inherent in the REIT's business and operations.

The Board has delegated primary responsibility to the Audit Committee to:

- consider the principal risks of the REIT as identified by Management and ensure appropriate policies and systems have been implemented to manage these risks;
- review the REIT's ERM program, including its policies and processes with respect to risk identification, assessment, and management of the REIT's risks;
- receive periodic reports from the head of the risk management function; and
- periodically report to the Board on any major issues arising from the ERM program.

Risk Factors

The REIT faces a variety of significant and diverse risks, many of which are inherent in the business conducted by the REIT and the tenants of its properties.

Described below are certain risks that could materially adversely affect the REIT. Other risks and uncertainties that the REIT does not presently consider to be material, or of which the REIT is not presently aware, may become important factors that affect the REIT's future financial condition and results of operations. The occurrence of any of the risks discussed below could materially and adversely affect the business, prospects, financial condition, results of operations or cash flow of the REIT.

The REIT's risk mitigation strategies employ various practices including policies, controls, processes, management activities, contractual arrangements, acceptance, avoidance, and insurance to assist with reducing the nature, exposure and impact of risks on the organization.

Risk Factors Related to the Real Estate Industry and the Business of the REIT

Real Property Ownership and Tenant Risks

Real estate ownership is generally subject to numerous factors and risks, including changes in general economic conditions, local economic conditions, local real estate conditions, the attractiveness of properties to potential tenants or purchasers, competition with other landlords with similar available space, and the ability of the owner to provide adequate maintenance at competitive costs.

There is no assurance that the operations of the REIT will be profitable or that cash from operations will be available to make distributions to Unitholders. Real estate, like many other types of long term investments, experiences significant fluctuation in value and, as a result, specific market conditions may result in temporary or permanent reductions in the value of the Properties. The marketability and value of the Properties will depend on many factors, including: (i) changes in general economic conditions (such as the availability, terms and cost of financing and other types of credit); (ii) local economic conditions (such as business layoffs, industry slowdowns, changing demographics and other factors); (iii) local real estate conditions (such as an oversupply of properties or a reduction in demand for real estate in the area); (iv) changes in occupancy rates; (v) the attractiveness of properties to potential tenants or purchasers; (vi) competition with other landlords with similar available space; (vii) the ability of the REIT to provide adequate maintenance and capital expenditures at competitive costs; (viii) the promulgation and enforcement of governmental regulations relating to land-use and zoning restrictions, environmental protection and occupational safety; (ix) the financial condition of borrowers and of tenants, buyers and sellers of property; (x) changes in real estate tax rates and other operating expenses; (xi) the imposition of rent controls; (xii) various uninsured or uninsurable risks; and (xiii) natural and man-made disasters.

The rights of first offer and refusal provided under the Canadian Tire Leases and ROFO Agreement may affect or restrict the marketability or value of the Properties. There can be no assurance of profitable operations because the costs of operating the portfolio, including debt service, may exceed gross rental income therefrom, particularly since certain expenses related to real estate, such as property taxes, utility costs, maintenance costs and insurance, tend to increase even if there is a decrease in the REIT's income from such investments.

The Properties generate income through rent payments made by tenants, and particularly rent payments made by CTC as the REIT's largest tenant. While CTC has held investment grade credit ratings for over 20 years, there is no assurance that it will maintain such ratings or that its financial position will not change over time. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced for a number of reasons. Furthermore, the terms of any subsequent lease may be less favourable than the existing lease, including the addition of restrictive covenants. In addition, historical occupancy rates and rents are not necessarily an accurate prediction of future occupancy rates and rents for the Properties. The REIT's cash flows and financial position would be materially adversely affected if its tenants (and especially CTC) were to become unable to meet their obligations under their leases or if a significant amount of available space in the Properties was not able to be leased on economically favourable lease terms. In the event of default by a tenant, the REIT may experience delays or limitations in enforcing its rights as lessor and incur substantial costs in protecting its investment. In addition, restrictive covenants which may be registered on title, and the terms of the Canadian Tire Leases may narrow the field of potential tenants at a property and could contribute to difficulties in leasing space to new tenants. Furthermore, at any time, a tenant may seek the protection of bankruptcy, insolvency or similar laws which could result in the rejection and termination of the lease of the tenant and thereby cause a reduction in the REIT's cash flows, financial condition or results of operations and its ability to make distributions to Unitholders.

The distribution centre represents approximately 3.9% of the REIT's annualized base minimum rent. In the event that the Canadian Tire Lease for the distribution centre is not renewed following the initial term, or any subsequent extension term, the size, location and nature of the distribution centre may limit the extent to which, or the terms on which, the REIT is able to re-lease the distribution centre to another party. No assurance can be given that the REIT

will be able to quickly re-lease space vacated by CTC at the distribution centre on favourable terms, if at all. The REIT's inability to quickly re-lease space vacated by CTC at the distribution centre on similar terms, or at all, could cause a reduction in the REIT's cash flows, financial condition or results of operations and its ability to make distributions to Unitholders.

Current and Future Economic Environment

Continued concerns about the uncertainty over whether the economy will be adversely affected by inflation, deflation or stagflation, and the systemic impact of unemployment, volatile energy costs, geopolitical issues and the availability and cost of credit have contributed to increased market volatility and weakened business and consumer confidence. This difficult operating environment and its effects could materially adversely affect the REIT's ability to generate revenues, thereby reducing its operating income and earnings. It could also have a material adverse effect on the ability of the REIT's operators to maintain occupancy rates at the Properties, which could harm the REIT's financial condition. If these economic conditions continue, the REIT's tenants may be unable to meet their rental payments and other obligations due to the REIT, which could have a material adverse effect on the REIT. In the future, the national and global economic environments may also affect the REIT's ability to obtain debt or equity on favourable terms or at all.

Economic Stability of Local Markets

Some of the Properties are located in regions where the economy is dominated by a small number of industries with only a few major participants. The economic stability and development of these local markets would be negatively affected if such major industry participants failed to maintain a significant presence in such markets. An economic downturn in these markets may adversely affect revenues derived by tenants of the REIT from their businesses and their ability to pay rent to the REIT in accordance with their leases. An enduring economic decline in a local market may affect the ability of the REIT to: (i) lease space in its properties, (ii) renew existing leases at current rates, and (iii) derive income from the properties located in such market, each of which could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

Geographic Concentration

The Properties are all located in Canada, the majority of which are located in Ontario, Quebec and Western Canada. Currently, Ontario contains 42.7% of the Initial Properties' GLA (43.3% of annualized base minimum rent), Quebec contains 21.8% of the Initial Properties' GLA (20.5% of annualized base minimum rent), and Western Canada contains 25.3% of the Initial Properties' GLA (28.1% of annualized base minimum rent). As a result, the REIT's performance, the market value of the Properties and the income generated by the REIT are particularly sensitive to changes in the economic condition and regulatory environment of Ontario, Quebec and Western Canada. Adverse changes in the economic condition or regulatory environment of Ontario, Quebec and Western Canada may have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and its ability to make distributions to Unitholders.

Tenant Concentration

CTC is the REIT's most significant tenant for the foreseeable future with Canadian Tire stores and the distribution centre, that form part of the Properties, representing approximately 95.7% of the REIT's annualized base minimum rent as at December 31, 2013, or approximately 97.4% of the REIT's annualized base minimum rent if all CTC Banner stores are included. CTC leases the distribution centre directly and has guaranteed the Canadian Tire store leases, but has not guaranteed the leases with the other CTC Banner stores. The REIT's revenues will be dependent on the ability of CTC to meet its rent obligations and the REIT's ability to collect rent from CTC. If CTC were to fail to renew its tenancies, default on or cease to satisfy its payment obligations, it would have a material adverse effect on the REIT's financial condition or results of operations and its ability to make distributions to Unitholders.

Asset Class Diversification

The REIT's investments are not widely diversified by asset class. Substantially all of the REIT's investments, including the Properties, are in retail properties. A lack of asset class diversification increases risk because retail properties are subject to their own set of risks, such as vacancies, changes in retail trends and formats and population shifts.

Environmental Matters

Environmental legislation and regulations have become increasingly important in recent years. As an owner of real property in Canada, the REIT is subject to various Canadian federal, provincial, territorial and municipal laws relating to environmental matters. In the event that the REIT acquires properties in the United States, it will also be subject to various U.S. federal and state and municipal environmental laws, as applicable. Such laws provide that the REIT, its officers and directors could be, or become, liable for environmental harm, damage or costs, including with respect to the release of hazardous or other regulated substances into the environment, and the removal or other remediation of hazardous or other regulated substances that may be present at or under its properties. Further, liability may be incurred by the REIT with respect to the release of such substances from or to the REIT's properties. These laws often impose liability regardless of whether the property owner knew of, or was responsible for, the presence of such substances. Additional liability may be incurred by the REIT with respect to the improper use, disposal or storage of such substances or the release of such substances from the REIT properties to properties owned by third parties, including properties adjacent to the REIT's properties or with respect to the exposure of persons to such substances. These laws also govern the maintenance and removal of materials containing asbestos and also govern emissions of, and exposure to, asbestos fibres in the air. Certain of the Properties contain or might contain materials containing asbestos. The costs of investigation, removal and remediation of such substances or properties, if any, may be substantial and could materially adversely affect the REIT's financial condition and results of

operations. The presence of contamination or the failure to remediate contamination may also materially adversely affect the REIT's ability to sell such property, realize the full value of such property or borrow using such property as collateral security, and could potentially result in significant claims against the REIT by public or private parties.

The Properties may contain contamination, hazardous or other regulated substances and/or other residual pollution and environmental risks. Buildings and their fixtures might contain asbestos or other hazardous or regulated substances above the allowable or recommended thresholds, or other environmental risks could be associated with the buildings. Subject to the terms of its leases, the REIT might bear the risk of cost-intensive assessment, remediation or removal of such contamination, hazardous or other regulated substances or other residual pollution. The discovery of any such contamination or residual pollution on the sites and/or in the buildings, particularly in connection with the lease or sale of properties or borrowing using the real estate as security, could trigger claims for rent reductions or termination of leases for cause, for damages and other breach of warranty claims against the REIT. The remediation of any contamination and the related additional measures the REIT would have to undertake could have a materially adverse effect on the REIT and could involve considerable additional costs. The REIT will also be exposed to the risk that recourse against the polluter or the previous owners of the properties might not be possible. Moreover, the existence or even the mere suspicion of the existence of contamination, hazardous or other regulated substances or other residual pollution or the use of a property for an environmentally sensitive business (such as the sale of gasoline and related products) can materially adversely affect the value of a property and the REIT's ability to lease or sell such property.

Some of the Properties have, or have had, tenants that would or currently use, hazardous or other regulated substances. For example, automotive service centres, retail gas bars and propane tank centres are currently located, or have been located in the past, at the Properties. Currently, all of the Properties (excluding the distribution centre and development lands) have automotive service centres, 86 of the Properties have retail gas bars and all of the Properties (excluding the distribution centre) have, or could in the future have, propane tank centres. The environmental risks with automotive service centres, gas bars and propane tank centres are primarily associated with the handling of gasoline, oil, lubricants, propane and other fluids required for the maintenance of automobiles.

The REIT's operating policy is to obtain or be entitled to rely on a recent (dated no earlier than 24 months prior to receipt by the REIT), Phase I environmental site assessment conducted by an independent and experienced environmental consultant prior to acquiring a property. The risk of relying on a Phase I environmental site assessment that is not current is that such assessment may not disclose more recent areas or events of concern.

Pursuant to the Canadian Tire Leases, CTC indemnified the REIT for any environmental issues existing as of October 23, 2013 (subject to environmental site condition reports, if any), and for any failure by CTC or any other person for whom CTC is responsible (or regarding a property under the care and control of CTC pursuant to its lease) to comply with environmental laws. At the expiry of a Canadian Tire Lease, if required by law or if the REIT so requests, CTC is required to remediate any contamination of the property which is CTC's responsibility under the Lease to the standard then applicable to commercial properties. The REIT may not be able to successfully enforce an indemnity contained in the Canadian Tire Leases against CTC or such indemnity may not be sufficient to fully indemnify the REIT from third-party claims or remediation costs that the REIT otherwise undertakes.

The REIT has limited environmental liability coverage under its general liability insurance policy for third-party bodily injury and property damage claims arising from unexpected and unintentional pollution incidents (commonly referred to as "sudden and accidental" coverage) that are discovered and reported quickly. It also has more extensive coverage under a separate environmental liability insurance policy which adds coverage for certain gradual pollution conditions and first party cleanup costs.

The REIT shall make the necessary capital and operating expenditures to comply with environmental laws and address any material environmental issues and such costs relating to environmental matters that may have a material adverse effect on the REIT's business, financial condition or results of operation and decrease or eliminate the amount of cash available for distribution to Unitholders. However, environmental laws can change and the REIT may become subject to even more stringent environmental laws in the future, with increased enforcement of laws by the government. Compliance with more stringent environmental laws, which may be more rigorously enforced, the identification of currently unknown environmental issues or an increase in the costs required to address a currently known condition, may have a material adverse effect on the REIT's financial condition and results of operation and decrease or eliminate the amount of cash available for distribution to Unitholders.

Acquisitions and Associated Undisclosed Defects and Obligations

The REIT's business plan contemplates, among other things, growth through identifying suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions and leasing the properties. The REIT intends to make acquisitions and dispositions of properties in accordance with its growth strategy. If the REIT is unable to manage its growth effectively, it could materially adversely impact the REIT's financial position and results of operation and decrease or eliminate the amount of cash available for distribution to Unitholders. There can be no assurance as to the pace of growth through property acquisitions or that the REIT will be able to acquire assets on an accretive basis and, as such, there can be no assurance that distributions to Unitholders will be maintained or increase in the future.

Properties, including the existing Properties, may be subject to unknown, unexpected or undisclosed liabilities, and these circumstances could lead to additional costs and could have a material adverse effect on rental income of the relevant properties or the sale prices of such properties upon a disposition of such properties.

The REIT's ability to acquire properties on satisfactory terms and successfully integrate and operate them is subject to the following additional risks: (a) the REIT may be unable to acquire desired properties because of (i) constraints imposed by the terms of the Declaration of Trust, the Canadian Tire Leases, the ROFO Agreement and the Development Agreement and the exercise by CTC of its rights under such agreements, or (ii) competition from other real estate investors with more capital, including other real estate operating companies, REITs and investment funds; (b) the REIT may acquire properties that are not accretive to its results upon acquisition, and the REIT may not successfully manage and lease those properties to meet its expectations; (c) competition from other potential acquirers may significantly increase the purchase price of a desired property; (d) the REIT may be unable to generate sufficient cash from operations, or obtain the necessary debt or equity financing to consummate an acquisition or, if obtainable, financing may not be on satisfactory terms; (e) the REIT may need to spend more than budgeted amounts to make necessary improvements or renovations to acquired properties; (f) agreements for the acquisition of properties are typically subject to customary conditions to closing, including satisfactory completion of due diligence investigations, and the REIT may spend significant time and money on potential acquisitions that the REIT does not consummate; (g) the process of acquiring or pursuing the acquisition of a new property may divert the attention of the REIT's senior management team from existing business operations; (h) the REIT may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into existing operations; (i) market conditions may result in higher than expected vacancy rates and lower than expected rental rates; and (j) the REIT may acquire properties without any recourse, or with only limited recourse, for liabilities, whether known or unknown, such as clean-up of environmental contamination, claims by tenants, vendors or other persons against the former owners of the properties and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties. In addition, the REIT's ability to undertake any material acquisition, disposition, or development is restricted under the Declaration of Trust and requires the prior written consent of CTC (in its sole and absolute discretion).

If the REIT cannot complete property acquisitions on favourable terms, or operate properties to meet the REIT's goals or expectations, the REIT's business, financial condition, results of operations and cash flow, the per Unit trading price and the REIT's ability to satisfy debt service obligations and to make distributions to Unitholders could be materially and adversely affected.

Development Risk

To the extent that the REIT engages in development, redevelopment or major renovation activities with respect to certain properties, it will be subject to certain risks, including: (a) the availability and pricing of financing on satisfactory terms or at all; (b) the availability and timely receipt of zoning and other regulatory approvals; (c) the ability to achieve an acceptable level of occupancy upon completion; (d) the potential that the REIT may fail to recover expenses already incurred if it abandons redevelopment opportunities after commencing to explore them; (e) the potential that the REIT may expend funds on and devote management time to projects which it does not complete; (f) construction or redevelopment costs of a project, including certain financial or other obligations to CTC under the Development Agreement, may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable; (g) the time required to complete the construction or redevelopment of a project or to lease up the completed project may be greater than originally anticipated, thereby adversely affecting the REIT's cash flow and liquidity; (h) the cost and timely completion of construction (including risks beyond the REIT's control, such as weather, labour conditions or material shortages); (i) contractor and subcontractor disputes, strikes, labour disputes or supply disruptions; (j) delays with respect to obtaining, or the inability to obtain, necessary zoning, occupancy, land use and other governmental permits, and changes in zoning and land use laws; (k) occupancy rates and rents of a completed project may not be sufficient to make the project profitable; and (l) the availability and pricing of financing to fund the REIT's development activities on favourable terms or at all.

The above risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the initiation of redevelopment activities or the completion of redevelopment activities once undertaken. In addition, redevelopment projects entail risks that investments may not perform in accordance with expectations and can carry an increased risk of litigation (and its attendant risks) with contractors, subcontractors, suppliers, partners and others. Any of these risks could have an adverse effect on the REIT's financial condition, results of operations, cash flow, the trading price of the Units, distributions to Unitholders and ability to satisfy the REIT's principal and interest obligations.

Limit on Activities

In order to maintain its status as a closed-ended "mutual fund trust", which is treated as a "real estate investment trust" under the Income Tax Act (Canada), the REIT cannot carry on most active business activities and is limited in the types of investments it may make. In particular the REIT cannot hold real property that is non-capital property, including but not limited to condominium or residential mixed-use developments, which restricts its ability to develop real estate for sale.

Competition

The REIT competes with other investors, managers and owners of properties in seeking tenants and for the purchase and development of desirable real estate properties. Some of the properties of the REIT's competitors may be newer or better located than the Properties. Certain of these competitors may have greater financial and other resources and greater operating flexibility than the REIT. An increase in the availability of funds for investment or an increase in interest in real estate property investments may increase the competition for real estate property investments, thereby increasing purchase prices and reducing the yield on them.

Capital Expenditures and Fixed Costs

While the Canadian Tire Leases are triple net, there can be no assurances that other leases assumed or entered into will be on similar terms. Certain significant expenditures, including, as applicable, property taxes, ground rent, maintenance costs, capital repairs, debt service payments, insurance costs and related charges, must be made throughout the period of ownership of real property, regardless of whether the property is producing any income. This may include expenditures to fulfill mandatory requirements. In order to retain desirable rentable space and to generate adequate revenue over the long term, the REIT must maintain or, in some cases, improve each property's condition to meet market demand. Maintaining a rental property in accordance with market standards can entail significant costs, which the REIT may not be able to recover from its tenants. In addition, property tax reassessments based on updated appraised values may occur, which the REIT may not be able to recover from its tenants. As a result, the REIT will bear the economic cost of such operating costs and/or taxes which may adversely impact the REIT's financial condition and results from operations and decrease the amount of cash available for distribution to Unitholders. Numerous factors, including the age of the relevant building, the materials used at the time of construction or currently unknown building code violations could result in substantial unbudgeted costs for refurbishment or modernization. In addition, the timing and amount of capital expenditures may indirectly affect the amount of cash available for distribution to Unitholders. Distributions may be reduced, or even eliminated, at times when the REIT deems it necessary to make significant capital or other expenditures.

If the actual costs of maintaining or upgrading a property exceed the REIT's estimates, or if hidden defects are discovered during maintenance or upgrading which are not covered by insurance or contractual warranties, or if the REIT is not permitted to increase rents due to legal or other constraints, the REIT will incur additional and unexpected costs. If competing properties of a similar type are built in the area where one of the REIT's properties is located or similar properties located in the vicinity of one of the REIT's properties are substantially refurbished, the net operating income derived from, and the value of, the REIT's property could be reduced. Any failure by the REIT to undertake appropriate maintenance and refurbishment work in response to the factors described above could materially adversely affect the rental income that the REIT earns from such properties. Any such event could have a material adverse effect on the REIT's cash flows, financial condition or results of operations and its ability to make distributions to Unitholders.

Reliance on Key Personnel

The management and governance of the REIT depends on the services of certain key personnel, including certain executive officers and the Trustees. The REIT relies on CTC to supply necessary services to operate the REIT, including in respect of financial reporting and controls. Failure to receive these services, or the requirement to replace the service provider in a short period of time, could have a material adverse effect on the REIT. External pressures and/or ineffective internal human resource practices can negatively impact the REIT's ability to attract and retain sufficiently appropriately skilled people who have the expertise to support the achievement of the REIT's strategic objective.

Operational Risk

Operational risk is the risk that a direct or indirect loss may result from inadequate or failed operations, systems, and processes in terms of design, integration, and/or execution to support the REIT's key business objectives. The impact of this loss may be financial loss, loss of reputation or legal and regulatory proceedings. Management endeavours to minimize losses in this area by ensuring that effective infrastructure and controls exist and, in certain circumstances, by obtaining insurance coverage.

Reliance on the Partnership

The REIT is dependent on the business of the Partnership for NOI. The cash distributions made to Unitholders are dependent on the ability of the Partnership to make distributions in respect of the limited partnership units of the Partnership, including the Class C LP Units which are entitled to distributions in priority to the Class A LP Units held by the REIT (subject to certain exceptions). The ability of the Partnership to make distributions or make other payments or advances to the REIT depends on the Partnership's results of operations and may be restricted by, among other things, applicable tax and other laws and regulations and may be subject to contractual restrictions contained in any instruments governing the indebtedness of the Partnership, any priority distribution contained in the Limited Partnership Agreement and any other agreements governing the Partnership. If the Partnership is unable to make distributions or other payments or advances to the REIT, such failure could have a material adverse effect on the REIT's financial condition or results of operations and its ability to make distributions to Unitholders.

Redemptions of Class C LP Units

The Class C LP Units are subject to redemption rights, including those of the holder. Pursuant to the Limited Partnership Agreement, the Class C LP Units may be redeemed upon payment of an amount equal to \$1,000 per Class C LP Unit, together with all accrued and unpaid distributions up to but excluding the date fixed for redemption. Alternately, the Partnership may elect to settle any such redemption payment, in whole or in part, with Class B LP Units. The number of Class B LP Units to be issued on the applicable redemption date will be determined based on the 20-day volume-weighted average price of the Units as of the end of the trading day prior to redemption. In addition, the Partnership's ability to incur debt or issue equity in order to finance the redemption of Class C LP Units for cash is subject to CTC's prior written consent (in its sole and absolute discretion). In connection with the redemption of Class C LP Units, the REIT may issue additional Class B LP Units, which are economically equivalent to and exchangeable for Units, from time to time and the interests of Unitholders may be diluted thereby.

Potential Conflicts of Interest

The Trustees will, from time to time, in their individual capacities, deal with parties with whom the REIT may be dealing, or may be seeking investments similar to those desired by the REIT. The interests of these persons could conflict with those of the REIT. Pursuant to the Declaration of Trust, all decisions to be made by the Board which involve the REIT are required to be made in accordance with the Trustee's duties and obligations to act honestly and in good faith with a view to the best interests of the REIT and the Unitholders. In addition, the Declaration of Trust contains provisions requiring the Trustees to disclose their interests in certain contracts and transactions and to refrain from voting on those matters. Conflicts may also exist as certain Trustees will be affiliated with CTC and may be nominated by CTC in certain circumstances in the future. There can be no assurance that the provisions of the Declaration of Trust will adequately address potential conflicts of interest or that such actual or potential conflicts of interest will be resolved in favour of the REIT.

Regulation

The REIT is subject to laws and regulations governing the REIT ownership and leasing of real property, employment standards, environmental matters, taxes and other matters. It is possible that future changes in applicable federal, provincial, territorial, state, municipal, local or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting the REIT (including with retroactive effect). Any changes in the laws to which the REIT is subject could materially adversely affect the rights and title to the Properties. It is impossible to predict whether there will be any future changes in the regulatory regimes to which the REIT will be subject or the effect of any such change on its investments.

General Insured and Uninsured Risks

The REIT carries, directly or indirectly, general liability, umbrella liability and/or excess liability insurance with limits which are typically obtained for similar real estate portfolios and otherwise acceptable to the Board. For property risks, the REIT carries directly or indirectly, "All Risks" property insurance, which includes, but is not limited to, flood, earthquake and loss of rental income insurance (with a 12 month indemnity period). The REIT also carries, directly or indirectly, boiler and machinery insurance covering certain losses and expenses resulting from the accidental breakdown of boilers, pressure vessels, HVAC systems, mechanical and electrical equipment. There are, however, certain types of risks (generally of a catastrophic nature, such as from war or nuclear accident) which are uninsurable under any insurance policy. Furthermore, there are other risks that are not economically viable to insure. The REIT has insurance for earthquake risks, subject to certain policy limits and deductibles. Should an uninsured or underinsured loss occur, the REIT could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, but would continue to be obligated to repay any recourse mortgage debt on such properties which would likely adversely impact the REIT's financial condition and results of operation and decrease the amount of cash available for distribution.

Many insurance companies have eliminated coverage for acts of terrorism from their policies, and it may not be possible to obtain coverage for terrorist acts at commercially reasonable rates or at any price. Damage to a property sustained as a result of an uninsured terrorist or similar act would likely adversely impact the REIT's financial condition and results of operation and decrease the amount of cash available for distribution.

The REIT bears all losses that are not adequately covered by insurance, as well as any insurance deductibles. In the event of a substantial property loss, the existing insurance coverage may be insufficient to pay the full current market value or current replacement cost of such property loss. In the event of an uninsured loss, the REIT could lose some or all of its capital investment, cash flow and anticipated profits related to one or more properties. Although the REIT believes that its insurance programs are adequate, and it expects to regularly assess the adequacy of its coverage, assurance cannot be provided that the REIT will not incur losses in excess of insurance coverage or that insurance can be obtained in the future at acceptable levels and reasonable cost.

Risk Related to Insurance Renewals

Certain events could make it more difficult and expensive to obtain property and casualty insurance, including coverage for catastrophic risks. When the REIT's current insurance policies expire, the REIT may encounter difficulty in obtaining or renewing property or casualty insurance on its properties at the same levels of coverage and under similar terms. Such insurance may be more limited and, for catastrophic risks (e.g., earthquake, windstorm and flood), may not be generally available to fully cover potential losses. Even if the REIT is able to renew its policies at levels and with limitations consistent with its current policies, the REIT cannot be sure that it will be able to obtain such insurance at premiums that are reasonable. If the REIT is unable to obtain adequate insurance on its properties for certain risks, it could cause the REIT to be in default under specific covenants on certain of its Indebtedness or other contractual commitments that it has which require the REIT to maintain adequate insurance on its properties to protect against the risk of loss. If this were to occur, or if the REIT were unable to obtain adequate insurance, and its properties experienced damages that would otherwise have been covered by insurance, it could have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and ability to make distributions to Unitholders.

Disasters

Future natural and man-made disasters may materially adversely affect the REIT's operations and properties and, more specifically, may cause the REIT to experience reduced rental revenue (including from increased vacancy), incur clean-up costs or otherwise incur costs in connection with such events. Any of these events may have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and its ability to make distributions to Unitholders. While the REIT has insurance, either directly or indirectly through certain of its tenants, to cover a substantial portion of the cost of natural disasters, such insurance includes customary deductible amounts and certain items may not be covered by insurance.

Financial Reporting and Other Public Company Requirements

The REIT is subject to reporting and other obligations under applicable Canadian securities laws and rules of the stock exchange on which the Units are listed, including National Instrument 52-109 — Certification of Disclosure in Issuers' Annual and Interim Filings. These reporting and other obligations place significant demands on the REIT's management, administrative, operational and accounting resources, including those provided pursuant to the Services Agreement. The REIT is partially reliant on CTC, pursuant to the Services Agreement, for certain financial reporting and internal control functions. Any failure of the REIT, or its service provider, to maintain effective internal controls could cause the REIT to fail to meet its reporting obligations or result in material misstatements in its financial statements. If the REIT cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially harmed which could also cause investors to lose confidence in the REIT's reported financial information, which could result in a reduction in the trading price of the Units. However, the REIT's disclosure controls and procedures and internal controls over financial reporting cannot prevent all error and all fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met.

Litigation Risks

In the normal course of the REIT's operations, whether directly or indirectly, it may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to the REIT and, as a result, could have a material adverse effect on the REIT's assets, liabilities, business, financial condition and results of operations. Even if the REIT prevails in any such legal proceeding, the proceedings could be costly which could have a material adverse effect on the REIT's cash flows, financial condition or results of operations and its ability to make distributions to Unitholders.

Return on Investment and Cash Distributions are Not Guaranteed

There can be no assurance regarding the amount of income to be generated by the REIT's properties. The ability of the REIT to make cash distributions, and the actual amount distributed, is entirely dependent on the operations and assets of the REIT, and is subject to various factors, including financial performance, obligations under the Credit Facility and other outstanding debt, fluctuations in working capital, the sustainability of income derived from the tenants of the REIT's properties and any capital expenditure requirements. The Units are equity securities of the REIT and are not traditional fixed income securities. Unlike fixed income securities, there is no obligation of the REIT to distribute to Unitholders any fixed amount and there is no promise to return the initial purchase price of a Unit on a certain date in the future, and reductions in, or suspensions of, cash distributions may occur at any time that would reduce the yield of a Unit. The market value of the Units will deteriorate if the REIT is unable to meet its distribution and AFFO targets in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors. Therefore, the rate of return over a defined period for a Unitholder may not be comparable to the rate of return on a fixed income security that provides a "return on capital" over the same period.

Tax-Related Risk Factors

Mutual Fund Trust Status — The Tax Act contains restrictions on investments and income which must be complied with by closed-end trusts. Generally, in order to qualify as a "closed-end" mutual fund trust, the REIT must restrict its activities to the making of passive investments (such as the ownership of Canadian real property that is capital property) and must satisfy all of the following conditions:

- a) at all times, at least 80% of the REIT's assets must consist of shares (or rights to acquire shares), cash, bonds, debentures, mortgages, notes or other similar obligations, marketable securities or Canadian real estate;
- b) not less than 95% of the REIT's income (computed without regard to any distributions) for each taxation year must be derived from, or from the disposition of, investments described in (a);
- c) not more than 10% of the REIT's assets at any time may consist of shares, bonds or securities of any one corporation or debtor; and
- d) all units of the REIT must be listed on a designated stock exchange in Canada.

Management of the REIT ensures that the REIT satisfies the conditions to qualify as a closed-end mutual fund trust by complying with the restrictions in the Tax Act as they are interpreted and applied by the Canada Revenue Agency ("CRA"). No assurance can be given that the REIT will be able to comply with these restrictions at all times. If the REIT were not to qualify as a mutual fund trust for purposes of the Tax Act, the consequences could be material and adverse. There can be no assurance that the Canadian federal income tax laws respecting mutual fund trusts, or the ways in which these rules are interpreted and applied by the CRA, will not be changed in a manner which adversely affects the REIT and/or its security holders.

Under current law, a trust may lose its status under the Tax Act as a mutual fund trust if it can reasonably be considered that the trust was established or is maintained primarily for the benefit of non-resident persons, except in limited circumstances. Accordingly, the Declaration of Trust provides that NonResidents may not be the beneficial owners of more than 49% of the Units (determined on a basic or a fully-diluted basis). The Trustees will also have various powers that can be used for the purpose of monitoring and controlling the extent of Non-Resident ownership of the Units.

The restriction on the issuance of Units by the REIT to Non-Residents may adversely affect the REIT's ability to raise financing for future acquisitions or operations. In addition, the Non-Resident ownership restriction could adversely impact the liquidity of the Units and the market price at which Units can be sold.

REIT Exception — Unless the REIT Exception applies to the REIT, the SIFT Rules may have an adverse impact on the taxation of the REIT and on the taxation of distributions to Unitholders. Although Management believes that the REIT presently meets the requirements of the REIT Exception, there can be no assurance that the REIT will be able to qualify for the REIT Exception such that the REIT and the Unitholders will not be subject to the SIFT Rules in 2014 or in future years.

Should the REIT cease to qualify under the REIT Exception for a taxation year, the income tax considerations could be materially different from those described under the heading "Certain Canadian Federal Income Tax Considerations" in the Prospectus. In particular, non-deductible distribution amounts could be taxable to the REIT (with the result that the amount of cash available for distribution by the REIT would be reduced which could negatively impact the value of a Unit and could also be included in the income of Unitholders for purposes of the Tax Act as taxable dividends). The REIT Exception is applied on a taxation year basis. Accordingly, even if the REIT does not qualify for the REIT Exception in a particular taxation year, it may be able to do so in a subsequent taxation year.

In the event that the SIFT Rules apply to the REIT, the impact to Unitholders will depend on the status of the holder and, in part, on the amount of income distributed which would not be deductible by the REIT in computing its income in a particular year and what portions of the REIT's distributions constitute "nonportfolio earnings", other income and returns of capital.

Tax Basis of the Properties — Certain properties were acquired by the Partnership on a tax deferred basis, such that the tax cost of these properties was less than their fair market value. If one or more of such properties are disposed of, the gain realized by the Partnership for tax purposes will be in excess of that which it would have realized if it had acquired the properties at a tax cost equal to their fair market values. For the purpose of claiming capital cost allowance, the undepreciated capital cost of such properties acquired by the Partnership from CTC was equal to the amounts jointly elected by the Partnership and CTC on the tax-deferred acquisition of such property. The undepreciated capital cost of such property was less than the fair market value of such property. As a result, the capital cost allowance that the Partnership may claim in respect of such Properties is less than it would have been if such Properties had been acquired with a tax cost basis equal to their fair values.

Change in Law — There can be no assurance that income tax laws applicable to the REIT, including the treatment of real estate investment trusts and mutual fund trusts under the Tax Act, will not be changed in a manner which adversely affects the REIT or the Unitholders. Any such changes could have a negative effect on the value of the Units.

Risk Factors Related to the REIT's Relationship with CTC

Significant Ownership by CTC

As of December 31, 2013 CTC holds an approximate 83.1% effective interest in the REIT on a fully-diluted basis through ownership of 59,711,094 Units and all of the Class B LP Units, where each Class B LP Unit is attached to a Special Voting Unit of the REIT, providing for voting rights in the REIT. CTC also holds all of the non-voting Class C LP Units which, in limited circumstances, have voting rights pursuant to Special Voting Units issuable by the REIT to holders of Class C LP Units in certain limited circumstances. As a shareholder, CTC does not have a duty to act in the best interest of the REIT. In situations where the interest of CTC and the REIT are in conflict, CTC may utilize its ownership interest in, and contractual rights with, the REIT to further CTC's own interest which may not be the same as the REIT's interests in all cases.

As of December 31, 2013 the REIT does not have any debt, however, the Partnership has issued Class C LP Units, which are designed to provide CTC with an interest in the Partnership that entitles CTC to cumulative distributions, in priority to distributions to holders of the Class A LP Units, Class B LP Units and GP Unit, subject to certain exceptions. The weighted average annual distribution rate on the Class C LP Units during the Initial Fixed Rate Period is approximately 4.5% with distributions on a monthly basis.

In addition, the Declaration of Trust provides CTC with the exclusive right to nominate to the Board between one and four Trustees depending on the size of the board and CTC's effective interest in the REIT, on a fully-diluted basis. Currently, the REIT has seven Trustees and CTC has the right to nominate three Trustees.

For so long as CTC directly or indirectly holds a majority of the Voting Units, the REIT may not undertake, without the prior written consent of CTC (in its sole and absolute discretion): (i) any material acquisition, disposition or development; (ii) subject to the CTC Refinancing Obligations, any financings (debt or equity), re-financings or similar transactions; (iii) any direct or indirect granting of security over any assets of the REIT or any related entity; or (iv) the replacement of the Chief Executive Officer of the REIT. For example, this precludes the REIT from engaging in mortgage financing without the prior written consent of CTC (in its sole and absolute discretion).

In addition, pursuant to the ROFO Agreement, the REIT has granted CTC a change of control Right of First Refusal (the "Change of Control ROFR"). The Change of Control ROFR provides that if a Competitor acquires more than 50% of the Units, on a fully-diluted basis, at a time when the properties of the

REIT leased by CTC represent at least 50% of the GLA of all of the properties of the REIT, then CTC will have the right to acquire such properties leased by it at fair market value, which may have a significant, adverse effect on Unitholders, including any acquirer of the REIT. Both the Change of Control ROFR, CTC's significant effective interest in the REIT and certain restrictions set out in the Declaration of Trust may effectively preclude or substantially discourage transactions involving a change of control of the REIT, including transactions in which an investor, as a holder of the Units, might otherwise receive a premium for its Units over the then-current market price.

Pursuant to the Exchange Agreement, each Class B LP Unit is exchangeable at the option of the holder for one Unit of the REIT (subject to customary anti-dilution adjustments). If CTC exchanges some or all of its Class B LP Units for Units and subsequently sells such Units in the public market, the market price of the Units may decrease. Moreover, the perception in the public market that these sales will occur could also produce such an effect.

There can be no assurance that the credit ratings assigned to CTC will remain in effect for any given period of time or that the ratings will not be lowered, withdrawn or revised by DBRS or S&P at any time. The likelihood that CTC's creditors will receive payments owing to them will depend on CTC's financial health and creditworthiness. As discussed above, the REIT's revenues are dependent on the ability of CTC to meet its rent obligations under the Canadian Tire Leases. If CTC were to default on or cease to satisfy its payment obligations, it would have a material adverse effect on the REIT's financial condition or results of operations and its ability to make distributions to Unitholders. Credit ratings assigned by a ratings agency provide an opinion of that ratings agency on the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued. A credit rating provides no guarantee of CTC's future creditworthiness.

Risks Associated with Services Agreement and Property Management Agreement

The REIT relies on CTC with respect to the provision of certain services under both the Services Agreement and the Property Management Agreement. This means that certain of the REIT's day-to-day operational and property management matters is dependent upon CTC's ability to successfully hire, train, supervise and manage its personnel and its ability to maintain its operating systems. If the REIT were to lose the services provided by CTC, if CTC fails to perform its obligations under the Services Agreement and Property Management Agreement, or the scope of services offered under the Services Agreement and/or the Property Management Agreement are inadequate, the REIT may experience a material adverse impact on its business operations. The REIT may be unable to duplicate the quality and depth of the services available to it by handling such services internally or by retaining another service provider.

Both the Services Agreement and the Property Management Agreement may be terminated in certain circumstances and they are only renewable on certain conditions. Accordingly, there can be no assurance that the REIT will continue to have the benefit of CTC's services pursuant to such agreements. If CTC should cease for whatever reason to provide such services, the cost of obtaining substitute services will likely be greater than the cost-recovery fee basis that the REIT pays CTC under the Services Agreement and Property Management Agreement, and this may materially adversely affect the REIT's ability to meet its objectives and execute its strategy which could materially and adversely affect the REIT's cash flows, operating results and financial condition and its ability to make distributions to Unitholders. Even if CTC continues providing services under the Services Agreement and the Property Management Agreement, costs may increase materially after the expiry of the maximum fee cap.

Acquisition of Future Properties from CTC

The REIT's ability to expand its asset base through acquisitions from CTC is affected by the REIT's ability to leverage its relationship with CTC to access opportunities to acquire additional properties that satisfy the REIT's investment criteria, all in accordance with the ROFO Agreement and the Development Agreement. There can be no assurance that the REIT will be able to access such opportunities and acquire additional properties or do so on terms that will result in an increase to the REIT's AFFO per Unit. In addition, there can be no assurance that the rights of first offer granted to the REIT by CTC to acquire CTC's interest in certain properties will be exercised or that CTC will elect to dispose of interests in its properties. The inability of the REIT to expand its asset base by virtue of its relationship with CTC may have a material adverse effect on the ability to expand its asset base.

Sale and Other Disposition Restrictions under the Canadian Tire Leases

Pursuant to the Canadian Tire Leases, the REIT granted CTC the Right of First Offer and the Right of First Refusal. The Right of First Offer provides that if the REIT wishes to sell, enter into a lease or otherwise dispose of a property, all or part of which is leased or was leased to CTC, then the REIT shall first provide an offer to CTC setting out the price and material terms and conditions of the proposed disposition or lease. The existence of such rights and the time period provided to CTC to exercise such rights may impair the marketability and value of the properties owned by the REIT and its ability to attract tenants other than CTC. In addition to the Right of First Offer, the Right of First Refusal provides that if the REIT has received a bona fide offer from a Competitor to purchase, lease or otherwise acquire a property, all or part of which is leased or was leased to CTC, the REIT shall provide such offer to CTC and CTC shall have the right to match such offer.

In the event that the REIT desires to sell a property, the existence of the Right of First Offer and, in certain circumstances, a Right of First Refusal as well as restrictions on use under the Canadian Tire Leases in favour of CTC could limit the number of purchasers of such property, make it more difficult to sell such property and/or decrease the potential purchase price that could be obtained for such property, which, in turn, could have a material adverse effect on the REIT.

Competitive Tenant Restrictions under the Lease

The REIT is subject to significant restrictions with respect to tenants in retail businesses that are competitive to those of the existing CTC business for a period ending on the later of: (a) 10 years after the term of such leases; and (b) when CTC ceases to hold, directly or indirectly, a majority of the Voting Units. The REIT is not able to enter into leases with such prospective tenants without the consent of CTC, which may be withheld in CTC's absolute discretion. The REIT may be limited in achieving higher rents or longer term leases with tenants other than CTC owing to these restrictions. The REIT may also be limited in achieving higher rents or longer term leases with tenants other than CTC owing to the operation of the right of first offer to lease in favour of CTC. As well, the rights of first offer and refusal in favour of CTC over the sale, lease or other disposition of the REIT's properties may impede the ability of the REIT to dispose of its properties or affect the price that the REIT may attain therefor, particularly if CTC has not renewed or otherwise terminated the Canadian Tire Lease in respect of such property. In any case, these restrictions may result in the inability of the REIT to access otherwise viable commercial lease opportunities and have a material adverse effect on the REIT's business, cash flows, financial conditions and results of operations and its ability to make distributions to Unitholders.

Potential Conflicts of Interest with CTC

CTC is not limited or restricted from owning, acquiring, constructing, developing or redeveloping properties required by CTC to operate its business, and, subject to the Non-Competition and Non-Solicitation Agreement, may itself in certain limited situations compete with the REIT in seeking tenants and for the purchase, development and operation of desirable commercial properties. While CTC is required in certain circumstances, subject to the terms and conditions of the ROFO Agreement and the Development Agreement, to provide the REIT with certain opportunities, including rights to acquire or participate in the development of properties, those circumstances are not comprehensive. In addition, there can be no assurance that the REIT will be able to access such opportunities or that CTC will exercise its consent rights over acquisitions and financings to allow the REIT to access such opportunities. As a result, CTC may compete with the REIT in seeking tenants for, and in the development and operation of, properties.

CTC's continuing businesses may lead to other conflicts of interest between CTC and the REIT. The REIT may not be able to resolve any such conflicts and, even if it does, the resolution may be less favourable to the REIT than if it were dealing with a party that was not a holder of a significant interest in the REIT. The agreements that the REIT has entered into with CTC may be amended upon agreement between the parties, subject to applicable law and approval of the Independent Trustees. Because of CTC's significant holdings in the REIT, the REIT may not have the leverage to negotiate any required amendments to these agreements on terms as favourable to the REIT as those the REIT could secure with a party that was not a significant effective Unitholder.

Under the Canadian Tire Leases, the REIT has granted alteration and expansion rights in favour of CTC that will have priority over the REIT's development rights to the extent of any conflict between such rights. As a result, the REIT may not be able to develop its properties in a way that is most favourable to the REIT, which could materially and adversely affect the REIT's cash flows, operating results and financial condition and its ability to make distributions to Unitholders.

CTC Competition Risk

The Non-Competition and Non-Solicitation Agreement does not prevent CTC from acquiring or developing its own stores and properties; provided that if more than 20% of the GLA of the property is rented to non-CTC Banner tenants, CTC must offer the REIT the opportunity to participate. Thus CTC could compete with the REIT for Canadian Tire stores upon expiry of Canadian Tire Leases and for other tenants generally. The vast majority of properties acquired or developed by CTC to date contain less than 20% of the GLA leased to non-CTC Banner tenants. The Non-Competition and Non-Solicitation Agreement does not prevent CTC from redeveloping any properties for its use or other uses.

Indemnities

The Acquisition Agreement contains representations and warranties typical of those contained in acquisition agreements negotiated between sophisticated purchasers and vendors acting at arm's length, certain of which are qualified as to knowledge and materiality and subject to reasonable exceptions, relating to CTC (as vendor), the Partnership and the Properties. There can be no assurance that the REIT will be fully protected in the event of a breach of such representations and warranties or that CTC will be in a position to satisfy a successful claim by the REIT in the event any such breach occurs.

Right of First Offer and Right of First Refusal

To the extent that CTC assigns a Canadian Tire Lease, the Canadian Tire Leases provide that, notwithstanding such assignment, the Lease ROFO and the Lease ROFR remain in effect in favour of CTC beyond the term of such lease (including renewals). As a result, the period during which the REIT would be required to comply with the terms of either the Lease ROFO and/or the Lease ROFR, as applicable, notwithstanding the fact that CTC has assigned such lease, may be significant.

Restrictive Covenants

To the extent that CTC assigns a Canadian Tire Lease, the Canadian Tire Leases provide that the REIT remains obligated to CTC to comply with certain restrictive covenants under the terms of such lease in favour of CTC until the end of such assigned lease term and for ten years thereafter. Depending on the term of such lease and including any renewals, the period during which CTC no longer remains liable under such lease, but where the REIT continues to remain bound by the terms of such restrictive covenants in favour of CTC, may be significant.

Inhibitions of Take-Over Bids

The right of CTC to purchase all of the properties leased to CTC by the REIT in the event that a Competitor acquires more than 50% of the Units of the REIT (at a time when the fair market value of the properties leased to CTC exceeds 50% of the total assets of the REIT on GLA basis) will inhibit take-over bids even if CTC ceases to retain a direct or indirect material ownership interest in the REIT as the right to purchase assets of the REIT may have significant adverse tax consequences to the acquirer and the remaining Unitholders of the REIT.

Risk Factors Related to the Business of the REIT's Key Tenant

The future financial performance and operating results of CTC are subject to inherent risks, uncertainties, and other factors. Some of the factors, many of which are beyond CTC's control and the effects of which can be difficult to predict, include (a) credit, market, currency, operational, liquidity and funding risks, including changes in economic conditions, interest rates or tax rates; (b) the ability of CTC to attract and retain high quality employees, Associate Dealers, Canadian Tire Petroleum agents, PartSource, Mark's, and FGL Sports store operators and franchisees, as well as CTC's financial arrangements with such parties; (c) the growth of certain business categories and market segments and the willingness of customers to shop at Canadian Tire stores or acquire CTC's financial products and services; (d) CTC's margins and sales and those of its competitors; (e) risks and uncertainties relating to information management, technology, supply chain management, product safety, changes in law, regulations, competition, seasonality, commodity prices and business disruption, the relationships with suppliers and manufacturers, changes to existing accounting pronouncements, the risk of damage to the reputation of brands promoted by CTC and the cost of store network expansion and retrofits; and (f) CTC capital structure, funding strategy, cost management programs and share price. The foregoing list of important factors and assumptions is not exhaustive and other factors could also adversely affect CTC's results which, consequently, could materially adversely affect the financial performance of the REIT and its ability to make distributions to Unitholders.

Financial Risk Factors

In the normal course of business, the REIT is exposed to financial risks of varying degrees of significance which could affect its ability to achieve its strategic objectives, and could materially adversely affect the financial performance of the REIT, its ability to make distributions to Unitholders, and the trading price of the Units.

Management's involvement in operations helps identify risks and variations from expectations. As a part of the overall operation of the REIT, Management takes steps to avoid undue concentrations of risk. Various risk management policies support the management of financial risks. These risks, and the actions taken to manage them, are as follows:

Liquidity

An investment in real estate is relatively illiquid. Such illiquidity will tend to limit the REIT's ability to vary its portfolio promptly in response to changing economic or investment conditions. In recessionary times it may be difficult to dispose of certain types of real estate. The costs of holding real estate are considerable and during an economic recession the REIT may be faced with ongoing expenditures with a declining prospect of incoming receipts. In such circumstances, it may be necessary for the REIT to dispose of properties at lower prices in order to generate sufficient cash for operations and for making distributions to Unitholders.

Interest Rate Risk

The REIT will require access to financial resources to implement its investment and growth strategy. When concluding financing agreements or extending such agreements, the REIT will depend on its ability to agree on terms that will not impair the REIT's desired AFFO and that do not restrict its ability to make distributions to Unitholders. In addition to the Credit Facility and any floating rate term of the Class C LP Units, the REIT may enter into future financing agreements with variable rates. An increase in interest rates could result in a significant increase in the cost incurred by the REIT to service debt or make distributions on the Class C LP Units, resulting in a decrease in or the elimination of distributions to Unitholders, which could materially adversely affect the trading price of the Units. In addition, increasing interest rates may put competitive pressure on the levels of distributable income made available to Unitholders, increasing the level of competition for capital requirements of the REIT, which could have a material adverse effect on the trading price of the Units.

The REIT may use interest rate swaps from time to time to manage interest rate risk and to provide more certainty regarding the distributable income available to Unitholders, subject to the REIT's investment guidelines. However, to the extent that the REIT fails to adequately manage interest rate risk, its financial results, and its ability to pay distributions to Unitholders and interest payments under the Credit Facility and future financings, the REIT may be materially adversely affected. An increasing interest rate environment generally decreases the demand for real property. Higher interest rates and more stringent borrowing requirements, whether mandated by law or required by lenders, could have a material adverse effect on the REIT's ability to sell any of its properties.

Financing Risks

The REIT has outstanding debt plus the aggregate par value of the Class C LP Units as of December 31, 2013 of approximately \$1,800,000. Although a portion of the cash flow generated by the Properties is devoted to servicing such debt and the distributions on the Class C LP Units, there can be no assurance that the REIT will continue to generate sufficient cash flow from operations to meet, as applicable, required distributions, interest payments, principal repayments and redemption amounts upon an applicable maturity date or redemption date. If the REIT is unable to meet distribution, interest,

principal payments or redemption amounts, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing. The REIT's ability to undertake a financing (equity or debt), refinancing or similar transaction or any direct or indirect granting of security over any assets of the REIT or any related entity is restricted under the Declaration of Trust and requires the prior written consent of CTC (in its sole and absolute discretion). This would, for example, preclude the REIT from engaging in mortgage financing without the prior written consent of CTC (in its sole and absolute discretion). The failure of the REIT to make or renegotiate interest, principal payments, or redemption amounts, or obtain additional equity, debt or other financing could materially adversely affect the REIT's financial condition and results of operations and decrease or eliminate the amount of cash available for distribution to Unitholders.

The REIT is subject to the risks associated with debt financing, including the risk that any outstanding debt (including the aggregate par value of the Class C LP Units) will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing debt (including the aggregate par value of the Class C LP Units), which may reduce AFFO. If the REIT were to incur variable rate debt (such as under the Credit Facility) or renew Class C LP Units at variable distribution rates, this will result in fluctuations in the REIT's cost as rates change. To the extent that rates rise, the REIT's operating results and financial condition could be materially adversely affected and decrease the amount of cash available for distribution to Unitholders. No variable rate debt or Class C LP Units with variable distribution rates currently exist. The REIT's Credit Facility also contains covenants that require it to maintain certain financial ratios on a consolidated basis. If the REIT does not maintain such ratios, its ability to make distributions to Unitholders may be limited or suspended.

Access to Capital

The real estate industry is highly capital intensive. The REIT requires access to capital to maintain its properties, refinance its debt and its Class C LP Units, if necessary, as well as to fund its growth strategy and certain capital expenditures from time to time. There is no assurance that the REIT will otherwise have access to sufficient capital or access to capital on terms favourable to the REIT for future property acquisitions, refinancing its debt and Class C LP Units, financing or refinancing of properties, funding operating expenses or other purposes. Further, in certain circumstances, the REIT may not be able to borrow funds due to limitations set forth in the Declaration of Trust, which in certain circumstances includes obtaining CTC's prior written consent for such borrowing. Failure by the REIT to access required capital could have a material adverse effect on the REIT's financial condition or results of operations and its ability to make distributions to Unitholders.

Degree of Leverage

The ratio of debt of the REIT plus the aggregate par value of the Class C LP Units to Gross Book Value is approximately 49.8%, as of December 31, 2013. The REIT's degree of leverage could have important consequences to Unitholders, including: (i) making the REIT more vulnerable to a downturn in business or the economy in general; (ii) the REIT's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development or other general trust purposes could be diminished; and (iii) reducing the total amount of funds available for distributions to Unitholders. Under the Declaration of Trust, the REIT's total Indebtedness plus the aggregate par value of the Class C LP Units shall not exceed 60% of Gross Book Value (or 65% of Gross Book Value including convertible Indebtedness).

PART XI

DISCLOSURE CONTROLS AND PROCEDURES; AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Consistent with National Instrument 52-109, CT REIT has filed Form 52-109F1-IPO/RTO, (which is an alternate form of the annual full certificate) that applies when: an issuer becomes a reporting issuer by filing a prospectus; and the first financial period that ends after the issuer becomes a reporting issuer is a financial year.

In contrast to the usual certificate required for non-venture issuers under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), CT REIT is filing a certificate under Form 52-109F1 – IPO/RTO that does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the REIT in its annual filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with IFRS.

CT REIT's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the 52-109F1 – IPO/RTO Certificate.

Investors should be aware that inherent limitations on the ability of CT REIT's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 in the first financial period following the completion of CT REIT's initial public offering may result in additional risks to the quality, reliability, transparency and timeliness of annual filings and other filings provided under securities legislation.

PART XII

FORWARD LOOKING INFORMATION

This MD&A, and the documents incorporated by reference herein, contain forward-looking statements that involve a number of risk and uncertainties, including statements regarding the outlook for CT REIT's business results of operations. Forward-looking statements are provided for the purposes of providing information about CT REIT's future outlook and anticipated events or results and may include statements regarding known and unknown risks and uncertainties and other factors that may cause the actual results to differ materially from those indicated. Such factors include, but are not limited to, general economic conditions, financial position, business strategy, budgets, capital expenditures, financial results, taxes, plans and objectives of or involving CT REIT. Particularly, statements regarding future results, performance, achievements, prospects or opportunities for CT REIT or the real estate industry are forward-looking statements. In some cases, forward-looking information can be identified by such terms such as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue", "likely", "schedule", or the negative thereof or other similar expressions concerning matters that are not historical facts. Some of the specific forward-looking statements in this document include, but are not limited to, statements with respect to the following:

- CT REIT's relationship with CTC, including in respect of (i) CTC's retained interest in the REIT and its current intention with respect thereto, (ii) the services to be provided to the REIT (whether directly or indirectly) by CTC pursuant to the Services Agreement and the Property Management Agreement, (iii) expected transactions to be entered into between CTC and the REIT (including the REIT's future acquisition of certain interests in properties held by CTC), (iv) the ROFO Agreement, and (v) the Development Agreement;
- CT REIT's ability to execute its growth strategies;
- CT REIT's capital expenditure requirements and capital expenditures to be made by the REIT and CTC;
- CT REIT's distribution policy and the distributions to be paid to Unitholders;
- the distributions to be paid to holders of units of the Partnership;
- CT REIT's capital structure strategy and its impact on the financial performance of the REIT and distributions to be paid to Unitholders;
- CT REIT's access to available sources of debt and/or equity financing;
- future compensation and governance practices by CT REIT;
- future legislative and regulatory developments which may affect CT REIT;
- the expected tax treatment of CT REIT and its distributions to Unitholders;
- CT REIT's ability to meet its stated obligations;
- CT REIT's ability to expand its asset base, make accretive acquisitions, develop or intensify its property and participate with CTC in the development or intensification of the properties;
- the ability of CT REIT to qualify as a "mutual fund trust", as defined in the Tax Act, and as a "real estate investment trust", as defined in the SIFT Rules; and
- interest rates and the future interest rate environment.

CT REIT has based these forward-looking statements on factors and assumptions about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy and financial needs, including that the Canadian economy will remain stable over the next 12 months, that inflation will remain relatively low, that tax laws remain unchanged, that conditions within the real estate market, including competition for acquisitions, will be consistent with the current climate, that the Canadian capital markets will provide CT REIT with access to equity and/or debt at reasonable rates when required and that CTC will continue its involvement with CT REIT on the basis described in its 2013 AIF.

Although the forward-looking statements contained in this MD&A are based upon assumptions that Management of CT REIT believes are reasonable based on information currently available to Management, there can be no assurance that actual results will be consistent with these forward-looking statements. Forward-looking statements necessarily involve known and unknown risks and uncertainties, many of which are beyond the REIT's control, that may cause CT REIT's or the industry's actual results, performance, achievements, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, the factors discussed under "Risk Factors" section of the 2013 AIF and also in Part X of this MD&A.

For more information on the risks, uncertainties and assumptions that could cause CT REIT's actual results to differ from current expectations, please also refer to CT REIT's public filings available on SEDAR at www.sedar.com and at www.ctreit.com.

CT REIT cautions that the foregoing list of important factors and assumptions is not exhaustive and other factors could also adversely affect its results. Investors and other readers are urged to consider the foregoing risks, uncertainties, factors and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such forward-looking information. Statements that include forward-looking information do not

take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made have on CT REIT's business. For example, they do not include the effect of any dispositions, acquisitions, asset writedowns or other charges announced or occurring after such statements are made. The forward-looking information in this MD&A is based on certain factors and assumptions made as of the date hereof or the date of the relevant document incorporated herein by reference, as applicable. CT REIT does not undertake to update the forward-looking information, whether written or oral, that may be made from time to time by it or on its behalf, to reflect new information, future events or otherwise, except as required by applicable securities laws.

Information contained in or otherwise accessible through the websites referenced in this MD&A or the documents incorporated by reference herein (other than CT REIT's profile on SEDAR at www.sedar.com) does not form part of this MD&A or the documents incorporated by reference herein and is not incorporated by reference into this MD&A. All references to such websites are inactive textual references and are for information only.

COMMITMENT TO DISCLOSURE AND INVESTOR COMMUNICATION

The Investor Relations section of the REIT's website www.ctreit.com includes the following documents and information of interest to investors:

- Annual Information Form;
- Management Information Circular;
- the Prospectus;
- quarterly reports; and
- conference call webcasts (archived for one year).

Additional information about the REIT has been filed electronically with various securities regulators in Canada through SEDAR and is available online at www.sedar.com.

If you would like to contact the Investor Relations department directly, call Lisa Greatrix at (416) 480-8725 or email investor.relations@ctreit.com

February 11, 2014

Management's Responsibility for Financial Statements

The management of CT Real Estate Investment Trust is responsible for the accompanying consolidated financial statements. The financial statements have been prepared by management in accordance with International Financial Reporting Standards, which recognize the necessity of relying on some best estimates and informed judgements. All financial information in our Management's Discussion and Analysis is consistent with the consolidated financial statements.

To discharge its responsibilities for financial reporting and safeguarding of assets, management depends on CT REIT's systems of internal accounting control. These systems are designed to provide reasonable assurance that the financial records are reliable and form a proper basis for the timely and accurate preparation of financial statements. Management meets the objectives of internal accounting control on a cost effective basis through the prudent selection and training of personnel, adoption and communication of appropriate policies, and employment of an internal audit program.

The Board of Trustees oversees management's responsibilities for the consolidated financial statements primarily through the activities of its Audit Committee, which is composed solely of trustees who are neither officers nor employees of CT REIT. This Committee meets with management and CT REIT's independent auditors, Deloitte LLP, to review the consolidated financial statements and recommend approval by the Board of Trustees. The Audit Committee is also responsible for making recommendations with respect to the appointment of and for approving remuneration and the terms of engagement of CT REIT's auditors. The Audit Committee also meets with the auditors, without the presence of management, to discuss the results of their audit, their opinion on internal accounting controls, and the quality of financial reporting.

The consolidated financial statements have been audited by Deloitte LLP. Their report is presented below.



Kenneth Silver
Chief Executive Officer

February 11, 2014



Louis Forbes
Chief Financial Officer

Independent Auditor's Report

To the Unitholders of CT Real Estate Investment Trust

We have audited the accompanying consolidated financial statements of CT Real Estate Investment Trust, which comprise the consolidated balance sheet as at December 31, 2013, and the consolidated statement of income and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period from July 15, 2013 (date of formation) to December 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of CT Real Estate Investment Trust as at December 31, 2013, and its financial performance and its cash flows for the period from July 15, 2013 (date of formation) to December 31, 2013 in accordance with International Financial Reporting Standards.



Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

February 11, 2014

Toronto, Ontario

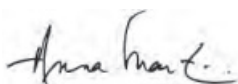
Consolidated Balance Sheet

(C\$ in thousands)	Note	As at December 31, 2013
Assets		
Non-current assets		
Investment properties	5	\$ 3,547,864
Other assets	7	638
		3,548,502
Current assets		
Loans receivable	9	7,991
Tenant and other receivables	6	696
Deposits and other assets	7	7,055
Cash and cash equivalents	8	46,999
		62,741
Total assets		\$ 3,611,243
Liabilities		
Non-current liabilities		
Class C LP Units	11	\$ 1,800,000
Other liabilities		275
		1,800,275
Current liabilities		
Accounts payable and other liabilities	14	20,855
Distributions payable	15	9,727
		30,582
Total liabilities		1,830,857
Equity		
Unitholders' equity	16	880,199
Non-controlling interests	12, 16	900,187
Total equity		1,780,386
Total liabilities and equity		\$ 3,611,243

The related notes form an integral part of these consolidated financial statements.



David Laidley
Trustee



Anna Martini
Trustee

Consolidated Statement of Income and Comprehensive Income

(C\$ in thousands, except per unit amounts)	Note	For the period from July 15, 2013 (date of formation) to December 31, 2013
Property revenue	18	\$ 63,026
Property expense	18	(13,773)
General and administrative expense	19	(2,223)
Interest income		83
Interest and other financing charges	13	(15,649)
Fair value adjustment on investment properties	5	(468)
Net income and comprehensive income		\$ 30,996
Net income and comprehensive income attributable to:		
Unitholders		\$ 15,269
Non-controlling interests		15,727
		\$ 30,996
Net income per unit – basic	16	\$ 0.17
Net income per unit – diluted	16	\$ 0.13

The related notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

(C\$ in thousands)	Units	Retained Earnings	Unitholders' equity	Non-controlling interests	Total Equity
Balance at July 15, 2013	\$ -	\$ -	\$ -	\$ -	\$ -
Net income and comprehensive income for the period	-	15,269	15,269	15,727	30,996
Issuance of Units, net of issue costs	875,988	-	875,988	-	875,988
Issuance of Class B LP Units	-	-	-	895,599	895,599
Distributions	-	(11,194)	(11,194)	(11,139)	(22,333)
Issuance of Units under Distribution Reinvestment Plan	136	-	136	-	136
Balance at December 31, 2013	\$ 876,124	\$ 4,075	\$ 880,199	\$ 900,187	\$ 1,780,386

The related notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

(C\$ in thousands)	Note	For the period from July 15, 2013 (date of formation) to December 31, 2013
Cash generated from (used for):		
Operating activities		
Net income		\$ 30,996
Add (deduct):		
Fair value adjustment on investment properties		468
Straight-line rental income		(5,185)
Straight-line land lease expense		30
Interest and other financing charges		15,649
Changes in working capital and other	23	(10,174)
Cash generated from operating activities		31,784
Investing activities		
Acquisition of investment properties – Initial Properties	4	(241,426)
Acquisition of investment properties – Other		(9,011)
Cash used for investing activities		(250,437)
Financing activities		
Proceeds from issuance of Units		303,025
Unit issue costs		(24,149)
Unit distributions	15	(6,182)
Class B LP Unit distributions	15	(6,286)
Class C LP Unit interest paid		(756)
Cash generated from financing activities		265,652
Cash generated in the period		46,999
Cash and cash equivalents, beginning of period		–
Cash and cash equivalents, end of period	8	\$ 46,999

The related notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the period from July 15, 2013 (date of formation) to December 31, 2013

(All dollar amounts are in thousands, except per unit amounts)

1. Nature and formation of CT Real Estate Investment Trust

CT Real Estate Investment Trust ("CT REIT") is an unincorporated, closed-end real estate investment trust established pursuant to a declaration of trust under, and governed by, the laws of the Province of Ontario as amended and restated as at October 22, 2013 (the "Declaration of Trust") where one unit of CT REIT ("Unit") was issued for a nominal amount. CT REIT commenced operations on October 23, 2013. The principal and registered head office of CT REIT is located at 2180 Yonge Street, Toronto, Ontario M4P 2V8. CT REIT Units are listed on the Toronto Stock Exchange (the "TSX") under the symbol CRT.UN.

CT REIT is a subsidiary of Canadian Tire Corporation, Limited ("CTC"), which owns an 83.1 per cent effective interest in CT REIT as of December 31, 2013, consisting of 59,711,094 of the issued and outstanding units of CT REIT ("Units") and all of the issued and outstanding Class B limited partnership units ("Class B LP Units") of CT Limited Partnership (the "Partnership"), which are economically equivalent to and exchangeable for Units.

CT REIT was formed to own income-producing commercial properties located primarily in Canada. On July 15, 2013, one Unit was issued for a nominal amount. On October 23, 2013 (the "Closing"), CT REIT raised gross proceeds of approximately \$263,500 pursuant to an initial public offering (the "Offering") through the issuance of 26,350,000 Units at a price of \$10.00 per Unit. On November 4, 2013, CT REIT raised additional gross proceeds of approximately \$39,525 through the issuance of 3,952,500 Units at a price of \$10.00 per Unit, increasing CT REIT's gross proceeds from the Offering to approximately \$303,025. CT REIT indirectly acquired, through the Partnership, a portfolio of 256 properties (the "Initial Properties") from CTC, comprised largely of stand-alone Canadian Tire stores, properties anchored by a Canadian Tire stores and containing one or more stores operating under a Canadian Tire banner and/or third-party tenants, a distribution centre and development lands.

2. Significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") using the accounting policies described herein.

These consolidated financial statements for the period from July 15, 2013 (date of formation) to December 31, 2013 were authorized for issuance by CT REIT's Board of Trustees on February 11, 2014. CT REIT did not carry on operations prior to October 23, 2013.

(b) Basis of presentation

These consolidated financial statements have been prepared on the historical cost basis except for investment properties and liabilities for unit-based compensation plans, which are measured at fair value.

These financial statements are presented in Canadian dollars ("C\$") rounded to the nearest thousand, except per unit amounts.

The accounting policies set out below have been applied to the period presented. Standards and guidelines not effective for the current accounting period are described in note 3.

(c) Basis of consolidation

These consolidated financial statements include the accounts of CT REIT and its consolidated subsidiaries consisting of the Partnership and CT REIT GP Corp., which are the entities over which CT REIT has control. Control exists when CT REIT has the ability to direct the relevant activities of an entity, has exposure or rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. CT REIT reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when CT REIT obtains control over the subsidiary and ceases when CT REIT loses control of the subsidiary. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between CT REIT and its subsidiaries, and among subsidiaries of CT REIT, are eliminated on consolidation.

Net income and comprehensive income are attributed to the Unitholders of CT REIT and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

CT REIT holds all of the Class A limited partnership units ("Class A LP Units") of the Partnership, which are the sole class of Partnership units that carry voting rights and represents 50.1 per cent of the total issued and outstanding partnership units of the Partnership. In addition, CT REIT holds all of the shares ("GP shares") of CT REIT GP Corp., the general partner of the Partnership, which has the power to direct the relevant activities of the Partnership.

Accordingly, CT REIT is exposed to variable returns from its interest in the Partnership and has the ability to direct the relevant activities thereof to affect its returns. Therefore CT REIT consolidates the Partnership.

Non-controlling interests in the equity of the Partnership, which consists of Class B LP Units held by a wholly-owned subsidiary of CTC, is shown separately in equity on the consolidated balance sheet.

(d) Investment properties

Investment properties include income-producing properties and properties under development that are held by CT REIT to earn rental income. CT REIT accounts for its investment properties in accordance with IAS 40 – Investment Property (“IAS 40”). For acquired investment properties that meet the definition of a business, the acquisition is accounted for as a business combination in accordance with IFRS 3 – Business Combinations (“IFRS 3”), otherwise they are initially measured at cost including directly attributable acquisition costs. Subsequent to acquisition, investment properties are carried at fair value, which is determined based on available market evidence at the balance sheet date including, among other things, rental revenue from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental revenue from future leases less future cash outflows in respect of capital expenditures. Gains and losses arising from changes in fair value are recognized in net income in the period of change.

The initial cost of properties under development includes the acquisition cost of the property, direct development costs, realty taxes and borrowing costs attributable to properties under development. Borrowing costs associated with direct expenditures on properties under development are capitalized. The amount of capitalized borrowing costs is determined first by reference to property-specific borrowings, where relevant, and otherwise by applying a weighted average cost of borrowings to eligible expenditures after adjusting for borrowings associated with other specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross cost incurred on those borrowings less any investment income arising on their temporary investment. Borrowing costs are capitalized from the commencement of the development until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Practical completion is when the property is capable of operating in the manner intended by management. Generally, this occurs on completion of construction and receipt of all necessary occupancy and other material permits.

If considered reliably measurable, property under development is carried at fair value. Properties under development are measured at cost if fair value is not reliably measurable. In determining the fair value of properties under development, management considers, among other things, the development risk of the property, the provisions of the construction contract, the stage of completion and the level of reliability of cash inflows after completion.

Leasing costs incurred by CT REIT in negotiating and arranging tenant leases are added to the carrying amount of investment properties. Payments to tenants under lease contracts are characterized as either capital expenditures in the form of tenant improvements that enhance the value of the property or lease inducements. Tenant improvements are capitalized as part of investment properties. Lease inducements are capitalized as a component of investment properties and are amortized over the term of the lease as a reduction of revenue.

When an investment property is sold, the gain or loss is determined as the difference between the net disposal proceeds and the carrying amount of the property and is recognized in net income in the period of disposal.

(e) Business combinations

CT REIT accounts for investment property acquisitions as a business combination if the particular assets and set of activities acquired can be operated and managed as a business in its current state. CT REIT applies the acquisition method to account for business combinations. The consideration transferred for a business combination is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by CT REIT. The total consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired as well as liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs incurred in a business combination are expensed as incurred.

There have been no property acquisitions that are considered business combinations to date.

CT REIT recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

(f) Revenue recognition

CT REIT has retained substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. Generally, this occurs on the lease inception date or, where CT REIT is required to make additions to the property in the form of tenant improvements that enhance the value of the property, upon substantial completion of those improvements. Property revenue includes all amounts earned from tenants related to lease agreements including property tax, operating cost and other recoveries.

The total amount of minimum lease payments to be received from operating leases is recognized on a straight-line basis over the term of the lease. A straight-line rent receivable, which is included in the carrying amount of investment property, is recorded for the difference between the rental revenue recorded and the contractual amount of minimum base rent received or receivable.

(g) Income taxes

CT REIT is a “mutual fund trust” under the Income Tax Act (Canada). The Trustees intend to distribute or designate all taxable income directly earned by CT REIT to Unitholders and to deduct such distributions for income tax purposes.

Legislation relating to the federal income taxation of Specified Investment Flow Through (“SIFT”) trusts or partnerships provide that certain distributions from a SIFT will not be deductible in computing the SIFT’s taxable income and that the SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. However, distributions paid by a SIFT as a return of capital should generally not be subject to tax.

Under the SIFT rules, the taxation regime will not apply to a real estate investment trust that meets prescribed conditions relating to the nature of its assets and revenue (the “REIT Conditions”). CT REIT has reviewed the SIFT rules and has assessed their interpretation and application to CT REIT’s assets and revenue. While there are uncertainties in the interpretation and application of the SIFT rules, CT REIT believes that it will meet the REIT Conditions and accordingly, no net current income tax expense or deferred income tax assets or liabilities have been recorded in the consolidated statements of net income and comprehensive income.

(h) Class C LP Units

Each series of the Class C LP Units are redeemable, at the option of the holder, at a specified future date and can be settled at the option of the Partnership in cash or a variable number of Class B LP Units. Accordingly, the Class C LP Units are classified as financial liabilities and distributions on the Class C LP Units are presented in interest expense in the consolidated statement of income and comprehensive income in the period using the effective interest method.

(i) Non-controlling interests

Class B LP Units are classified as non-controlling interests and are presented as a component of equity as they represent equity interests in the Partnership not attributable, directly or indirectly, to CT REIT.

(j) Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognized when CT REIT has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Provisions are remeasured at each balance sheet date using the current discount rate. The increase in the provision due to the passage of time is recognized as interest expense.

(k) Unit based compensation plans

CT REIT has a Deferred Unit Plan for Trustees, who are neither full or part-time employees, officers or trustees of CT REIT or directors of CTC or any of their subsidiaries, whereby such Trustees may elect to receive all or part of their annual compensation in Deferred Units. CT REIT has a Restricted Unit Plan for Executives, whereby the executives of CT REIT may elect to receive all or a portion of their annual short-term incentive plan awards in Restricted Units, and a Performance Unit Plan whereby the Board of Trustees will award Performance Units to Executives of CT REIT as part of their long-term incentive plan.

Deferred Units, Restricted Units and Performance Units are recorded as liabilities and expensed as compensation expense over the vesting period based upon the fair value of the respective units granted.

(l) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with original maturities of three months or less.

(m) Financial instruments and derivatives

Financial instruments are classified, at the time of initial recognition, according to their characteristics and management’s choices and intentions related thereto for the purposes of ongoing measurement. Classification choices are: (i) held-to-maturity, (ii) loans and receivables, (iii) fair value through profit or loss (“FVTPL”), (iv) available for sale, or (v) other financial liabilities. Financial assets and liabilities classified as FVTPL are measured at fair value with gains and losses recognized in the consolidated statements of income and comprehensive income. Financial instruments classified as held-to-maturity, loans and receivables or other liabilities are measured at amortized cost, using the effective interest method. Available-for-sale financial instruments are measured at fair value and any unrealized gains and losses will be recognized in other comprehensive income. CT REIT does not hold any held-to-maturity, FVTPL or available for sale financial instruments.

The following summarizes CT REIT's classification and measurement of financial instruments:

Financial assets and liabilities	Classification	Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Loans receivable	Loans and receivables	Amortized cost
Tenant and other receivables	Loans and receivables	Amortized cost
Class C LP Units	Other liabilities	Amortized cost
Accounts payable and other liabilities	Other liabilities	Amortized cost
Distributions payable	Other liabilities	Amortized cost

Transaction costs other than those related to financial instruments classified as FVTPL, which are expensed as incurred, are capitalized to the carrying amount of the instrument and amortized using the effective interest method. These costs include interest, discounts or premiums relating to borrowings, fees and commissions paid to agents, brokers and advisers and transfer taxes and duties incurred in connection with the arrangement of borrowings.

(n) Critical judgments in applying accounting policies

The following are the critical judgments that have been made in applying CT REIT's accounting policies and that have the most significant effect on the amounts in the consolidated financial statements:

(i) Leases

CT REIT's policy for revenue recognition is described in Note 2(f). In applying this policy, judgments are made with respect to whether tenant improvements provided in connection with a lease enhance the value of the leased property, which determines whether such amounts are treated as additions to investment property as well as the point in time at which revenue recognition under the lease commences. In addition, where a lease allows a tenant to elect to take all or a portion of any unused tenant improvement allowance as rent abatement, CT REIT must exercise judgment in determining the extent to which the allowance represents an inducement that is amortized as a reduction of lease revenue over the term of the lease.

CT REIT also makes judgments in assessing the classification of its leases with tenants as operating leases, in particular long-term leases in single tenant properties. CT REIT has determined that all of its leases are operating leases.

(ii) Investment properties

CT REIT applies judgment in determining whether the properties it acquires are considered to be asset acquisitions or business combinations. CT REIT considers all properties acquired to date to be asset acquisitions.

Judgment is applied in determining whether certain costs are additions to the carrying amount of the investment property.

At each reporting period, internal valuations are prepared by management for all investment properties. In determining the fair value of investment properties, judgment is applied in selecting the extent and frequency of independent appraisals. Independent valuations are obtained on properties such that substantially all of the properties will be externally appraised over a 4-year period.

(iii) Income taxes

CT REIT makes judgments that deferred income taxes are not recognized in CT REIT's financial statements on the basis that CT REIT can deduct distributions paid such that its liability for income taxes is substantially reduced or eliminated for the period, and CT REIT intends to continue to distribute its taxable income and continue to qualify as a real estate investment trust for the foreseeable future.

(iv) Consolidation of the Partnership

CT REIT makes judgments in the application of IFRS 10 – Consolidated Financial Statements in its assessment of control over the Partnership, including the purpose for which the Partnership was created, the power to direct the relevant activities of the Partnership, its exposure or rights to the variable returns of the Partnership and its ability to use its power to affect its returns.

(o) Critical accounting estimates and assumptions

CT REIT makes estimates and assumptions that affect the carrying amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amount of earnings for the period. Actual results could differ from estimates. The estimates and assumptions underlying the valuation of investment properties, as set out in Note 5, are considered critical.

3. Future accounting policy changes

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ended December 31, 2013, and, accordingly, have not been applied in preparing these consolidated financial statements.

Financial instruments classification and measurement

In November 2009, the IASB issued IFRS 9 – Financial Instruments: Classification and Measurement (“IFRS 9”), which contained requirements for financial assets. In October 2010, requirements for financial liabilities were added to IFRS 9. IFRS 9 will replace IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”) in its entirety. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. For financial liabilities measured at fair value, fair value changes due to changes in CT REIT’s credit risk are presented in OCI instead of net income unless this would create an accounting mismatch. An accounting mismatch may occur when financial liabilities that are measured at fair value are managed with assets that are measured at fair value through profit or loss. A mismatch could arise because the entire change in the fair value of the financial assets would be presented in net income but a portion of the change in the fair value of the related financial liabilities would not. The effective date for implementation of this standard has been deferred. Early adoption is permitted. CT REIT is assessing the potential impact of this standard.

Financial instruments presentation: Asset and liability offsetting

In December 2011, the IASB amended IAS 32 – Financial Instruments: Presentation (“IAS 32”) to clarify the requirements which permit offsetting a financial asset and liability in the financial statements. The IAS 32 amendments will be applied retrospectively for annual periods beginning on or after January 1, 2014. CT REIT is assessing the potential impact of the IAS 32 amendments.

Levies

In May 2013, the IASB issued IFRIC Interpretation 21 – Levies (“IFRIC 21”), which is an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for years beginning on or after January 1, 2014 and must be applied retrospectively. CT REIT is assessing the potential impact of this standard.

4. Acquisition of the initial properties

The Partnership purchased the Initial Properties from CTC in exchange for a combination of Class B LP Units of the Partnership (which are exchangeable on a one for one basis into Units and accompanied by an equivalent number of special voting units in CT REIT (the “Special Voting Units”), Class A LP Units, which were immediately acquired by CT REIT using the net proceeds from the Offering, and Class C LP Units. The purchase price of the Initial Properties was \$3,533,668 and was supported by independent appraisals. CT REIT incurred costs on the acquisition of the Initial Properties of \$468, which was added to the carrying value of the Initial Properties upon their recognition. The purchase of the Initial Properties was accounted for as an asset acquisition.

The purchase price was satisfied as follows:

Cash ⁽¹⁾	\$ 240,958
Units acquired by CTC	597,111
Class B LP Units	895,599
Class C LP Units	1,800,000
	\$ 3,533,668

⁽¹⁾ Represents proceeds from the Offering less issuance costs of \$22,074 and property acquisition costs of \$468.

The consolidated financial position of CT REIT immediately following the acquisition of the Initial Properties was as follows:

Assets	
Investment properties	\$ 3,534,136
Liabilities	
Class C LP Units	1,800,000
Equity	
Unitholders’ equity	838,537
Non-controlling interests	895,599
Total equity	1,734,136
Total liabilities and equity	\$ 3,534,136

5. Investment properties

	December 31, 2013
Balance at beginning of period	\$ –
Acquisitions – Initial Properties	3,534,136
Acquisitions – Other	9,011
Straight-line rent	5,185
Fair value adjustment on investment properties	(468)
Balance at end of period	\$ 3,547,864

To determine fair value, CT REIT uses the income approach. Fair value is estimated by capitalizing the cash flows that the property can reasonably be expected to produce over its remaining economic life. The income approach is derived from two methods: the overall capitalization rate (“OCR”) method, whereby the net operating income is capitalized at the requisite OCR, or the discounted cash flow (“DCF”) method, in which the cash flows are projected over the anticipated term of the investment plus a terminal value discounted using an appropriate discount rate.

Properties under development are measured using a DCF model, net of costs to complete, as of the balance sheet date. Development sites in the planning phases are measured using comparable market prices for similar assets.

The Initial Properties, with a total value of \$3,533,668 at time of acquisition, were subject to external appraisals. At December 31, 2013, the external appraisals were updated by management for current market assumptions, utilizing market capitalization rates provided by independent valuation professionals.

On a periodic basis, CT REIT will obtain independent valuations such that substantially all of the properties will be externally appraised over a 4-year period.

The fair value of investment properties is based on Level 3 inputs (see Note 24(a) for definition of levels). There have been no transfers during the period between levels. The significant inputs used to determine the fair value of CT REIT’s investment properties are as follows:

	Properties valued by the OCR method	Properties valued by the DCF method
Number of properties	215	41
Value as at December 31, 2013	\$ 2,815,324	\$ 723,528
Discount rate	–	7.50%
Terminal capitalization rate	–	6.98%
Overall capitalization rate	6.54%	–
Hold period (years)	–	10

Valuations determined by the OCR method are most sensitive to changes in capitalization rates. Valuations determined by the DCF method are most sensitive to changes in discount rates. The below table summarizes the sensitivity of the fair value of investment properties to changes in the capitalization rate:

Rate sensitivity	OCR Sensitivity		DCF Sensitivity	
	Fair value	Change in fair value	Fair value	Change in fair value
+ 75 basis points	\$ 2,525,971	\$ (289,353)	\$ 685,306	\$ (38,222)
+ 50 basis points	2,615,628	(199,696)	697,764	(25,764)
+ 25 basis points	2,711,883	(103,441)	710,517	(13,011)
Base rate	2,815,324	–	723,528	–
- 25 basis points	2,927,336	112,012	736,937	13,409
- 50 basis points	3,048,431	233,107	750,621	27,093
- 75 basis points	3,179,977	364,653	764,632	41,104

Included in investment properties is \$5,185 of straight-line rent receivables arising from the recognition of rental revenue on a straight-line basis over the lease term.

Investment properties with a fair value of approximately \$60,658 are situated on land held under leases with remaining terms of between 5 and 42 years, and an average of 19 years. Investment properties do not include any properties held under operating leases

6. Tenant and other receivables

The components of tenant and other receivables were as follows:

	December 31, 2013
Rent and other receivables	\$ 696
Allowance for doubtful accounts	–
Tenant and other receivables	\$ 696

7. Deposits and other assets

	December 31, 2013
Prepaid expenses and deposits	\$ 6,859
Deferred assets	834
Less: non-current portion of deferred assets	(638)
Deposits and other assets	\$ 7,055

Deferred assets primarily include the costs incurred in connection with the arrangement of the Credit Facility, which is being amortized over 48 months.

8. Cash and cash equivalents

At December 31, 2013, CT REIT had \$44,065 in short-term deposits. For the period July 15, 2013 to December 31, 2013, interest income of \$83 was recorded on cash and cash equivalents and is included in interest income on the statement of income and comprehensive income.

9. Loans receivable

The loans receivable of \$7,991 relate to the election made by the holder of the Class C LP Units to receive a loan in lieu of distributions. The loans will be settled on the first day following the end of the fiscal year. See Note 11.

10. Credit facility

The Partnership has a \$200,000 four-year, unsecured revolving credit facility (the "Credit Facility") which is available to the Partnership until October 2017. The Credit Facility bears interest at a rate based on the bank's prime rate of interest or bankers' acceptances plus a margin. A stand-by fee is charged on undrawn amounts. As at December 31, 2013, no amount is drawn on the Credit Facility. The Partnership incurred approximately \$646 in transaction costs in connection with the arrangement of the Credit Facility, which is recorded in other non-current assets on the consolidated balance sheet. Amortization of the transaction costs of \$35, as well as the standby fee of \$80 is recorded in interest and other financing charges on the consolidated statement of income and comprehensive income.

11. Class C LP Units

The Class C LP Units entitle the holder to a fixed cumulative monthly distribution during the initial fixed rate period for each Series of Class C LP Units (the "Initial Fixed Rate Period") equal to a weighted average of 4.5 per cent of the aggregate capital amount ascribed to the Class C LP Units, in priority to distributions made to holders of the Class A LP Units, Class B LP Units and GP Units, subject to certain exceptions. During the five-year period beginning immediately following the completion of the Initial Fixed Rate Period, and each five-year period thereafter, the fixed distribution rate for Class C LP Units will be reset, and the holders of Class C LP Units will be entitled, subject to certain conditions, to elect either a fixed rate or floating rate option.

On expiry of the Initial Fixed Rate Period applicable to each series of Class C LP Units, and every five years thereafter, each such series of Class C LP Units is redeemable at par (together with all accrued and unpaid distributions thereon) at the option of the Partnership or the holder, upon giving at least 120 days' notice. The Partnership further has the ability to settle any of the Class C LP Units at any time after January 1, 2019 at a price equal to the greater of par and a price to provide a yield equal to the then equivalent Government of Canada bond yield plus a spread, so long as such redemption is in connection with a sale of properties.

Such redemptions of Class C LP Units (other than upon a change of control at CT REIT) can be settled at the option of the Partnership, in cash or Class B LP Units of equal value.

The following table presents the details of the Class C LP Units:

Series	Expiry of initial fixed rate period	Annual distribution rate during initial fixed par value	Carrying amount
Series 1	May 31, 2015	3.50%	\$ 200,000
Series 2	May 31, 2016	3.50%	200,000
Series 3	May 31, 2020	4.50%	200,000
Series 4	May 31, 2024	4.50%	200,000
Series 5	May 31, 2028	4.50%	200,000
Series 6	May 31, 2031	5.00%	200,000
Series 7	May 31, 2034	5.00%	200,000
Series 8	May 31, 2035	5.00%	200,000
Series 9	May 31, 2038	5.00%	200,000
Weighted average / Total		4.50%	\$ 1,800,000

There are no principal payments due on the Class C LP Units during the Initial Fixed Rate Period. For the period July 15, 2013 to December 31, 2013, interest expense of \$15,534 was recognized in respect of the Class C LP Units. Distributions on the Series 1 Class C LP Units in the amount of \$756 were declared and paid. At the election of the holder, distributions on the Series 2-9 Class C LP Units in the amount of \$7,991 were deferred until the first day following the end of the fiscal year and non-interest bearing loans equal to the deferred distributions were advanced in lieu thereof. See Note 15.

12. Non-controlling interests

Details of non-wholly owned subsidiaries of CT REIT that have material non-controlling interests are as follows:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interests held by non-controlling interests	Profit (loss) allocated to non-controlling interests	Accumulated non-controlling interests
		2013	2013	2013
CT Limited Partnership	Canada	49.87%	\$ 15,727	\$ 900,187

The following is a continuity of non-controlling interests for the period ended December 31, 2013:

	December 31, 2013
Balance at beginning of period	\$ -
Non-controlling interests arising on the issuance of Class B LP units	895,599
Share of net income and comprehensive income for the period	15,727
Distributions	(11,139)
Balance at end of period	\$ 900,187

There are no restrictions on CT REIT's ability to access or use the assets and settle the liabilities of its subsidiaries and there are no contractual arrangements that could require CT REIT to provide financial support.

13. Interest and other financing charges

Interest and other financing charges consist of the following:

	For the period from July 15, 2013 to December 31, 2013
Interest on Class C LP Units	\$ 15,534
Standby fees – Credit Facility	80
Amortization of financing costs – Credit Facility	28
Amortization of agency fees – Credit Facility	7
Interest and other financing charges	\$ 15,649

14. Accounts payable and other liabilities

Accounts payable and other liabilities comprised the following:

	December 31, 2013
Property operating costs ⁽¹⁾	\$ 2,751
Interest on Class C LP Units	14,778
Other ⁽²⁾	3,326
Accounts payable and other liabilities	\$ 20,855

⁽¹⁾ Includes \$2,483 payable to CTC.

⁽²⁾ Includes \$20 payable to CTC.

15. Distributions

The following table presents distributions declared for the period from July 15, 2013 to December 31, 2013:

	Units	Class B LP Units
Paid in cash ⁽¹⁾	\$ 6,182	\$ 6,286
Payable as of December 31, 2013 ⁽²⁾	4,876	4,851
Total	\$ 11,058	\$ 11,137
Per unit	\$ 0.12	\$ 0.12

⁽¹⁾ Includes \$10,478 paid to CTC.

⁽²⁾ Includes \$8,086 payable to CTC.

CT REIT has adopted a distribution reinvestment plan ("DRIP"), which allows certain Canadian resident Unitholders to elect to have all or a portion of their cash distributions reinvested in additional Units (at price per unit calculated by reference to the five-day volume weighted average for the Units on the TSX during the five business days preceding the distribution payment date). No brokerage commissions or service charges are payable in connection with the purchase of Units under the DRIP and CT REIT will pay all administrative costs. The automatic reinvestment of distributions under the DRIP does not relieve holders of Units of any income tax applicable to such distributions. Unitholders who participate in the DRIP receive an additional distribution of units equal to 3.0% of each distribution that was reinvested by them.

For the period from July 15, 2013 to December 31, 2013, 13,179 Units were issued under the DRIP for \$136.

On December 13, 2013, CT REIT's Board of Trustees declared a distribution of \$0.054166 per unit payable on January 15, 2014 to holders of Units and Class B LP Units of record as of December 31, 2013.

The holders of the Units, Class B LP Units and Class C LP Units may elect to defer receipt of all or a portion of distributions declared by CT REIT until the first day following the end of the fiscal year. If the holder so elects to defer receipt of distributions, CT REIT will loan the holder the amount equal to the deferred distribution without interest, and the loan will be due and payable in full on the first business day following the end of the fiscal year the loan was advanced. For the period ended December 31, 2013, the holders of the Class C LP Units elected to defer distributions in the amount of \$7,991. See Note 9.

16. Equity

Authorized and Outstanding Units

CT REIT is authorized to issue an unlimited number of Units. As of December 31, 2013, CT REIT had a total of 90,026,773 Units outstanding, 59,711,094 of which were held by CTC, and 89,559,871 Class B LP Units outstanding (and a corresponding number of Special Voting Units), all of which were held by CTC.

The following tables summarize the changes in Units and Class B LP Units outstanding for the period from July 15, 2013 to December 31, 2013:

	Units	Class B LP Units
Total outstanding at beginning of period	-	-
Issued	90,026,773	89,559,871
Total outstanding at end of period	90,026,773	89,559,871

Net income attributable to Unitholders and weighted average units outstanding used in determining basic and diluted net income per unit for the period from July 15, 2013 to December 31, 2013, are calculated as follows:

	Units	Class B LP Units	Total
Net income attributable to unitholders – basic	\$ 15,269	\$ 15,727	\$ 30,996
Dilutive effect of settling Class C LP Units with Class B LP Units			15,534
Net income attributable to unitholders – diluted			\$ 46,530
Weighted average Units outstanding – basic	89,339,035	89,559,871	178,898,906
Dilutive effect of other Unit plans			25,148
Dilutive effect of settling Class C LP Units with Class B LP Units			168,299,232
Weighted average Units outstanding – diluted			347,223,286

The calculation of diluted per unit amounts is determined on a combined basis for the Units and Class B LP Units as the Class B LP Units are exchangeable into Units on a one for one basis and are entitled to an equivalent amount of net income per unit as the Units. The weighted average units outstanding – basic is calculated to reflect the effect of the Offering to the beginning of the period presented. Prior to the Closing CT REIT had no operations.

Units

Each Unit is transferable and represents an equal, undivided, beneficial interest in CT REIT and any distributions, whether of net income, net realized capital gains, or other amounts, and in the event of the termination or winding-up of CT REIT, in CT REIT's net assets remaining after satisfaction of all liabilities. All Units rank among themselves equally and ratably without discrimination, preference, or priority. Each Unit entitles the holder thereof to one vote at all meetings of Unitholders or with respect to any written resolution of Unitholders. The Units have no conversion, retraction, or redemption rights.

Non-controlling interests

The Class B LP Units are exchangeable on a one-for-one basis (subject to customary anti-dilution provisions) for Units at the option of the holder. Each Class B LP Unit is accompanied by a Special Voting Unit. The holders of Class B LP Units are entitled to receive distributions when declared by the Partnership equal to the per unit amount of distributions payable to each holder of Units. However, the Class B LP Units have limited voting rights over the Partnership.

Special Voting Units

Special Voting Units are only issued (i) in tandem with Class B LP Units of the Partnership or (ii) in limited circumstances to holders of the Class C LP Units and are not transferable separately from the Class B LP Units or Class C LP Units, as the case may be, to which they relate. Upon any transfer of Class B LP Units or Class C LP Units, as the case maybe, such Special Voting Units will automatically be transferred to the transferee of the Class B LP Units. As Class B LP Units are exchanged for Units or purchased for cancellation, the corresponding Special Voting Units will be cancelled for no consideration.

Each Special Voting Unit entitles the holder thereof to one vote at all meetings of Unitholders or with respect to any resolution in writing of Unitholders. Except for the right to attend and vote at meetings of the Unitholders or with respect to written resolutions of the Unitholders, Special Voting Units do not confer upon the holders thereof any other rights. A Special Voting Unit does not entitle its holder to any economic interest in CT REIT, or to any interest or share in CT REIT, or to any interest in any distributions (whether of net income, net realized capital gains, or other amounts), or to any interest in any net assets in the event of termination or winding-up.

CT REIT's Board retains full discretion with respect to the timing and quantum of distributions. Declared distributions are paid to Unitholders of record at the close of business on the last day of the month on or about the 15th day of the following month.

17. Deferred unit plans

Deferred Unit Plan for Trustees

CT REIT offers a Deferred Unit Plan (the "DU Plan") for Trustees who are not employees or officers of CT REIT or CTC or any of their subsidiaries. Under this plan, Trustees are eligible to participate in the DU Plan pursuant to which they may elect to receive all or part of their annual retainer, meeting fees and additional compensation in Deferred Units ("DUs"). DUs do not entitle a Trustee to any voting or other Unitholder rights. DUs represent a right to receive Units on ceasing to be a Trustee or, at the Trustee's election, the cash equivalent thereof.

The number of DUs issued is determined by dividing the amount the Trustee elects to receive in DUs by the volume weighted average trading price of a Unit on the TSX for the five trading days prior to the date on which the DUs are credited to the participating Trustee's account. Additional DUs are automatically credited to a Trustee's account under the DU Plan when CT REIT pays a distribution to Unitholders. The additional DUs that are credited are calculated by multiplying the number of DUs in the Trustee's account on the record date of the payment of such distribution by the distribution, and dividing that amount by the volume weighted average trading price of a Unit on the TSX for the five trading days prior to the day the distribution is paid.

The amount payable by CT REIT in respect of the DU Plan changes as a result of distributions and unit price movements. All of the amounts attributed to changes in the amounts payable by CT REIT are recorded as trustee compensation expense in the period of change. As at December 31, 2013, accrued Trustee compensation costs relating to the DU Plan totaled \$79. The fair value of DUs is equal to the traded price of Units. Compensation expense recorded for the period July 15, 2013 to December 31, 2013 for DUs issued to Trustees was \$79 and is included in general and administrative expense.

Performance Unit Plan

CT REIT offers Performance Units ("PUs") to executive officers. As at December 31, 2013, no awards have been made. Each PU award entitles the executive to a cash payment equal to the weighted average trading price of Units traded on the TSX during the 10 calendar day period commencing the first business day following the end of the performance period, multiplied by a factor determined by specific performance-based criteria. The performance period of each award is approximately three years from the date of issuance and payment is made if performance conditions are met.

The amount payable by CT REIT in respect of the PU Plan changes as a result of unit price movements and the applicable multiplier at the end of the performance period. All of the amounts attributed to changes in the amounts payable by CT REIT are recorded as employee compensation expense in the period of change. As at December 31, 2013, no PUs were outstanding. The fair value of PUs is equal to the traded price of Units.

Restricted Unit Plan for Executives

CT REIT offers a Restricted Unit Plan for Executives (the "RU Plan") pursuant to which executive officers may elect to receive all or a portion of their short-term incentive plan ("STIP") award for any fiscal year in the form of Restricted Units ("RUs") that will entitle the executive officer to receive the value thereof in Units, or, at his or her election, an equivalent amount of cash, at the end of the applicable vesting period, which is up to five years in length. The RU Plan also provides for the direct grant of RUs to executive officers. RUs do not entitle executive officers to any voting or other Unitholder rights.

The number of RUs granted to an executive officer is calculated by dividing, in the case of a STIP award, the amount of the STIP award which the executive officer has elected to receive in RUs by the volume weighted average trading price of a Unit on the TSX for the five trading days prior to the tenth business day following the release of CT REIT's financial statements for the year in respect of which the RU award is earned and, in the case of a direct grant of RUs, the amount of the award to be granted divided by the volume-weighted average trading price of a Unit on the TSX for the five trading days prior to the grant date. Additional RUs are credited to an executive's RU account when CT REIT pays a distribution to holders of Units, the number of which is determined by multiplying the number of RUs in the executive's account on the record date for the payment of such distribution by the distribution, and dividing that amount by the volume weighted average trading price of the Unit on the TSX for the five trading days prior to the day the distribution is paid.

At the end of the applicable vesting period, the executive officer receives Units, or, at his or her option, an equivalent amount of cash, issued by CT REIT for the number of RUs credited to his or her account, including any distributions paid by CT REIT on the Units that have accrued in the form of RUs. Units (or, where the executive officer so elects, cash) are issued to the executive officer, subject to any applicable statutory source deductions.

All of the amounts attributed to changes in the amounts payable by CT REIT are recorded as employee compensation expense in the period of change. As at December 31, 2013, accrued RU compensation costs relating to the RU Plan totaled \$275. The fair value of RUs is equal to the traded price of Units. Compensation expense recorded for the period from July 15, 2013 to December 31, 2013 for RUs issued to executive officers was \$275 and is included in general and administrative expense.

18. Revenue and expenses

(a) Property revenue

CT REIT leases income producing commercial properties to tenants under operating leases with staggered initial terms ranging from 10 to 21 years, with a weighted average initial term of approximately 16 years. Annual base minimum rent will have weighted average annual rent escalations of approximately 1.5 per cent per year, commencing January 1, 2015.

The components of revenue are as follows:

	CTC	Other	For the period from July 15, 2013 to December 31, 2013
Base minimum rent	\$ 43,881	\$ 1,172	\$ 45,053
Straight-line rental	5,134	51	5,185
Subtotal base rent	49,015	1,223	50,238
Property tax and operating expense recoveries	12,327	461	12,788
Property revenue	\$ 61,342	\$ 1,684	\$ 63,026

Future minimum rental commitments on non-cancellable tenant operating leases are as follows:

	December 31, 2013
Less than one year	\$ 235,875
Between one and five years	981,087
More than five years	2,918,912
Total	\$ 4,135,874

(b) Property expense

The major components of operating costs consist of realty taxes and other recoverable costs:

	For the period from July 15, 2013 to December 31, 2013
Property taxes	\$ 12,644
Property management ⁽¹⁾	463
Other recoverable operating costs	303
Ground rent	347
Property insurance	16
Property expense	\$ 13,773

⁽¹⁾ See Note 22.

Future minimum lease payments under ground lease arrangements are as follows:

	December 31, 2013
Less than one year	\$ 1,610
Between one and five years	6,790
More than five years	16,394
Total	\$ 24,794

19. General and administrative expenses

General and administrative expenses comprised the following:

	For the period from July 15, 2013 to December 31, 2013
Services Agreement with CTC ⁽¹⁾	\$ 627
Personnel expense	809
Other	787
General and administrative expenses	\$ 2,223

⁽¹⁾ See Note 22.

20. Commitments and contingencies

CT REIT has agreed to indemnify, in certain circumstances, the Trustees and officers of CT REIT and its subsidiaries.

CT REIT has committed to development expenditures representing approximately \$19,997 in future payments.

21. Segmented information

CT REIT has one segment, which comprises the ownership and operation of retail investment properties primarily located in Canada.

22. Related-party transactions

In the normal course of operations, CT REIT enters into various transactions with related parties that have been measured at amounts agreed to between the parties and are recognized in the consolidated financial statements.

(a) Arrangements with CTC

Property Management Agreement

CTC has agreed to provide property management services to the Partnership, pursuant to the Property Management Agreement, on a cost-recovery basis only with a fixed maximum fee of \$2,333 for each of the first two years and pro rata for the period ended December 31, 2013, pursuant to which the Partnership will reimburse CTC for all reasonable out of pocket costs and expenses incurred by CTC, subject to adjustments for inflation in year two, in connection with performance of the property management services, including costs related to leasing fees payable to third parties, overhead attributable to such services, employees, contractors, out-of-pocket expenses and other direct and indirect costs of providing the property management services, plus applicable taxes.

Services Agreement

CTC has agreed to provide administrative and other support services to CT REIT, pursuant to the Services Agreement, on a cost-recovery basis only with a fixed maximum fee of \$3,288 for each of the first two years and pro rata for the period ended December 31, 2013, pursuant to which CT REIT will reimburse CTC for all costs and expenses incurred by CTC, subject to adjustments for inflation in year two, in connection with the performance of the administrative and other support services, including costs related to overhead attributable to such services, employees, contractors, out-of-pocket expenses and other direct and indirect costs of providing the administrative and other support services, plus applicable taxes.

Development Agreement

CT REIT, the Partnership and CTC have entered into the Development Agreement for a term expiring on the later of: (i) 10 years from the Closing; (ii) the time when CTC ceases to hold, directly or indirectly, a majority of the Voting Units comprising any combination of Units and Special Voting Units. Pursuant to the Development Agreement CT REIT has a preferential right to participate in property developments that meet CT REIT's investment criteria and an option to purchase development properties. The Agreement allows CT REIT to provide mezzanine financing for development projects on mutually acceptable terms and in certain circumstances requires CTC to present new shopping centre acquisition opportunities in Canada.

(b) Transactions and balances with related parties

Transactions with CTC comprised the following:

	For the period from July 15, 2013 to December 31, 2013
Rental revenue	\$ 61,342
Management and services agreements expense	1,090
Interest expense on Class C LP Units	15,534

The net balance due to CTC is comprised of the following:

	December 31, 2013
Tenant and other receivables	\$ (554)
Loans receivable on Class C LP Units	(7,991)
Class C LP Units	1,800,000
Interest payable on Class C LP Units	14,778
Accounts payable and other liabilities	2,503
Distributions payable on Class B LP Units and Units	8,086
Net due to CTC	\$ 1,816,822

(c) Compensation of key management personnel and independent trustees

The remuneration of management personnel including the chief executive officer, chief financial officer and independent trustees was as follows:

	For the period from July 15, 2013 to December 31, 2013
Cash compensation	\$ 525
Unit-based awards	354
Total	\$ 879

The remuneration of management consists principally of base salary, short-term cash incentives and long-term incentives (in the form of Unit-based awards). The remuneration is determined by CT REIT's Board of Trustees, on the recommendation of the Governance, Compensation and Nominating Committee.

The remuneration of independent Trustees consists of annual retainer fees, meeting fees and travel fees.

23. Changes in working capital

Change in working capital comprises the following:

	For the period from July 15, 2013 to December 31, 2013
Changes in working capital	
Tenant and other receivables	\$ (696)
Loans receivable	(7,991)
Prepaid expenses and deposits	(7,062)
Other assets	(666)
Accounts payable and other liabilities	5,966
Other long-term liabilities	275
Changes in working capital	\$ (10,174)

24. Financial instruments and risk management

(a) Fair value of financial instruments

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs: Are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs: Are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs: Are unobservable inputs for the asset or liability.

The fair value of the Class C LP Units is determined by discounting contractual principal and interest payments at estimated current market interest rates for the instrument. Current market interest rates are determined with reference to current benchmark rates for a similar term and current credit spreads for debt with similar terms and risks.

The fair value of the Class C LP Units at December 31, 2013, is \$1,691,100. The fair value measurement of the Class C LP Units is based on Level 2 inputs. The significant inputs used to determine the fair value of the Class C LP Units are interest rates and credit spreads. There have been no transfers during the period between levels.

Current financial assets consist of cash and cash equivalents, tenant and other receivables, and loans receivable, which are classified as loans and receivables and carried at amortized cost. Current financial liabilities consist of accounts payable and other liabilities and distributions payable, which are classified as other liabilities and carried at amortized cost. The carrying amounts approximate their fair value due to their short-term nature.

(b) Financial risk management

In the normal course of business, CT REIT has exposure to risks from its use of financial instruments. CT REIT is exposed to liquidity and credit risk in connection with its financial instruments. Financial risk management policies are established for CT REIT to identify and analyze the risks faced by CT REIT, to set acceptable risk tolerance limits and controls and to monitor risks and adherence to limits. CT REIT is not exposed to significant currency or market risk arising from financial instruments. Additionally, CT REIT currently does not have any significant direct exposure to interest rate risk in respect of the Class C LP Units during the Initial Fixed Rate Term, the earliest of which expires in 2015 (see Note 11).

Liquidity risk

Liquidity risk is the risk that CT REIT will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. CT REIT's approach to managing liquidity is to ensure that it has sufficient liquidity available through cash, assets readily convertible to cash and committed bank lines of credit to support its monthly cash distributions to Unitholders, meet operating and strategic plan requirements and meet unexpected financial challenges. CT REIT has in place a leverage and liquidity policy to manage its exposure to liquidity risk.

Management has identified key financial credit metric ratios and calculates these ratios in a manner to approximate the methodology of debt rating agencies. Management monitors these metrics against industry-accepted targets to maintain investment-grade ratings from two credit rating agencies.

CT REIT uses a detailed consolidated cash flow forecast model to regularly monitor its near-term and longer-term cash flow requirements, which assists in optimizing its cash distributions to Unitholders and evaluating longer-term funding strategies.

CT REIT has access to the following financing sources to ensure that the appropriate level of liquidity is available to meet its monthly distributions and strategic objectives: committed bank lines totaling \$200,000, direct access to debt and equity markets subject to consent from CTC, and contributions from CTC to the extent cash flows from property operations are not sufficient.

Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from CT REIT's tenants and from investment securities counterparties. Credit risk arises from the possibility that CT REIT's tenants may experience financial difficulty and be unable to meet their lease obligations. CTC is CT REIT's most significant tenant and will be for the foreseeable future with Canadian Tire Retail stores and the distribution centre. CT REIT's revenues will be dependent on the ability of CTC to meet its rent obligations and CT REIT's ability to collect rent from CTC.

CT REIT has a Securities and Counterparty Risk Management Policy in place for management of counterparty risk related to investing activity. The overall credit risk compliance mechanisms established in this policy include, credit rating requirements, approval authorities, counterparty limits, notional limits, term to maturity and portfolio diversification requirements. CT REIT limits its exposure to credit risk by investing only in highly liquid and rated term deposits, bankers acceptances or other approved securities and only with highly rated financial institutions and government counterparties.

Interest rate risk

Interest rate risk is the potential for financial loss arising from increases in interest rates. CT REIT has minimal exposure to interest rate changes as the initial rate on the Class C LP units is at fixed interest rates and CT REIT currently has no short term borrowings outstanding under its bank credit facility.

25. Capital management and liquidity

CT REIT's objectives when managing capital are to ensure access to capital and sufficient liquidity is available to support ongoing property operations, developments and acquisitions while generating reliable, durable and growing monthly cash distributions on a tax-efficient basis to maximize long term Unitholder value.

The definition of capital varies from entity to entity, industry to industry and for different purposes. CT REIT's strategy and process for managing capital is driven by requirements established under the Declaration of Trust and the syndicated credit facility.

The following schedule details the capitalization of CT REIT and the related costs thereof:

	December 31, 2013
Liabilities	
Class C LP Units	\$ 1,800,000
Equity	
Unitholder Equity	880,199
Non-controlling interest	900,187
Total	\$ 3,580,386

CT REIT's Class C LP Units have a fixed, cumulative, preferential cash distribution, if, as and when declared by the board of directors of the General Partnership, beginning on October 23, 2013 and ending, for each series, on the date set out in the Initial Fixed Rate Period for such series, which is payable monthly at an annual distribution rate for each series.

Under the Declaration of Trust and the syndicated bank credit agreement, key financial covenants are reviewed on an ongoing basis by management to monitor compliance with the agreements. The key financial covenants for CT REIT required are as follows:

- a requirement to maintain, at all times:
 - a specified minimum ratio of total indebtedness of CT REIT (plus the aggregate par value of the Class C LP Units) to gross book value
 - a specified minimum ratio of total secured indebtedness of CT REIT (plus the aggregate par value of the Class C LP Units) to gross book value
 - a minimum Unitholders equity
 - a ratio of unencumbered assets to unconsolidated unsecured indebtedness
 - a specified minimum debt service coverage ratio defined as earnings before interest and taxes as a percentage of interest expense, which for greater clarity includes distributions on the Class C LP Units

As at December 31, 2013, CT REIT was in compliance with all of its financial covenants. Under these financial covenants, CT REIT has sufficient flexibility to fund business growth and maintain or amend distribution rates within its existing distribution policy.

CT REIT's strategy is to satisfy its liquidity needs using cash flows generated from operating activities and cash provided by financing activities. Rental income, recoveries from tenants, interest and other income, draws on credit facilities and further issuance of debt and equity are CT REIT's principal sources of liquidity used to pay operating expenses, distributions, debt service, and recurring capital and leasing costs in its investment property portfolio.

The principal liquidity needs for periods beyond the next year are for unit distributions, scheduled debt maturities and capital expenditures. CT REIT's strategy is to meet these needs through cash flows generated from operating activities and further issuance of debt and equity.

The following table presents the contractual maturities of CT REIT's financial liabilities:

	Payments Due By Period				
	Total	1 year	2-3 years	4-5 years	After 5 years
Class C LP Units	\$ 1,800,000	\$ -	\$ 400,000	\$ -	\$ 1,400,000
Interest payments on Class C LP Units ⁽¹⁾	1,144,749	81,000	146,833	134,000	782,916
Other liabilities	275	-	275	-	-
Interest payable on Class C LP Units	14,778	14,778	-	-	-
Accounts payable and other liabilities	6,077	6,077	-	-	-
Distributions payable	9,727	9,727	-	-	-

⁽¹⁾ Assumes redemption on expiry of initial fixed rate period for each series.

GLOSSARY OF TERMS

“**AFFO**” is funds from operations (“FFO”) subject to certain adjustments to (a) remove the impact of: (i) amortization of fair value mark-to-market adjustments on debt; (ii) adjusting for any differences resulting from recognizing property rental revenues or expenses on a straight-line basis; (iii) initial one-time costs to establish the REIT; and (iv) change in fair value of non-cash compensation incentive plans; and (b) deduct a reserve for normalized maintenance capital expenditures, tenant inducements and leasing commissions.

“**Associate Dealers**” means the independent business owners who operate Canadian Tire stores.

“**Atlantic Canada**” means the provinces of New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island.

“**Board**” means the Board of Trustees of the REIT.

“**Canadian Tire Leases**” means the lease agreements entered into between the REIT and CTREL for each Canadian Tire store located on the Initial Properties (excluding gas bars located on the properties) and between the REIT and CTC for the distribution centre and the gas bars located on the Initial Properties.

“**Capitalization Rate**” refers to a rate of return calculated by dividing the expected net operating income of a property by its total value.

“**Change of Control**” means the acquisition by a person, or group of persons acting jointly or in concert, directly or indirectly, other than CTC or any of its subsidiaries, of more than 50% of the aggregate voting rights attached to the Units and Special Voting Units of the REIT.

“**Class A LP Units**” means the Class A limited partnership units of the Partnership.

“**Class B LP Units**” means the Class B limited partnership units of the Partnership.

“**Class C LP Units**” means the Class C limited partnership units of the Partnership.

“**Closing**” means the closing of the REIT’s initial public offering, acquisition and other related transactions on October 23, 2013.

“**Competitor**” is a person who carries on business, or any person who controls or is controlled by such person, in one or more of the following categories: hardware, automotive, sporting goods, apparel and housewares.

“**CTC**” means Canadian Tire Corporation, Limited together with its subsidiaries (excluding the REIT and the REIT’s subsidiaries), or, as the context requires, any of them.

“**CTC Banner**” means a CTC name or trademark, including the Canadian Tire®, Sport Chek and Mark’s names and trademarks.

“**CTC Refinancing Obligations**” means: (a) if CTC withholds its consent to a CTC Refinancing and the proceeds of which are to fund amounts due upon a redemption of Class C LP Units proposed by the REIT, then the REIT may: (i) accept an offer from CTC to provide debt financing to the REIT in an aggregate amount necessary to fund the redemption at the then prevailing market terms (with the interest rate on the debt calculated with reference to the Debt Market Spread referred to in the Prospectus) and redeem the Class C LP Units with the proceeds of the debt financing or (ii) elect that the annual fixed distribution rate for the next fixed rate period or the floating distribution rate for each month during the next fixed rate period, as applicable, shall be calculated by replacing the “Spread” with the “Class C Market Spread” as defined in the Prospectus, all in accordance with the terms of the Class C LP Units; and (b) if CTC withholds its consent to a CTC Refinancing and the proceeds of which are to refinance maturing debt issued by the REIT to CTC, then CTC shall accept Class C LP Units and/or provide debt to the REIT in an aggregate amount necessary to fund the refinancing of such maturing debt, to be allocated between Class C LP Units and debt at the discretion of CTC, on the then prevailing market terms (with the distribution rate on such Class C LP Units calculated with reference to the Class C Market Spread and the interest rate on such debt calculated with reference to the Debt Market Spread, as applicable).

“**CTREL**” means Canadian Tire Real Estate Limited, a wholly owned subsidiary of CTC.

“**Development Agreement**” means the development agreement among the REIT, the Partnership and CTC entered into on Closing. Pursuant to the agreement, the REIT has certain rights to participate in development projects, purchase development projects, provide mezzanine financing for new development projects and acquire shopping centres. The agreement expires on the later of: (i) 10 years from Closing; and (ii) the time when CTC ceases to hold, directly or indirectly, a majority of the Voting Units.

“**Development Lands**” means, collectively, the property located on Buchanan Drive in Charlottetown, Prince Edward Island and the property located on Hebron Way in St. John’s, Newfoundland, both acquired by the REIT on December 23, 2013.

“**EBITFV**” represents earnings before interest expense and other financing costs, income tax expense, fair value adjustments on investment properties, and losses or gains on disposition of property, and excludes other non-recurring items that may occur under IFRS.

“FFO” or funds from operations has the meaning given in the White Paper on Funds from Operations prepared by the Real Property Association of Canada (“REALpac”) and is calculated as net income in accordance with GAAP, adjusted by removing the impact of (i) fair value adjustments on investment properties; (ii) other fair value adjustments; (iii) gains and losses on the sale of investment properties; and (iv) amortization of tenant incentives.

“GAAP” means generally accepted accounting principles in Canada (which for Canadian reporting issuers is IFRS) for the purposes of its public financial reporting.

“General Partner” refers to the general partner of the Partnership which is a corporation incorporated under the laws of the Province of Ontario and is wholly owned by CT REIT.

“GLA” means gross leasable area.

“Gross Book Value” means at any time the total assets of the REIT as shown in its then most recent consolidated balance sheet.

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the Accounting Standards Board in Part I of the Chartered Professional Accountants Canada Handbook – Accounting.

“Indebtedness” of any person means (without duplication) (i) any obligation for borrowed money (including, for greater certainty, the full principal amount of convertible debt, notwithstanding its presentation under GAAP), (ii) any obligation incurred in connection with the acquisition of property, assets or businesses, (iii) any obligation issued or assumed as the deferred purchase price of property, (iv) any capital lease obligation, and (v) any obligations of the type referred to in clauses (i) through (iv) the payment of which has been guaranteed or for which responsibility or liability has been assumed; provided that, (a) for the purpose of clauses (i) through (v) (except in respect of convertible debt, as described above), an obligation will constitute Indebtedness of such person only to the extent that it would appear as a liability on the consolidated balance sheet of such person in accordance with GAAP, (b) obligations referred to in clauses (i) through (iii) exclude trade accounts payable, distributions payable to Unitholders, accrued liabilities arising in the ordinary course of business which are not overdue or which are being contested in good faith, deferred revenues, intangible liabilities, deferred income taxes, deferred financing costs, tenant deposits and indebtedness with respect to the unpaid balance of installment receipts where such indebtedness has a term not in excess of 12 months, and (c) Units, Class A LP Units, Class B LP Units, Class C LP Units and exchangeable securities do not constitute Indebtedness.

“Initial Public Offering” refers to the distribution to the public of the Units pursuant to the Prospectus.

“Investment Properties” means the portfolio of properties owned by CT REIT.

“Lease ROFO” means the right of first offer granted by the REIT to CTC until the end of the lease term (including any exercised extension with CTC) which provides that if the REIT wishes to sell or otherwise dispose of a property or any interest therein, that was acquired from CTC or all or part of which is leased by CTC pursuant to a Canadian Tire Lease, the REIT shall first provide an offer to CTC setting out the price and material terms and conditions of the proposed sale or other disposition. CTC will have up to 30 days to either (i) notify the REIT of its acceptance, in the form of an executed non-binding letter of intent, or (ii) provide the REIT with a minimum reserve price, which must be equal to or less than the REIT’s offer price, below which price the REIT will be unable to complete the proposed transaction.

“Lease ROFR” means the right of first refusal granted by the REIT to CTC, until the end of the lease term (including any exercised extension) with CTC which provides that: if the REIT receives a bona fide offer from a competitor to purchase or otherwise acquire one or more properties or any interest therein, all or part of which is leased or was leased to CTC pursuant to a Canadian Tire Lease, the REIT shall provide such offer to CTC and CTC shall have 10 business days to agree to match such offer by notice to the REIT.

“Net Income per Unit – Basic” is calculated by dividing net income attributable to the Unitholders and Class B LP Unitholders by the weighted average number of Units and Class B LP Units outstanding during the reporting period.

“Net Income per Unit – Diluted” is calculated by adjusting net income attributable to Unitholders and the weighted average numbers of Units outstanding for the effects of all dilutive potential equity instruments, which comprises settling the Class C LP Units with Class B LP Units, as well as restricted and deferred Units issued under various plans.

“NOI” means property revenue less property expense (including property management fees).

“Non-Controlling Interest” refers to the classification of Class B LP Units, which are presented as a component of equity as they represent equity interests in the Partnership not attributable to CT REIT.

“Non-Residents” means (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents and such partnerships (all within the meaning of the Tax Act).

“Operating Leases” refers to the lease agreements of the Investment Properties treated in accordance with IAS 17 – Leases.

“Property Management Agreement” means the property management agreement among the Partnership, CTC and CTREL entered into at Closing, pursuant to which CTC provides the Partnership with customary Property Management Services.

“Property Management Services” means the services to be provided by CTC to the Partnership pursuant to the Property Management Agreement, for a term of two years and two months ending on December 31, 2015 and renewable for further one-year terms.

“Prospectus” means the prospectus filed in respect of the REIT’s initial public offering dated October 10, 2013.

“REIT Exception” means the exclusion from the definition of “SIFT trust” in the Tax Act for a trust qualifying as a “real estate investment trust” under the Tax Act.

“ROFO Agreement” means the right of first offer agreement among the REIT, the Partnership and CTC entered into at Closing. Pursuant to the agreement, CTC has provided the REIT with a right of first offer to acquire any interest of CTC in the properties it owns after Closing, which meet the REIT’s investment criteria, prior to the disposition of any such property to third parties, on terms no less favourable to the REIT than those offered by or to such third party.

“Services Agreement” means the services agreement among the REIT, the Partnership and CTC entered into at Closing pursuant to which CTC or certain of its subsidiaries provide the REIT with certain administrative, legal, financial, information technology, human resources and ancillary services. The services are provided to the REIT on a cost-recovery basis only, pursuant to which the REIT reimburses CTC for all costs and expenses incurred by CTC in connection with providing the services.

“SIFT Rules” means the rules applicable to SIFT trusts and SIFT partnerships in the Tax Act.

“Special Voting Units” means special voting units of the REIT.

“Spread” means 2%.

“Straight-Line Rent” refers to the recognition of rental revenue on a straight-line basis over the lease term in accordance with IAS 17 – Leases.

“Unitholders” means holders of Units, and **“Unitholder”** means any one of them.

“Units” means trust units in the capital of the REIT, other than Special Voting Units, and **“Unit”** means any one of them.

“Western Canada” means the provinces of British Columbia, Alberta, Saskatchewan and Manitoba, and the Northwest Territories and Yukon Territory.

CORPORATE INFORMATION

HOME OFFICE

CT REIT
2180 Yonge Street
P.O. Box 770, Station K
Toronto, Ontario M4P 2V8
Canada
Telephone: 416-480-2029
Toll-free: 1-855-770-7348 (REIT)
Website: www.ctreit.com

INVESTOR RELATIONS CONTACTS

Lisa Greatrix
Vice-President, Corporate Financial
Planning & Analysis and Investor Relations
lisa.greatrix@cantire.com

Investor Relations email:
investor.relations@ctreit.com

MEDIA CONTACT

Nick Culo
Vice-President, Communications
nick.culo@cantire.com

ANNUAL MEETING OF UNITHOLDERS

St. Andrew's Club and Conference Centre
150 King Street West, 16th Floor
Toronto, Ontario
Tuesday, May 6, 2014
10:00 a.m. (EDT)

EXCHANGE LISTINGS

The Toronto Stock Exchange (CRT.UN)

AUDITORS

Deloitte LLP
Chartered Accountants

BANKERS

Canadian Imperial Bank of Commerce
Bank of Montreal
Royal Bank of Canada
The Bank of Nova Scotia
The Toronto-Dominion Bank
National Bank of Canada
Caisse Central Desjardins

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1
Canada
Telephone: 514-982-7555
Toll-free: 1-877-982-8768
Fax: 1-866-249-7775
Email: service@computershare.com

For Unitholder inquiries related to participation in the distribution reinvestment plan, electronic delivery of Unitholder documents, distribution payments or direct deposit of distributions into your Canadian bank account, change of address, transfer of Units, consolidation of multiple mailings to one Unitholder, estate settlements or for other Unitholder account inquiries, please contact the principal offices of Computershare Trust Company of Canada in Halifax, Montreal, Toronto, Calgary or Vancouver.

DISCLOSURE DOCUMENTS

Corporate governance disclosure and other investor information are available online on CT REIT's website at <http://ctreit.com>.

Additional copies of the Annual Report and other disclosure documents, such as CT REIT's Management Information Circular, the Annual Information Form and quarterly reports, can be downloaded or requested in print form from the same website.

VERSION FRANÇAISE DU RAPPORT

Pour télécharger la version française du rapport annuel de CT Real Estate Investment Trust ou demander un exemplaire, veuillez consulter le site Web de la fiducie, à l'adresse <http://ctreit.com/fr>.

2013 DISTRIBUTIONS DECLARED

Period	Record Date	Date Payable	Distribution
October 23–November 30, 2013	November 29, 2013	December 13, 2013	\$0.070194
December 2013	December 31, 2013	January 15, 2014	\$0.054167



Magog, Quebec



Mississauga, Ontario



Toronto, Ontario

A historic name. A historic opportunity.



Orangeville, Ontario
1949

In 1922, J.W. and A.J. Billes opened their first store in Toronto. More than 90 years later, the company they started continues to grow and evolve. Today, the Canadian Tire Family of Companies is part of communities from coast to coast. In general retail, sports, apparel and finance, the company's expanding range of products and services reflects the breadth of our country and the diverse needs of customers.

CT REIT offers an opportunity for investors to join CTC in owning an irreplaceable portfolio of retail real estate while enjoying the benefits of reliable, durable and growing distributions.

