CT REIT

2023 ANNUAL REPORT

reliable.
durable.
growing.

COVER PHOTO: New 350,000 square foot net zero distribution centre in Calgary, Alberta
FEATURED ON THIS PAGE: Canadian Tire Store, Orillia, Ontario

TEN YEARS[1] OF STEADY GROWTH & FINANCIAL STABILITY

ADDED **117** PROPERTIES TOTALLING **11.4M** SQUARE FEET

INVESTED APPROXIMATELY **$2.6B** ACROSS

126 ACQUISITIONS

22 DEVELOPMENT/ REDEVELOPMENT PROJECTS

108 INTENSIFICATIONS AND ONGOING DEVELOPMENTS

7.03% CAGR NET OPERATING INCOME (NON-GAAP)[2]

5.67% CAGR AFFO PER UNIT DILUTED (NON-GAAP)[3]

4.66% CAGR NET ASSET VALUE (NAV) PER UNIT[4]

LEVERAGE FROM 49.8% TO **41.1%** AND IMPROVED CREDIT METRICS

131.2% TOTAL RETURN

EXCEEDED THE TOTAL RETURN OF THE TSX COMPOSITE OF 99.7% AND THE TSX CAPPED REIT INDEX OF 62.2%

RATE OF DISTRIBUTIONS BY **38%**

AFFO PAYOUT RATIO[3] FROM 95% TO **74.8%**

DESPITE INCREASING DISTRIBUTIONS AT LEAST ONCE EVERY YEAR SINCE IPO

1 From IPO October 23, 2013, to September 30, 2023.

2 Non-GAAP financial measure. Refer to Section 10.1 of the REIT's 2023 Management s Discussion & Analysis included in this Annual Report.

3 Non-GAAP ratio. Refer to Section 10.2 of the REIT's 2023 Management s Discussion & Analysis included in this Annual Report.

4 NAV/unit is equivalent to GAAP book value per unit.

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CT REIT Q4 AND FULL YEAR 2023

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CT REIT
Q4 AND
FULL YEAR
2023
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CT REAL ESTATE INVESTMENT TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023

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® and its subsidiaries, (referred to herein as "CT REIT", "Trust" or "REIT", unless the context requires otherwise), and the general economic environment. CT REIT cannot provide any assurance that any forecasted financial or operational performance will actually be achieved or, if achieved, that it will result in an increase in the price of CT REIT's Units. See section 14.0 in this MD&A for a more detailed discussion of the REIT's use of forward-looking statements.

1.0 PREFACE

1.1 Basis of Presentation

The following MD&A is intended to provide readers with an assessment of the performance of CT REIT® for the year ended December 31, 2023 and should be read in conjunction with the REIT's audited consolidated financial statements ("consolidated financial statements") and accompanying notes for the year ended December 31, 2023 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 forward-looking information found in section 14.0 of this MD&A. Information about CT REIT, including the Annual Information Form for the year ended December 31, 2023 ("AIF"), the consolidated financial statements as at and for the period ending December 31, 2023 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.sedarplus.ca and on CT REIT's website at www.ctreit.com under the tab "Investors" in the Financial Reporting section.

1.2 Definitions

In this document, the terms "CT REIT", "REIT" and "Trust" refer to CT Real Estate Investment Trust® and its subsidiaries unless the context requires otherwise. In addition, "CTC" refers to Canadian Tire Corporation, Limited, entities that it controls and their collective businesses unless the context requires otherwise.

This document contains certain trade-marks and trade names of CTC and is the property of CTC. Solely for convenience, the trade-marks and trade names referred to herein may appear without the ® or ™ symbol.

Any term not defined in this MD&A shall be defined in the Glossary of Terms in the AIF filed on SEDAR+ at www.sedarplus.ca and on CT REIT's website at www.ctreit.com under the tab Investors in the Financial Reporting section.

1.3 Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Refer to section 9.0 in this MD&A for further information.

Financial data included in this MD&A includes material information as of February 13, 2024. Disclosure contained in this document is current to that date, unless otherwise indicated.

1.4 Quarterly and Annual Comparisons in this MD&A

Unless otherwise indicated, all comparisons of results for three months ended December 31, 2023 ("Q4 2023") are against results for three months ended December 31, 2022 ("Q4 2022") and comparisons of results for the year ended December 31, 2023 are against results for the year ended December 31, 2022.

1.5 Currency and Rounding

All amounts in this MD&A are in thousands of Canadian dollars, except per unit, unit, per square foot and square foot amounts or unless otherwise indicated. Rounded numbers are used in this MD&A and, as such, totals may not add up to 100 percent.

1.6 Key Operating Performance Measures and Specified Financial Measures

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

1.7 Review and Approval by the Board of Trustees

The Board of Trustees (the “Board”), on the recommendation of its Audit Committee, approved this MD&A for issuance on February 13, 2024.

1.8 Nature and Formation

CT REIT is an unincorporated, closed-end real estate investment trust established on July 15, 2013 pursuant to a declaration of trust as amended and restated as of October 22, 2013 and as further amended and restated as of April 5, 2020 and as may be further amended from time to time (“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. CTC owned a 68.4% effective interest in CT REIT as at December 31, 2023, consisting of 33,989,508 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. The holders of Units and Class B LP Units are collectively referred to as “unitholders”. CTC also owns all of the issued and outstanding Class C limited partnership units (“Class C LP Units”) of the Partnership. The Units are listed on the Toronto Stock Exchange (“TSX”) and are traded under the symbol CRT.UN.

CT REIT has one segment for financial reporting purposes which comprises the ownership and management of primarily net lease single tenant retail investment properties located across Canada.

2.0 GROWTH STRATEGY AND OBJECTIVES

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

The principal objective of CT REIT, as a real estate investment trust investing primarily in net lease, single tenant assets, is to create unitholder value over the long-term by generating reliable, durable and growing monthly distributions on a tax-efficient basis. To achieve this objective, management is focused on expanding the REIT's asset base while also increasing its AFFO per unit.

Future growth is expected to continue to be achieved from a number of sources including:

1. the portfolio of Canadian Tire leases, which generally contain contractual rent escalations of approximately 1.5% per year, on average, and have a weighted average remaining lease term of 8.6 years;
2. contractual arrangements with CTC whereby CT REIT has a right of first offer ("ROFO") [1] on all CTC properties which meet the REIT's investment criteria and through preferential rights, subject to certain exceptions, to participate in the development of, and to acquire, certain new retail and industrial properties; and
3. its relationship with CTC, which CT REIT will continue to leverage in order to obtain insights into potential real estate acquisitions and development opportunities in markets across Canada.

[1] *CT REIT's ROFO under the ROFO Agreement continues in effect until the later of October 2023 and such time as CTC ceases to hold a majority of the Voting Units.*

3.0 SUMMARY OF SELECTED FINANCIAL AND OPERATIONAL INFORMATION

Readers are reminded that certain key performance measures may not have standardized meanings under GAAP. For further information on the REIT's operating measures, non-GAAP financial measures and non-GAAP ratios, refer to section 1.6, section 10.1 and section 10.2.

(in thousands of Canadian dollars, except unit, per unit and square footage amounts)		Year Ended	
For the periods ended December 31,	**2023**	2022	2021
Property revenue	**$ 552,772**	$ 532,795	$ 514,537
EBITFV [1]	**$ 421,958**	$ 406,459	$ 393.557
Net operating income [1]	**$ 438,956**	$ 419,818	$ 401,079
Net income	**$ 229,434**	$ 324,613	$ 456,859
Net income per unit - basic [2]	**$ 0.976**	$ 1.387	$ 1.969
Net income per unit - diluted [3]	**$ 0.870**	$ 1.185	$ 1.635
Funds from operations [1]	**$ 307,914**	$ 296,204	$ 287,565
FFO per unit - diluted (non-GAAP) [2,4,5]	**$ 1.308**	$ 1.264	$ 1.238
Adjusted funds from operations [1]	**$ 283,389**	$ 268,783	$ 256,504
AFFO per unit - diluted (non-GAAP) [2,4,5]	**$ 1.203**	$ 1.147	$ 1.104
Distributions per unit - paid [2]	**$ 0.883**	$ 0.854	$ 0.822
AFFO payout ratio [4]	**73.4 %**	74.5 %	74.5 %
Excess of AFFO [1] over distributions:			
Excess of AFFO over distributions paid [1,6]	**$ 75,773**	$ 69,084	$ 66,002
Per unit - diluted (non-GAAP) [2,4,5]	**$ 0.322**	$ 0.295	$ 0.284
Cash generated from operating activities	**$ 425,055**	$ 399,273	$ 407,201
Adjusted cashflow from operations [1,7]	**$ 279,352**	$ 268,379	$ 271,948
Weighted average number of units outstanding [2]			
Basic	**235,159,596**	234,017,377	232,026,661
Diluted [3]	**337,339,769**	328,011,845	318,507,219
Diluted (non-GAAP) [5]	**235,485,646**	234,305,809	232,324,806
Period-end units outstanding [2]	**235,515,483**	234,695,777	233,185,145
Total assets	**$ 6,966,564**	$ 6,844,789	$ 6,500,102
Total non-current liabilities	**$ 2,785,861**	$ 2,738,956	$ 2,518,598
Total indebtedness	**$ 2,880,994**	$ 2,787,634	$ 2,677,861
Book value per unit [2]	**$ 16.34**	$ 16.31	$ 15.77
Closing market price per unit [2]	**$ 14.65**	$ 15.59	$ 17.32
OTHER INFORMATION			
Weighted average interest rate [8]	**4.07 %**	3.99 %	3.84 %
Indebtedness ratio	**41.4 %**	40.7 %	41.2 %
Interest coverage ratio [4,9]	**3.69**	3.67	3.72
Weighted average term to debt maturity (in years) [8]	**5.4**	6.2	6.8
Gross leasable area (square feet) [10]	**30,833,056**	30,078,518	29,105,050
Occupancy rate [10,11]	**99.1 %**	99.3 %	99.3 %

[1] *Non-GAAP financial measure. Refer to section 10.1 for further information.*

[2] *Total units means Units and Class B LP Units outstanding.*

[3] *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. Refer to section 7.0.*

[4] *Non-GAAP ratio. Refer to section 10.2 for further information.*

[5] *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. Refer to section 7.0.*

[6] *Refer to section 7.0 for further information.*

[7] *Comparatives have been restated to conform with current year's presentation.*

[8] *Excludes the Credit Facilities. Refer to section 6.10 for definition.*

[9] *Refer to section 6.5 for further information.*

[10] *Excludes Development Properties and Properties Under Development. Refer to the Glossary of Terms in the 2023 AIF for definition.*

[11] *Occupancy and other leasing key performance measures have been prepared on a committed basis, which includes the impact of lease agreements contracted on or before December 31, 2023, December 31, 2022 and December 31, 2021, and vacancies as at the end of those reporting periods.*

4.0 PORTFOLIO OVERVIEW

4.1 Portfolio Profile

The portfolio of Properties, as at December 31, 2023, consisted of 367 Retail Properties, five industrial properties, one mixed-use commercial property and one Development Property (collectively, "Properties"). The Properties are located in each of the provinces and in two territories across Canada. The Retail Properties, industrial properties and mixed-use commercial property contain approximately 30.8 million square feet of gross leasable area ("GLA").

CT REIT's consolidated financial position, results of operations and portfolio metrics include the REIT's one-half interest in Canada Square, a mixed-use commercial property with future re-development potential, in Toronto, Ontario.

CTC is CT REIT's most significant tenant. As at December 31, 2023, CTC, including Canadian Tire stores and Other CTC Banners, leased 28.4 million square feet, representing 92.1% of total GLA (December 31, 2022 - 92.3%) and 91.3% of total annualized base minimum rent (December 31, 2022 - 91.4%). Approximately 84.6% and 15.4% of the CTC's total GLA are attributable to retail and mixed-use, and industrial properties, respectively.

CT REIT's occupancy, excluding Properties Under Development, is as follows:

	As at December 31, 2023		
(in square feet)	**GLA**	**Occupied GLA**	**Occupancy rate [1]**
Property Type			
Retail Properties	**26,074,585**	**25,871,514**	**99.2 %**
Industrial properties	**4,557,632**	**4,557,632**	**100.0 %**
Mixed-use property [2]	**200,839**	**138,406**	**68.9 %**
Total	**30,833,056**	**30,567,552**	**99.1 %**

[1] Occupancy and other leasing key performance measures have been prepared on a committed basis, which includes the impact of lease agreements contracted on or before December 31, 2023, and vacancies as at the end of the reporting period.

[2] Relates to the REIT's one-half interest in Canada Square.

	As at December 31, 2022		
(in square feet)	GLA	Occupied GLA	Occupancy rate [1]
Property Type			
Retail Properties	25,594,741	25,418,807	99.3 %
Industrial properties	4,205,749	4,205,749	100.0 %
Mixed-use property [2]	278,028	256,308	92.2 %
Total	30,078,518	29,880,864	99.3 %

[1] Occupancy and other leasing key performance measures have been prepared on a committed basis, which includes the impact of lease agreements contracted on or before December 31, 2022, and vacancies as at the end of the reporting period.

[2] Relates to the REIT's one-half interest in Canada Square.

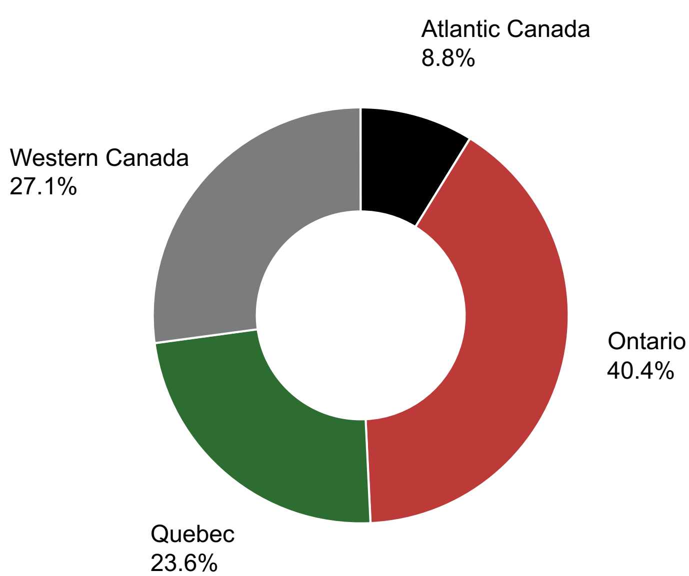
The REIT's Property portfolio consists of:

As at	**December 31, 2023**	December 31, 2022
Canadian Tire store single tenant properties	**263**	262
Other single tenant properties	**27**	27
Multi-tenant properties anchored by Canadian Tire store	**69**	68
Multi-tenant properties not anchored by Canadian Tire store	**8**	8
Industrial properties	**5**	4
Mixed-use property	**1**	1
Total operating properties	**373**	370
Development Properties	**1**	3
Total Properties	**374**	373

As at	**December 31, 2023**	December 31, 2022
Gas bars at Retail Properties	**112**	112

Properties by region, as a percentage of total GLA, as of December 31, 2023 are as follows:

Properties by Region [1] [2]
(% of Total GLA)



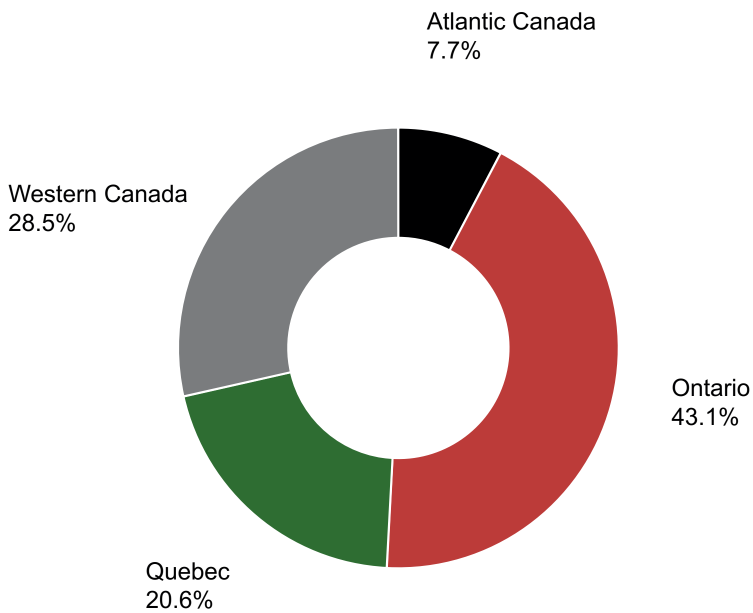
[1] Excluding Development Properties and Properties Under Development.

[2] Occupancy and other leasing key performance measures have been prepared on a committed basis, which includes the impact of lease agreements contracted on or before December 31, 2023, and vacancies as at the end of the reporting period.

4.2 Revenue by Region

Properties by region, as a percentage of total annualized base minimum rent, as of December 31, 2023 are as follows:

Properties by Region [1 2]
(% of Total Annualized Base Minimum Rent)



[1] Excluding Development Properties and Properties Under Development.

[2] Occupancy and other leasing key performance measures have been prepared on a committed basis, which includes the impact of lease agreements contracted on or before December 31, 2023, and vacancies as at the end of the reporting period.

4.3 Six Largest Urban Markets

A significant portion of the Properties are located in the following six largest urban markets:

As at	**December 31, 2023**	December 31, 2022
Vancouver	**3.3 %**	3.3 %
Edmonton	**4.5 %**	4.7 %
Calgary	**3.5 %**	2.9 %
Toronto	**19.2 %**	19.6 %
Ottawa	**3.6 %**	3.8 %
Montreal	**10.9 %**	11.0 %
Percentage of Total Annualized Base Minimum Rent [1, 2]	**45.0 %**	45.3 %

[1] Excluding Development Properties and Properties Under Development.

[2] Occupancy and other leasing key performance measures have been prepared on a committed basis, which includes the impact of lease agreements contracted on or before December 31, 2023 and December 31, 2022, and vacancies as at the end of those reporting periods.

4.4 Fair Value of Portfolio of Properties

The fair value of the Properties represents 99.6% of the total assets of CT REIT as at December 31, 2023.

	Year Ended December 31, 2023			Year Ended December 31, 2022		
(in thousands of Canadian dollars)	**Income-producing properties**	**Properties Under Development**	**Total investment properties**	Income-producing properties	Properties Under Development	Total investment properties
Balance, beginning of period	**$ 6,703,462**	**$ 129,538**	**$ 6,833,000**	$ 6,409,844	$ 79,156	$ 6,489,000
Property investments	**2,087**	**—**	**2,087**	27,375	—	27,375
Intensifications	**—**	**71,211**	**71,211**	—	136,674	136,674
Developments	**—**	**70,288**	**70,288**	—	76,246	76,246
Development land	**—**	**325**	**325**	—	16,468	16,468
Capitalized interest and property taxes	**—**	**7,343**	**7,343**	—	3,666	3,666
Transfers from PUD	**206,780**	**(206,780)**	**—**	182,672	(182,672)	—
Transfers to PUD	**(14,405)**	**14,405**	**—**	—	—	—
Right-of-use assets - lease amendments and additions	**(1,805)**	**—**	**(1,805)**	27,047	—	27,047
Fair value adjustment on investment properties	**(78,636)**	**—**	**(78,636)**	27,845	—	27,845
Straight-line rent	**(1,700)**	**—**	**(1,700)**	1,844	—	1,844
Recoverable capital expenditures	**34,276**	**—**	**34,276**	26,835	—	26,835
Dispositions	**(389)**	**—**	**(389)**	—	—	—
Balance, end of period	**$ 6,849,670**	**$ 86,330**	**$ 6,936,000**	$ 6,703,462	$ 129,538	$ 6,833,000

Investment properties are measured at fair value, determined using the discounted cash flow method. Under this methodology, discount rates are applied to the projected annual operating cash flows, generally over a minimum term of ten years, and include a terminal value based on a capitalization rate applied to the estimated net operating income ("NOI") in the terminal year. The Property portfolio is internally valued each quarter with external appraisals performed for a portion of the portfolio on a semi-annual basis. Approximately 80% of the Property portfolio (by value) is appraised externally by independent national real estate appraisal firms over a four-year period.

Included in CT REIT's Property portfolio are 12 Properties which are situated on ground leases with remaining current terms of up to 32 years, and an average remaining current term of approximately 15 years. Assuming all extensions are exercised, the ground leases have, on average, approximately 31 years of remaining lease term.

The significant inputs used to determine the fair value of CT REIT's income-producing properties and Properties Under Development are as follows:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Number of Properties	**374**	373
Value at the period end	**$ 6,936,000**	$ 6,833,000
Discount rate [1]	**7.20 %**	7.01 %
Terminal capitalization rate [1]	**6.71 %**	6.51 %
Hold period (years)	**11**	11

[1] *Weighted average rate.*

The estimates of fair value are sensitive to changes in the investment metrics and forecasted future cash flows for each Property. The sensitivity analysis in the table below indicates the approximate impact on the fair value of the Property portfolio resulting from changes in the terminal capitalization and discount rates assuming no changes in other inputs.

	Year Ended December 31, 2023		Year Ended December 31, 2022	
Rate sensitivity	**Fair value**	**Change in fair value**	Fair value	Change in fair value
+ 75 basis points	**$ 6,254,000**	**$ (682,000)**	$ 6,166,000	$ (667,000)
+ 50 basis points	**6,466,000**	**(470,000)**	6,380,000	(453,000)
+ 25 basis points	**6,692,000**	**(244,000)**	6,588,000	(245,000)
Period ended	**$ 6,936,000**	**$ —**	$ 6,833,000	$ —
- 25 basis points	**7,200,000**	**264,000**	7,096,000	263,000
- 50 basis points	**7,485,000**	**549,000**	7,384,000	551,000
- 75 basis points	**$ 7,796,000**	**$ 860,000**	$ 7,701,000	$ 868,000

4.5 2023 Investment Activities

The following table presents income-producing Properties acquired, intensified, developed, or redeveloped during the year ended December 31, 2023.

(in thousands of Canadian dollars, except for GLA amounts)	Transaction date	GLA	Total investment cost
Property Location			
Moose Jaw, SK [1]	March 2023	39,462	
Sherbrooke East, QC [1]	April 2023	100,754	
Fergus, ON [2]	April 2023	—	
Chambly, QC [3]	May 2023	18,270	
Casselman, ON [3]	May 2023	22,974	
Drummondville, QC [2, 3]	May 2023	44,722	
Summerside, PEI [3]	July 2023	28,486	
Toronto (Islington/401), ON [1, 4]	September 2023	129,808	
Napanee, ON [2, 3]	October 2023	26,645	
Sydney, NS [3]	October 2023	39,824	
Bedford, NS [3]	October 2023	—	
Kingston, ON [1, 4]	November 2023	—	
Invermere, BC [2, 3]	November 2023	33,015	
Calgary (Dufferin Distribution Centre), AB [1]	December 2023	351,883	
Pad development [3]	December 2023	2,850	
Total		**838,693**	**$ 203,549**

[1] Development Property.

[2] Acquisition of land adjacent to existing Property to facilitate the expansion of a CTR Store.

[3] Intensification of an existing income-producing property.

[4] Ground lease.

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

4.6 Development Activities

The following table provides details of the REIT's development activities as at December 31, 2023. The total "GLA" column represents the maximum anticipated area of the developments. The "Not committed to lease" column includes areas which may be under construction but not committed to lease. The "Committed additional investment" column represents the approximate financial commitment required to complete the "Committed to lease" areas and related site works.

		GLA (in square feet)			Total investment (in thousands of Canadian dollars)		
Property [1]	**Anticipated date of completion**	**Committed to lease**	**Not committed to lease**	**Total**	**Development costs incurred** [7]	**Committed additional investment**	**Total development costs**
Granby, QC [2]	Q2 2024	27,000	—	27,000			
Kirkland, QC [2]	Q4 2024	69,000	—	69,000			
Martensville, SK [2]	Q4 2024	26,000	—	26,000			
Victoria (View Royal), BC [2]	Q2 2025	12,000	—	12,000			
Kingston, ON [3, 4]	Q2 2025	113,000	—	113,000			
Peterborough, ON [2]	Q2 2025	32,000	—	32,000			
Fort St John, BC — Phase 2 [3]	Q4 2025	—	7,000	7,000			
Brampton McLaughlin, ON [2]	Q4 2025	32,000	—	32,000			
Burlington North, ON [2]	Q4 2025	29,000	—	29,000			
Fergus, ON [2, 5]	Q4 2025	22,000	—	22,000			
Port Hawkesbury, NS [2]	Q2 2026	13,000	—	13,000			
Barrhaven, ON [2]	Q2 2026	8,000	—	8,000			
Dryden, ON [2]	Q2 2026	43,000	—	43,000			
Fenelon Falls, ON [2]	Q2 2026	26,000	—	26,000			
London North, ON [2]	Q2 2026	32,000	—	32,000			
Orleans, ON [2]	Q2 2026	45,000	—	45,000			
Valleyfield, QC [2]	Q2 2026	35,000	—	35,000			
Toronto (Canada Square), ON [4, 6]	TBD	TBD	TBD	TBD			
TOTAL		**564,000**	**7,000**	**571,000**	**$ 86,330**	**$ 171,513**	**$ 257,843**

[1] Properties Under Development under 5,000 square feet that are not anticipated to be completed within the next 12 months have not been included. The previously disclosed Stettler, AB and Milton, ON intensifications have been removed as the projects are no longer proceeding.

[2] Intensification of an existing income-producing Property.

[3] Development Property (including development land adjacent to an existing income-producing property).

[4] Ground Lease.

[5] Acquired development land for the intensification of an existing income-producing Property.

[6] Redevelopment Property. Potential building area and investment costs to be determined ("TBD").

[7] Includes amounts related to projects in early stages of development.

As at December 31, 2023, CT REIT had committed lease agreements for 564,000 square feet, representing 98.8% of total GLA under development, of which 100.0% has been leased to CTC. A total of $86,330 has been expended to date, and CT REIT anticipates investing an additional $171,513 to complete the developments, of which $163,042 is due to CTC. In the next 12 months, the REIT expects to spend approximately $43,000 on these development activities. These commitments do not include the future development costs related to Canada Square, other than previously approved pre-development consultant related costs.

The REIT's 50% co-ownership interest in Canada Square is being managed by its co-owner in contemplation of its redevelopment. A development application for the redevelopment of the Canada Square site was originally submitted in December 2020, and in December 2022, the co-owners submitted an updated development application representing a revised master plan for the site that incorporated feedback from an extensive stakeholder engagement process. Declining occupancy and loss of revenue at the Canada Square property are expected to continue until the commencement of construction.

4.7 Investment and Development Funding

Funding of investment and development activities for the year ended December 31, 2023 was as follows:

	2023 Investment and Development Activity				
(in thousands of Canadian dollars)	**Property investments**	**Development land**	**Developments**	**Intensifications**	**Total**
Funded with working capital to CTC	**$ —**	**$ —**	**$ 46,509**	**$ 70,904**	**$ 117,413**
Funded with working capital to third parties	**2,087**	**—**	**23,779**	**307**	**26,173**
Funded with Credit Facilities/cash	**—**	**325**	**—**	**—**	**325**
Capitalized interest and property taxes	**—**	**—**	**7,343**	**—**	**7,343**
Total costs	**$ 2,087**	**$ 325**	**$ 77,631**	**$ 71,211**	**$ 151,254**

Funding of investment and development activities for the year ended December 31, 2022 was as follows:

	2022 Investment and Development Activity				
	Property investments	Development land	Developments	Intensifications	Total
Funded with working capital to CTC	$ 8,916	$ 3,918	$ 14,361	$ 70,822	$ 98,017
Funded with working capital to third parties [1]	10,488	6,324	30,073	6,807	53,692
Funded with Credit Facilities	2,324	6,226	31,812	59,045	99,407
Capitalized interest and property taxes	—	—	3,666	—	3,666
Issuance of Class B LP Units to CTC	5,647	—	—	—	5,647
Total costs	$ 27,375	$ 16,468	$ 79,912	$ 136,674	$ 260,429

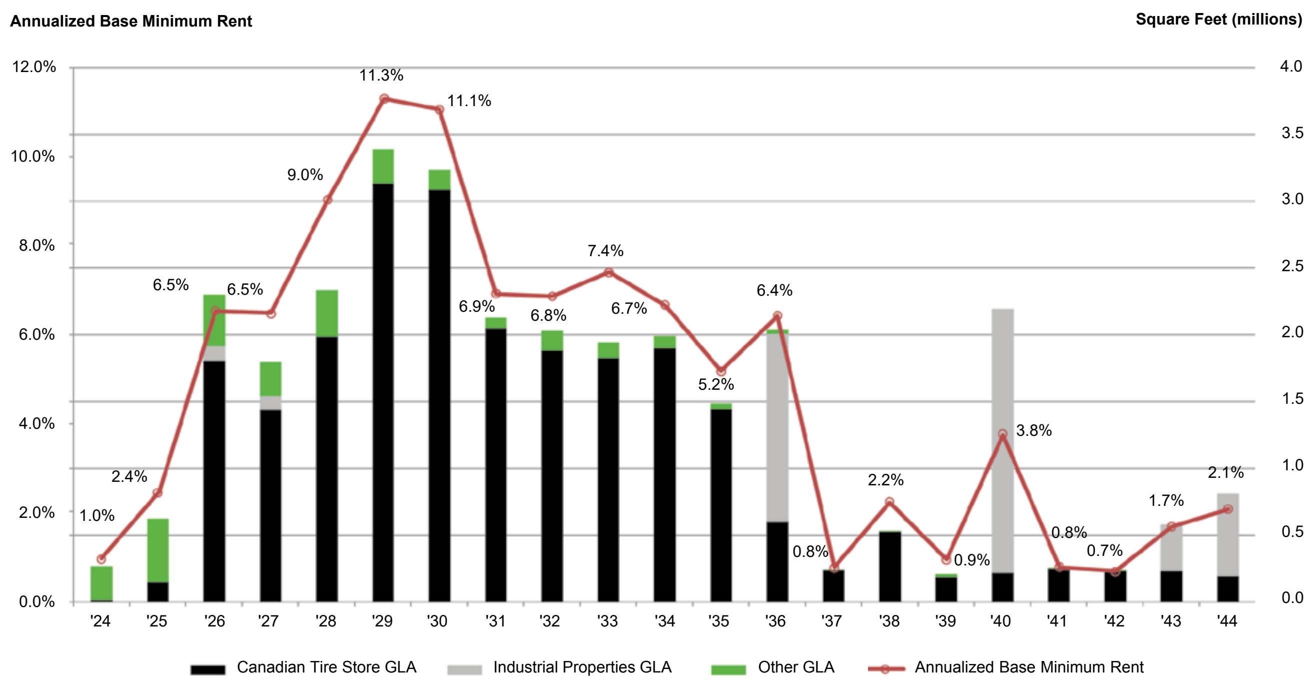
[1] Includes $2,448 for the construction of Other CTC Banner stores.

4.8 Lease Maturities

The weighted average lease term of the portfolio of leases with Canadian Tire is 8.6 years. The weighted average lease term of all leases in the REIT's portfolio, excluding Properties Under Development, is 8.4 years.

The following graph presents the lease maturity profile from 2024 to 2044 (assuming tenants do not exercise renewal options or termination rights, if any) as a percentage of total annualized base minimum rent and GLA as of the time of the lease expiry.

Initial Term Lease Expiry by % of Total Annualized Minimum Rent and GLA[1]



[1] *Excludes Properties Under Development.*
Total base minimum rent excludes future contractual escalations.
Canada Square is included at the REIT's one-half interest.
Occupancy and other leasing key performance measures have been prepared on a committed basis, which includes the impact of lease agreements contracted on or before December 31, 2023, and vacancies as at the end of the reporting period.
Excludes any lease renewal terms.

4.9 Top 10 Tenants Excluding CTC Related Tenancies

CT REIT's 10 largest tenants, excluding all CTC related tenancies, as represented by the percentage of total annualized base minimum rent, are:

Rank	Tenant Name	Percentage of total annualized base minimum rent [1]
1	Save-On-Foods/Buy-Low Foods	0.65 %
2	Loblaws/No Frills/Shoppers Drug Mart	0.58 %
3	Winners/Marshalls/HomeSense	0.51 %
4	Bank of Montreal	0.46 %
5	Canadian Imperial Bank of Commerce	0.41 %
6	Sobeys/FreshCo/Farm Boy	0.41 %
7	Tim Hortons/Burger King/Popeyes	0.33 %
8	Dollarama	0.28 %
9	Walmart	0.28 %
10	Best Buy	0.22 %
	Total	**4.13 %**

[1] Occupancy and other leasing key performance measures have been prepared on a committed basis, which includes the impact of lease agreements contracted on or before December 31, 2023, and vacancies as at the end of the reporting period.

4.10 Leasing Activities

The future financial performance of CT REIT will be impacted by many factors including occupancy rates and renewing currently leased space. During the current quarter, the REIT completed one Canadian Tire lease extension. Year to date, CT REIT completed 28 Canadian Tire lease extensions in 2023. As at December 31, 2023, the REIT's occupancy rate, excluding Development Properties and Properties Under Development, was 99.1% (Q4 2022 - 99.3%). Refer to section 4.1 for further details.

4.11 Recoverable Capital Costs

Many of the capital costs incurred by CT REIT are recoverable from tenants pursuant to the terms of their leases. These recoveries occur either in the year in which such expenditures are incurred or, in the case of a major item of replacement or betterment, on a straight-line basis over the expected useful life thereof together with an imputed rate of interest on the unrecovered balance at any point in time. Capital expenditures of $17,782 and $34,276 (Q4 2022 - $14,903 and YTD 2022 - $26,835) were incurred during the three months and year ended December 31, 2023, respectively. Most of the REIT's recoverable capital expenditures relate to parking lots, roofs and heating, ventilation and air conditioning equipment, the incurrence of which are typically seasonal in nature. As a result, the actual recoverable capital costs incurred may vary widely from period to period.

5.0 RESULTS OF OPERATIONS

5.1 Financial Results for the Three Months and Year Ended December 31, 2023

CT REIT's financial results for the three months and year ended December 31, 2023 and December 31, 2022 are summarized below:

(in thousands of Canadian dollars, except per unit amounts)	Three Months Ended			Year Ended		
For the periods ended December 31,	**2023**	2022	Change [1]	**2023**	2022	Change [1]
Property revenue	**$ 139,968**	$ 135,175	3.5 %	**$ 552,772**	$ 532,795	3.7 %
Property expense	**(28,842)**	(27,833)	3.6 %	**(115,523)**	(111,133)	4.0 %
General and administrative expense	**(4,128)**	(4,030)	2.4 %	**(15,237)**	(14,478)	5.2 %
Net interest and other financing charges	**(29,425)**	(27,703)	6.2 %	**(113,942)**	(110,416)	3.2 %
Fair value adjustment on investment properties	**(39,334)**	(860)	NM	**(78,636)**	27,845	NM
Net income and comprehensive income	**$ 38,239**	$ 74,749	(48.8)%	**$ 229,434**	$ 324,613	(29.3)%
Net income per unit - basic	**$ 0.162**	$ 0.319	(49.2)%	**$ 0.976**	$ 1.387	(29.6)%
Net income per unit - diluted	**$ 0.161**	$ 0.276	(41.7)%	**$ 0.870**	$ 1.185	(26.6)%

[1] NM - not meaningful.

Property Revenue

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

Total revenue for the three months ended December 31, 2023 was $139,968 which was $4,793 (3.5%) higher compared to the same period in the prior year, primarily due to the intensifications and developments completed during 2022 and 2023, higher recovery of capital expenditures and interest earned on the unrecovered balance and the contractual rent escalations from Canadian Tire leases, partially offset by vacancy at Canada Square. Total revenue for the three months ended December 31, 2023 also included property operating expense recoveries in the amount of $27,048 (Q4 2022 - $26,353).

Total revenue for the year ended December 31, 2023 was $552,772 which was $19,977 (3.7%) higher compared to the same period in the prior year, primarily due to the intensifications and developments completed during 2022 and 2023, higher recovery of capital expenditures and interest earned on the unrecovered balance and the contractual rent escalations from Canadian Tire leases, partially offset by vacancy at Canada Square. Total revenue for the year ended December 31, 2023 also included property operating expense recoveries in the amount of $108,270 (Q4 2022 - $106,687).

The total amount of base rent to be received from operating leases is recognized on a straight-line basis over the term of the lease. For the three months ended December 31, 2023, straight-line rent of $(386) (Q4 2022 - $579) was included in property revenue. For the year ended December 31, 2023, straight-line rent of $(1,707) (2022 - $1,844) was included in total property revenue.

Property Expense

Property expense consists primarily of property taxes and operating costs. The majority of property expenses are recoverable from tenants with the REIT absorbing these expenses to the extent that vacancies exist.

Property expense for the three months ended December 31, 2023, increased by $1,009 (3.6%) compared to the same period in the prior year primarily due to higher property taxes resulting from reassessed values associated with intensifications and developments completed in 2022 and 2023.

Property expense for the year ended December 31, 2023, increased by $4,390 (4.0%) compared to the same period in the prior year primarily due to higher property taxes resulting from reassessed values associated with intensifications and developments completed in 2022 and 2023.

General and Administrative Expense

CT REIT has three primary categories of general and administrative expense, namely: (i) personnel costs; (ii) Service Agreement expense, which may fluctuate depending on when such costs are incurred; and (iii) public entity and other costs, including external audit fees, trustee compensation expense, legal and professional fees, travel and income tax expense (recovery) related to CT REIT GP Corp.'s ("GP") activities. The personnel and public entity and other costs reflect the expenses related to ongoing operations of CT REIT. The Service Agreement expense costs are largely related to certain tax, treasury, internal audit and other support services provided by CTC to the REIT pursuant to the Services Agreement, as further described in section 8.0 of this MD&A.

(in thousands of Canadian dollars)	**Three Months Ended**			**Year Ended**		
For the periods ended December 31,	**2023**	2022	Change	**2023**	2022	Change
Personnel expense [1]	**$ 2,912**	$ 3,007	(3.2)%	**$ 9,825**	$ 9,708	1.2 %
Service Agreement expense	**181**	233	(22.3)%	**1,094**	1,094	— %
Public entity and other [1]	**1,035**	790	31.0 %	**4,318**	3,676	17.5 %
General and administrative expense	**$ 4,128**	$ 4,030	2.4 %	**$ 15,237**	$ 14,478	5.2 %
As a percent of property revenue	**2.9 %**	3.0 %		**2.8 %**	2.7 %	
Adjusted general and administrative expense as a percent of property revenue [2, 3]	**2.6 %**	2.8 %		**2.9 %**	2.9 %	

[1] Includes unit-based awards, including loss (gain) adjustments as a result of the change in the fair market value of the Units of $523 (Q4 2022 - $276) and $(625) (YTD 2022 - $(866)) for the three months and year ended December 31, 2023.

[2] Adjusted for fair value adjustments on unit-based awards.

[3] Non-GAAP ratio. Refer to section 10.2 for further information.

General and administrative expenses amounted to $4,128 or 2.9% of the property revenue for the three months ended December 31, 2023 which was comparable with the same period in the prior year.

General and administrative expenses amounted to $15,237 or 2.8% of property revenue for the year ended December 31, 2023 which is $759 (5.2%) higher compared to the same period in the prior year primarily due to higher legal and professional fees, increased compensation costs due to the variable component of compensation awards; partially offset by decreased personnel costs from CEO retirement expenses in 2022.

Net Interest and Other Financing Charges

As at December 31, 2023 the Partnership had 1,451,550 Class C LP Units outstanding with a face value of $1,451,550 and bearing a weighted average distribution rate of 4.41% 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 the net interest and other financing charges in the consolidated statements of income and comprehensive income.

Net interest and other financing charges are comprised of the following:

(in thousands of Canadian dollars)	Three Months Ended			Year Ended		
For the periods ended December 31,	**2023**	2022	Change [1]	**2023**	2022	Change [1]
Interest on Class C LP Units [2]	**$ 15,990**	$ 15,990	— %	**$ 63,962**	$ 63,962	— %
Interest and financing costs - debentures	**11,677**	9,853	18.5 %	**41,240**	39,968	3.2 %
Interest and financing costs - Credit Facilities [3]	**1,965**	1,011	94.4 %	**8,905**	2,042	NM
Interest on mortgages payable	**42**	797	(94.7)%	**938**	2,377	(60.5)%
Interest on lease liabilities	**1,384**	752	84.0 %	**5,201**	3,964	31.2 %
	$ 31,058	$ 28,403	9.3 %	**$ 120,246**	$ 112,313	7.1 %
Less: capitalized interest	**(1,263)**	(660)	91.4 %	**(5,764)**	(1,641)	NM
Interest expense and other financing charges	**$ 29,795**	$ 27,743	7.4 %	**$ 114,482**	$ 110,672	3.4 %
Less: interest income	**(370)**	(40)	NM	**(540)**	(256)	NM
Net interest and other financing charges	**$ 29,425**	$ 27,703	6.2 %	**$ 113,942**	$ 110,416	3.2 %

[1] NM - not meaningful.

[2] CTC elected to defer receipt of distributions on Series 3-9 and Series 16 and 19 of the Class C LP Units for the three months and year ended December 31, 2023 in the amount of $15,990 (Q4 2022 - $15,990) and $58,631 (YTD 2022 - $58,631), until the first business day following the end of the fiscal year. The deferred distributions have been netted against interest payable on Class C LP Units and are included under the heading "other liabilities" on the consolidated balance sheets.

[3] See section 6.10 for details on Credit Facilities.

Net interest and other financing charges for the three months ended December 31, 2023 was $1,722 (6.2%) higher compared to the same period in the prior year as a result of the issuance of $250,000 Series I senior unsecured debentures with a coupon of 5.828% per annum, which closed on November 17, 2023, and higher Credit Facilities utilization to fund 2023 developments and intensifications, partially offset by lower interest costs as a result of a mortgage which matured and was repaid in Q1 2023, and capitalized interest on Properties Under Development.

Net interest and other financing charges for the year ended December 31, 2023 was $3,526 (3.2%) higher compared to the same period in the prior year as a result of higher Credit Facilities utilization to fund 2023 developments and intensifications, increase in the interest rate on the Credit Facilities, and the issuance of $250,000 Series I senior unsecured debentures with a coupon of 5.828% per annum, which closed on November 17, 2023, partially offset by capitalized interest on Properties Under Development, lower interest costs as a result of a mortgage which matured and was repaid in Q1 2023, and the prepayment cost of $744 related to the early redemption of the $150,000 Series A senior unsecured debentures with a coupon of 2.853%, which occurred in the first quarter of 2022.

Fair Value Adjustment on Investment Properties

The fair value adjustment on investment properties for the three months ended December 31, 2023 was $(39,334), a decrease of $38,474 compared to the adjustment in the same period in the prior year. The decrease in the fair value adjustment on investment properties is primarily driven by changes to underlying investment metrics for certain Retail Properties and one industrial property within the portfolio, offset by changes to underlying cash flow assumptions for Retail Properties.

The fair value adjustment on investment properties for the year ended December 31, 2023 was $(78,636), a decrease of $106,481 compared to the adjustment in the same period in the prior year. The decrease in the fair value adjustment on investment properties is primarily driven by changes to underlying investment metrics for certain Retail Properties and one industrial property within the portfolio, offset by changes to underlying cash flow assumptions for Retail Properties.

Income Tax Expense

Management operates CT REIT in a manner that enables the REIT to continue to qualify as a real estate investment trust pursuant to the Income Tax Act (Canada) ("ITA"). CT REIT distributes 100% of its taxable income to unitholders and therefore does not incur income tax expense in relation to its activities. The REIT only records income tax expense or recovery in relation to the GP activities.

If CT REIT fails to distribute the required amount of taxable income to unitholders, or if CT REIT fails to qualify as a "real estate investment trust" under the ITA, substantial adverse tax consequences may occur. Refer to section 12.0 for further information.

Net Income

(in thousands of Canadian dollars, except per unit amounts)	Three Months Ended			Year Ended		
For the periods ended December 31,	**2023**	2022	Change	**2023**	2022	Change
Net income and comprehensive income	**$ 38,239**	$ 74,749	(48.8)%	**$ 229,434**	$ 324,613	(29.3)%
Net income per unit - basic	**$ 0.162**	$ 0.319	(49.2)%	**$ 0.976**	$ 1.387	(29.6)%
Net income per unit - diluted	**$ 0.161**	$ 0.276	(41.7)%	**$ 0.870**	$ 1.185	(26.6)%

Net income decreased by $36,510 (48.8%) for the three months ended December 31, 2023 compared to the same period in the prior year due to the decrease in the fair value adjustment on investment properties, an increase in the interest rate on the Credit Facilities and higher Credit Facilities utilization to fund 2023 developments and intensifications, partially offset by higher property revenue from intensifications and developments completed in 2022 and 2023.

Net income decreased by $95,179 (29.3%) for the year ended December 31, 2023 compared to the same period in the prior year due to the decrease in the fair value adjustment on investment properties, an increase in the interest rate on the Credit Facilities and higher Credit Facilities utilization to fund 2023 developments and intensifications, partially offset by higher property revenue from intensifications and developments completed in 2022 and 2023.

5.2 Non-GAAP Financial Measures and Non-GAAP Ratios

In addition to the GAAP measures previously described, management uses non-GAAP financial measures and non-GAAP ratios in assessing the financial performance of CT REIT. Refer to section 1.0 and section 10.0 in this MD&A for further information.

(in thousands of Canadian dollars, except per unit amounts)	Three Months Ended			Year Ended		
For the periods ended December 31,	**2023**	2022	Change	**2023**	2022	Change
Net operating income [1]	**$ 111,512**	$ 106,763	4.4 %	**$ 438,956**	$ 419,818	4.6 %
Same store NOI [1]	**$ 107,552**	$ 105,210	2.2 %	**$ 421,694**	$ 411,478	2.5 %
Same property NOI [1]	**$ 109,694**	$ 105,875	3.6 %	**$ 432,982**	$ 414,999	4.3 %
Funds from operations [1]	**$ 77,704**	$ 75,570	2.8 %	**$ 307,914**	$ 296,204	4.0 %
FFO per unit - basic [2]	**$ 0.330**	$ 0.322	2.5 %	**$ 1.309**	$ 1.266	3.4 %
FFO per unit - diluted (non-GAAP) [2]	**$ 0.330**	$ 0.322	2.5 %	**$ 1.308**	$ 1.264	3.5 %
Adjusted funds from operations [1]	**$ 71,474**	$ 68,515	4.3 %	**$ 283,389**	$ 268,783	5.4 %
AFFO per unit - basic [2]	**$ 0.304**	$ 0.292	4.1 %	**$ 1.205**	$ 1.149	4.9 %
AFFO per unit - diluted (non-GAAP) [2]	**$ 0.303**	$ 0.292	3.8 %	**$ 1.203**	$ 1.147	4.9 %
AFFO payout ratio [2]	**74.3 %**	74.3 %	— %	**73.4 %**	74.5 %	(1.1)%
ACFO [1,3]	**$ 72,851**	$ 89,461	(18.6)%	**$ 279,352**	$ 268,379	4.1 %
EBITFV [1]	**$ 107,263**	$ 103,133	4.0 %	**$ 421,958**	$ 406,459	3.8 %

[1] Non-GAAP financial measure. Refer to section 10.1 for further information.

[2] Non-GAAP ratio. Refer to section 10.2 for further information.

[3] Comparatives have been restated to conform with current year's presentation.

Net Operating Income

Same store NOI for the three months ended December 31, 2023 increased by $2,342 (2.2%), when compared to the prior year primarily for the following reasons:

- contractual rent escalations of 1.5% per year, on average, contained within the Canadian Tire leases, which are generally effective January 1st, contributed $1,611 to NOI growth; and
- increased recovery of capital expenditures and interest earned on the unrecovered balance contributed $886 to NOI.

Same property NOI for the three months ended December 31, 2023, increased $3,819 (3.6%) compared to the prior year due to the increase in same store NOI noted above, as well as an increase in NOI of $1,477 from the intensifications completed in 2023 and 2022.

NOI for the three months ended December 31, 2023 increased by $4,749 (4.4%) compared to the same period in the prior year primarily due to an increase in same property NOI, coupled with an increase in NOI due to developed properties.

Same store NOI for the year ended December 31, 2023 increased $10,216 (2.5%), when compared to the prior year primarily for the following reasons:

- contractual rent escalations of 1.5% per year, on average, contained within the Canadian Tire leases, which are generally effective January 1st, contributed $5,997 to NOI growth; and
- increased recovery of capital expenditures and interest earned on the unrecovered balance contributed $5,512 to NOI; partially offset by
- recovery adjustment to operating expenses and property taxes, which reduced NOI by $1,302.

Same property NOI for the year ended December 31, 2023 increased $17,983 (4.3%) compared to the prior year due to the increase in same store NOI noted above, as well as an increase in NOI of $7,767 from the intensifications completed in 2023 and 2022.

NOI for the year ended December 31, 2023 increased by $19,138 (4.6%) compared to the same period in the prior year primarily due to an increase in same property NOI, coupled with an increase in NOI due to developed properties.

Funds From Operations

FFO for the three months ended December 31, 2023 was $77,704 which was $2,134 (2.8%) higher than the same period in 2022 primarily due to the impact of NOI variances, partially offset by increased interest costs on the public debentures, and an increase in costs related to the Credit Facilities due to higher utilization and a higher rate of interest. FFO per unit - diluted (non-GAAP) for the three months ended December 31, 2023 was $0.330, which was $0.008 (2.5%) higher than the same period in 2022 due to the growth of FFO exceeding the growth in the weighted average units outstanding - diluted (non-GAAP).

FFO for the year ended December 31, 2023 was $307,914 which was $11,710 (4.0%) higher than the same period in 2022, primarily due to the impact of NOI variances, partially offset by increased interest costs on the public debentures, and an increase in costs related to the Credit Facilities due to higher utilization and a higher rate of interest. FFO per unit - diluted (non-GAAP) for the year ended December 31, 2023 was $1.308, which was $0.044 (3.5%) higher than the same period in 2022 due to the growth of FFO exceeding the growth in the weighted average units outstanding - diluted (non-GAAP).

Adjusted Funds From Operations

AFFO for the three months ended December 31, 2023 was $71,474 which was $2,959 (4.3%) higher than the same period in 2022, primarily due to the impact of NOI variances, partially offset by increased interest costs on the public debentures, and an increase in costs related to the Credit Facilities due to higher utilization and a higher rate of interest. AFFO per unit - diluted (non-GAAP) was $0.303, which was $0.011 (3.8%) higher than the same period in 2022 due to the growth of AFFO exceeding the growth in the weighted average units outstanding - diluted (non-GAAP).

AFFO for the year ended December 31, 2023 was $283,389 which was $14,606 (5.4%) higher than the same period in 2022, primarily due to the impact of NOI variances, partially offset by increased interest costs on the public debentures, and an increase in costs related to the Credit Facilities due to higher utilization and a higher rate of interest. AFFO per unit - diluted (non-GAAP) was $1.203, which was $0.056 (4.9%) higher than the same period in 2022 due to the growth of AFFO exceeding the growth in the weighted average units outstanding - diluted (non-GAAP).

Adjusted Funds From Operations Payout Ratio

The AFFO payout ratio for the three months ended December 31, 2023 was 74.3%, which is consistent with the same period in 2022.

The AFFO payout ratio for the year ended December 31, 2023 was 73.4%, a decrease of 1.1% from the same period in 2022 due to the rate of increase in AFFO per unit exceeding the increase in the monthly distributions.

Adjusted Cashflow From Operations

ACFO for the three months ended December 31, 2023 decreased by $16,610 or 18.6% over the same period in 2022 primarily due to the decrease in cash generated from operating activities and a decrease in non-operating adjustments to changes in working capital and other.

ACFO for the year ended December 31, 2023 increased by $10,973 or 4.1% over the same period in 2022 primarily due to an increase in cash generated from operating activities, partially offset by a decrease in non-operating adjustments to changes in working capital and other and higher interest expense.

Earnings Before Interest and Other Financing Costs, Taxes and Fair Value Adjustments

EBITFV for the three months ended December 31, 2023 increased by $4,130 (4.0%) over the same period in 2022, primarily due to the impact of NOI variances, discussed earlier.

EBITFV for the year ended December 31, 2023 increased by $15,499 (3.8%) over the same period in 2022, primarily due to the impact of NOI variances, discussed earlier.

6.0 LIQUIDITY AND FINANCIAL CONDITION

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

6.1 Liquidity

CT REIT intends to fund capital expenditures for acquisitions and development activities through a combination of (i) cash on hand, (ii) issuances of Class B LP Units and/or Class C LP Units, (iii) draws on the Credit Facilities, (iv) assumption of debt, and/or (v) new public or private issuance of debt or equity.

(in thousands of Canadian dollars)

As at	**December 31, 2023**	December 31, 2022
Cash and cash equivalents	**$ 20,766**	$ 2,611
Unused portion of available Bank Credit Facility [1]	**296,868**	195,117
Liquidity	**$ 317,634**	$ 197,728

[1] *See section 6.10 for details on Credit Facilities.*

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. Other sources being interest income, as well as cash on hand.

(in thousands of Canadian dollars)	Three Months Ended			Year Ended		
For the periods ended December 31,	**2023**	2022	Change [1]	**2023**	2022	Change [1]
Cash generated from operating activities	**$ 118,316**	$ 123,937	(4.5)%	**$ 425,055**	$ 399,273	6.5 %
Cash used for investing activities	**(55,591)**	(89,108)	(37.6)%	**(186,529)**	(219,617)	(15.1)%
Cash used for financing activities	**(59,017)**	(38,300)	54.1 %	**(220,371)**	(180,600)	22.0 %
Cash generated/(used) in the period	**$ 3,708**	$ (3,471)	NM	**$ 18,155**	$ (944)	NM

[1] *NM - not meaningful.*

6.2 Discussion of Cash Flows

Cash generated in the three months ended December 31, 2023 of $3,708 was primarily the result of cash generated from the issuance of the Series I senior unsecured debentures and operating activities, partially offset by cash used for repayment on the Credit Facilities, distribution payments, development and intensification of investment properties, capital expenditure and interest payments.

Cash generated in the year ended December 31, 2023 of $18,155 was primarily the result of cash generated from operating activities and the issuance of the Series I senior unsecured debentures, partially offset by cash used for distribution payments, development and intensification of investment properties, repayment on the Credit Facilities, repayment of a mortgage which matured, interest payments on the debentures and capital expenditure.

6.3 Credit Ratings

The senior unsecured debt of CT REIT is rated by S&P Global Ratings (“S&P”) and by Morningstar DBRS, two independent credit rating agencies which provide issuer credit ratings and credit ratings of debt securities of an issuer. 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”).

The credit ratings of CT REIT are related to and currently equivalent to those of CTC, as CTC holds a significant ownership position in CT REIT and CTC is CT REIT’s most significant tenant.

The following table sets out CT REIT’s issuer and senior unsecured debenture credit ratings:

	Morningstar DBRS		S&P	
	Credit Rating	Trend	Credit Rating	Outlook
Issuer Rating	**BBB**	**Stable**	**BBB**	**Stable**
Senior unsecured debentures	**BBB**	**Stable**	**BBB**	**-**

6.4 Indebtedness and Capital Structure

CT REIT's indebtedness and capital structure is as follows:

(in thousands of Canadian dollars) As at	December 31, 2023	December 31, 2022
Class C LP Units	**$ 1,451,550**	$ 1,451,550
Mortgages payable	**9,131**	65,295
Debentures	**1,420,313**	1,170,905
Credit Facilities [1]	**—**	99,884
Total indebtedness	**$ 2,880,994**	$ 2,787,634
Unitholders' equity	**1,707,336**	1,698,250
Non-controlling interests	**2,140,433**	2,128,923
Total capital under management	**$ 6,728,763**	$ 6,614,807

[1] *See section 6.10 for details on Credit Facilities.*

CT REIT's total indebtedness as at December 31, 2023 was higher than December 31, 2022 primarily due to the issuance of Series I senior unsecured debentures, partially offset by the repayments of amounts drawn on the Bank Credit Facility and a mortgage which matured in Q1 2023. Refer to section 6.6 of this MD&A for further details.

CT REIT's unitholders' equity and non-controlling interests as at December 31, 2023 increased as compared to December 31, 2022 primarily as a result of net income exceeding distributions.

Future payments in respect of CT REIT's indebtedness as at December 31, 2023 are as follows:

	Mortgages payable				
(in thousands of Canadian dollars)	Principal Amortization	Maturities	Class C LP Units	Debentures [1]	Total
2024	$ 391	$ —	$ 200,000	$ —	$ 200,391
2025	403	—	251,550	200,000	451,953
2026	103	7,967	—	200,000	208,070
2027	—	—	—	375,000	375,000
2028 and thereafter	—	—	1,000,000	650,000	1,650,000
Total contractual obligation	$ 897	$ 7,967	$ 1,451,550	$ 1,425,000	$ 2,885,414
Unamortized portion of mark to market on mortgages payable assumed on the acquisition of properties	—	267	—	—	267
Unamortized transaction costs	—	—	—	(4,687)	(4,687)
	$ 897	**$ 8,234**	**$ 1,451,550**	**$ 1,420,313**	**$ 2,880,994**

[1] *Refer to section 6.8.*

Interest rates on CT REIT's indebtedness range from 2.37% to 5.83%. The maturity dates on the indebtedness range from May 2024 to May 2038.

Total indebtedness as at December 31, 2023 had a weighted average interest rate of 4.07% and a weighted average term to maturity of 5.4 years, excluding the Credit Facilities.

As at December 31, 2023, variable rate and fixed rate indebtedness were nil and $2,880,994, respectively.

As at	December 31, 2023	December 31, 2022
Variable rate indebtedness	$ —	$ 155,584
Total indebtedness	2,880,994	2,787,634
Variable rate indebtedness / total indebtedness	**0.00 %**	5.58 %

CT REIT's variable rate debt-to-total indebtedness ratio as at December 31, 2023 decreased as compared to December 31, 2022 primarily due to repayment on the Bank Credit Facility and a mortgage which matured.

The following table presents the contractual obligations of CT REIT:

	2024	2025	2026	2027	2028	2029 and thereafter	Total
Class C LP Units [1]	$ 200,000	$ 251,550	$ —	$ —	$ 200,000	$ 800,000	$ 1,451,550
Debentures	—	200,000	200,000	375,000	250,000	400,000	1,425,000
Future payments on Class C LP Units [1]	58,712	51,484	49,000	49,000	43,750	236,667	488,613
Future interest on debentures	53,132	49,605	42,789	36,464	17,759	14,686	214,435
Future undiscounted lease liabilities payments	6,067	6,425	6,550	6,568	6,551	217,096	249,257
Mortgages payable	391	403	8,070	—	—	—	8,864
Future payment other liabilities	100,039	5,198	—	—	—	—	105,237
Distributions payable [2]	17,628	—	—	—	—	—	17,628
Payable on Class C LP Units, net of loans receivable	5,331	—	—	—	—	—	5,331
Future interest payments on mortgages payable	280	267	65	—	—	—	612
Total	**$ 441,580**	**$ 564,932**	**$ 306,474**	**$ 467,032**	**$ 518,060**	**$ 1,668,449**	**$ 3,966,527**

[1] Assumes redemption on Current Fixed Rate Period for each series.

[2] On Units and Class B LP Units.

The table below presents CT REIT's interest in investment properties at fair value that are available to it to finance and/or refinance its debt as at December 31, 2023:

(in thousands of Canadian dollars)	Number of properties	Fair value of investment properties	Percentage of total assets	Mortgages payable	Loan to value ratio
Unencumbered investment properties	373	$ 6,915,699	99.3 %	$ —	—
Encumbered investment properties	1	20,301	0.3 %	9,131	45.0 %
Total investment properties	**374**	**$ 6,936,000**	**99.6 %**	**$ 9,131**	**0.1 %**

The table below presents CT REIT's secured debt as a percentage of total indebtedness:

(in thousands of Canadian dollars) As at	December 31, 2023	December 31, 2022
Secured debt	$ 9,131	$ 65,295
Total indebtedness	2,880,994	2,787,634
Secured debt / total indebtedness	**0.32 %**	2.34 %

CT REIT's secured debt-to-total indebtedness ratio as of December 31, 2023 decreased as compared to December 31, 2022 primarily due to the repayment of a secured mortgage that matured.

Indebtedness to EBITFV ratios are used to measure an entity's ability to meet its debt obligations. Generally, the lower the ratio, the less an entity is leveraged which increases its ability to pay off its debts.

The table below presents CT REIT's indebtedness to EBITFV ratio:

(in thousands of Canadian dollars) As at	December 31, 2023	December 31, 2022
Total indebtedness	$ 2,880,994	$ 2,787,634
EBITFV [1]	421,958	406,459
Total indebtedness / EBITFV [2]	**6.83**	6.86

[1] Non-GAAP financial measure. Refer to section 10.1 for further information.

[2] Non-GAAP ratio. Refer to section 10.2 for further information.

CT REIT's indebtedness to EBITFV ratio as at December 31, 2023 was in line with December 31, 2022.

6.5 Interest Coverage Ratio

Interest coverage ratios are used to measure an entity's ability to service its debt. Generally, the higher the ratio is, the lower the risk of default on debt. The ratio is calculated as follows:

(in thousands of Canadian dollars)	Three Months Ended		Year Ended	
For the periods ended December 31,	**2023**	2022	**2023**	2022
EBITFV [1] (A)	$ 107,263	$ 103,133	$ 421,958	$ 406,459
Interest expense and other financing charges (B)	$ 29,795	$ 27,743	$ 114,482	$ 110,672
Interest coverage ratio [2] (A)/(B)	3.60	3.72	3.69	3.67

[1] Non-GAAP financial measure. Refer to section 10.1 for further information.

[2] Non-GAAP ratio. Refer to section 10.2 for further information.

The decrease in interest coverage ratio for the three months ended December 31, 2023, as compared to the same period in 2022, is primarily due to the growth in interest expense exceeding the growth of EBITFV.

The increase in interest coverage ratio for the year ended December 31, 2023, as compared to the same period in 2022, is primarily due to the growth of EBITFV exceeding the growth in interest expense.

6.6 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 total assets. This ratio can help investors determine the REIT's risk levels. CT REIT's Declaration of Trust and the Trust Indenture limit 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 sheets.

CT REIT calculates its indebtedness ratio as follows:

(in thousands of Canadian dollars)

As at	December 31, 2023	December 31, 2022
Total indebtedness [1] (A)	**$ 2,880,994**	$ 2,787,634
Total assets (B)	**$ 6,966,564**	$ 6,844,789
Indebtedness ratio (A)/(B)	**41.4 %**	40.7 %

[1] *Total indebtedness reflects the value of the Class C LP Units, mortgages payable, debentures and draws on the Credit Facilities.*

The indebtedness ratio as at December 31, 2023 increased compared to the indebtedness ratio as at December 31, 2022 primarily due to issuance of the Series I senior unsecured debentures, as well as a decrease in fair value on investment properties.

6.7 Class C LP Units

As at December 31, 2023, there were 1,451,550 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 a fixed cumulative monthly payment, during the fixed rate period for each series of Class C LP Units (the "Current Fixed Rate Period"). Such payments are made in priority to distributions made to holders of Class B LP Units and units representing an interest in the GP (subject to certain exceptions) if, as and when declared by the Board of Directors of the GP and are payable monthly at an annual distribution rate for each series as set out in the table below. In addition, the Class C LP Units are entitled to receive Special Voting Units, in certain limited circumstances. Refer to section 7.0 for further details.

On expiry of the Current Fixed Rate Period applicable to each series of Class C LP Units, and each five-year period thereafter, each such series of Class C LP Units is redeemable at par (together with all accrued and unpaid payments 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 settle any of the Class C LP Units at any time 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.

During the five-year period beginning immediately following the completion of the initial fixed rate period, and each five-year period thereafter, if not redeemed, the fixed payment 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 variable rate option.

Such 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 equal value.

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

Series of Class C LP Units		Subscription price	Annual distribution rate during Current Fixed Rate Period	Expiry of Current Fixed Rate Period	% of Total Class C LP Units
Series 3	$	200,000	2.37 %	May 31, 2025 (1.4 years)	13.78 %
Series 4		200,000	4.50 %	May 31, 2024 (0.4 years)	13.78 %
Series 5		200,000	4.50 %	May 31, 2028 (4.4 years)	13.78 %
Series 6		200,000	5.00 %	May 31, 2031 (7.4 years)	13.78 %
Series 7		200,000	5.00 %	May 31, 2034 (10.4 years)	13.78 %
Series 8		200,000	5.00 %	May 31, 2035 (11.4 years)	13.78 %
Series 9		200,000	5.00 %	May 31, 2038 (14.4 years)	13.78 %
Series 16		16,550	2.37 %	May 31, 2025 (1.4 years)	1.14 %
Series 17		18,500	2.37 %	May 31, 2025 (1.4 years)	1.27 %
Series 18		4,900	2.37 %	May 31, 2025 (1.4 years)	0.34 %
Series 19		11,600	2.37 %	May 31, 2025 (1.4 years)	0.79 %
Total / weighted average	**$**	**1,451,550**	**4.41 %**	**6.9 years**	**100.0 %**
Current		200,000			
Non-current		1,251,550			
Total	**$**	**1,451,550**			

6.8 Debentures

	December 31, 2023		December 31, 2022	
Series	**Face value**	**Carrying amount**	Face value	Carrying amount
B, 3.53%, June 9, 2025	**$ 200,000**	**$ 199,752**	$ 200,000	$ 199,581
D, 3.29%, June 1, 2026	**200,000**	**199,672**	200,000	199,537
E, 3.47%, June 16, 2027	**175,000**	**174,602**	175,000	174,487
F, 3.87%, December 7, 2027	**200,000**	**199,479**	200,000	199,346
G, 2.37%, January 6, 2031	**150,000**	**149,320**	150,000	149,223
H, 3.03%, February 5, 2029	**250,000**	**248,912**	250,000	248,731
I, 5.83%, June 14, 2028	**250,000**	**248,576**	—	—
Total	**$ 1,425,000**	**$ 1,420,313**	$ 1,175,000	$ 1,170,905

Debentures as at December 31, 2023 had a weighted average interest rate of 3.73% (December 31, 2022 - 3.28%).

On November 17, 2023, CT REIT completed the issuance of $250,000 of Series I unsecured debentures with a 4.6-year term and a coupon of 5.828% per annum. The net proceeds were used to repay short term indebtedness and for general business purposes.

For the three months and year ended December 31, 2023, amortization of transaction costs of $263 (Q4 2022 - $213) and $905 (YTD 2022 - $900) was included in net interest and other financing charges on the consolidated statement of income and comprehensive income.

The debentures are rated “BBB” by S&P and “BBB” by Morningstar DBRS. The debentures are direct senior unsecured obligations of CT REIT. Refer to section 6.3 for further details.

6.9 Mortgages Payable

Mortgages payable include the following:

(in thousands of Canadian dollars)

As at	December 31, 2023		December 31, 2022	
	Face value	**Carrying amount**	Face value	Carrying amount
Current	**$ 391**	**$ 508**	$ 56,078	$ 56,167
Non-current	**8,473**	**8,623**	8,864	9,128
Total	**$ 8,864**	**$ 9,131**	$ 64,942	$ 65,295

Mortgages payable as at December 31, 2023 have an interest rate of 3.24% (December 31, 2022 weighted average interest rate – 5.49%). In Q1 2023, CT REIT repaid a mortgage which matured in March 2023 for $55,700.

6.10 Credit Facilities

Bank Credit Facility

CT REIT has a committed, unsecured $300,000 revolving credit facility with a syndicate of Canadian banks (“Bank Credit Facility”) maturing in September 2027. The Bank Credit Facility bears interest at a rate based on a stipulated bank prime rate or bankers’ acceptance plus a margin. A standby fee is charged on the Bank Credit Facility.

As of December 31, 2023, the REIT had no draws on the Bank Credit Facility (December 31, 2022 - $99,884, at the weighted average interest rate of 6.16%), and $3,132 (December 31, 2022 – $4,999) of outstanding letters of credit.

CTC Credit Facility

CT REIT has an uncommitted, unsecured $300,000 revolving credit facility with CTC (“CTC Credit Facility”) maturing in December 2024. The CTC Credit Facility bears interest at a rate based on a stipulated bank prime rate or bankers’ acceptance plus a margin.

As of December 31, 2023, the REIT had no draws on the CTC Credit Facility (December 31, 2022 – nil).

The Bank Credit Facility and the CTC Credit Facility are herein collectively referred to as the “Credit Facilities”.

The table below summarizes the details of the Credit Facilities as at December 31, 2023:

(in thousands of Canadian dollars)

	Maximum draw amount	Cash advances	Letters of credit	Available to be drawn
Bank Credit Facility	$ 300,000	$ —	$ 3,132	$ 296,868
CTC Credit Facility [1]	$ 300,000	$ —	$ —	$ —

[1]*Uncommitted facility subject to CTC discretion.*

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

6.11 Capital Strategy

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

- Class C LP Units (treated as debt for accounting purposes);
- funds drawn on the Credit Facilities;
- unsecured public debt; and
- secured debt.

Management's objectives are to access an optimal 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 and development opportunities when they become available. The Declaration of Trust and the Trust Indenture limit the REIT's overall indebtedness ratio to 60% of total aggregate assets, excluding convertible debentures, and 65% including convertible debentures.

As at December 31, 2023, CT REIT's indebtedness ratio was 41.4%. Refer to section 6.6 of this MD&A for the definition and calculation of CT REIT's indebtedness ratio.

As at December 31, 2023, CT REIT was in compliance with the financial covenants contained in the Declaration of Trust, the Trust Indenture and the Credit Facilities.

For the year ended December 31, 2023, CT REIT's interest coverage ratio was 3.69 times. Refer to section 6.5 of this MD&A for the definition and calculation of CT REIT's interest coverage ratio.

Assuming a future economic environment that is stable, management does not foresee any material impediments to refinancing future debt maturities.

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

6.12 Commitments and Contingencies

As at December 31, 2023, CT REIT had obligations of $171,513 (December 31, 2022 - $245,547) in future payments for the completion of developments, as described in section 4.6 of this MD&A. Included in the commitment is $163,042 due to CTC.

CT REIT believes it 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) its Credit Facilities; (iv) an investment grade credit rating; (v) significant unencumbered assets; and (vi) sufficient operating cash flow retained in the business.

6.13 Base Shelf Prospectus

On May 25, 2023, CT REIT renewed its short form base shelf prospectus (the “Base Shelf Prospectus”) under which it may issue debt and/or equity (including the sale of Units by CTC) over the 25-month period ending June 25, 2025.

6.14 Normal Course Issuer Bid

On November 25, 2022, CT REIT received approval from the TSX to purchase up to 3,300,000 Units during the 12-month period commencing November 29, 2022, and ending November 28, 2023 by way of a normal course issuer bid (“NCIB”).

During the year ended December 31, 2023, CT REIT acquired and cancelled 452,141 Units at a weighted average purchase price of $13.99 per Unit, for a total cost of $6,332.

On November 27, 2023, a renewal of the NCIB (“2023-2024 NCIB”) was approved by the TSX to purchase up to 3,500,000 Units during the 12-month period commencing November 29, 2023, and ending November 28, 2024.

On November 27, 2023, the TSX approved an automatic purchase plan (“APP”) in connection with the 2023-2024 NCIB which allows the REIT’s designated broker to periodically purchase Units during the REIT’s blackout periods, subject to pre-defined parameters in accordance with the rules of the TSX and applicable securities laws. As of December 31, 2023, the maximum obligation to repurchase Units under the APP of $12,300 was recognized in other liabilities.

6.15 At-the-Market Program

On May 25, 2023, CT REIT established an at-the-market program (the “ATM Program”) that allows the REIT to issue up to $100,000 of Units from treasury to the public from time to time, at the REIT's discretion.

During the three months and year ended December 31, 2023, no Units were issued under the ATM Program.

7.0 EQUITY

7.1 Authorized Capital and Outstanding Units

CT REIT is authorized to issue an unlimited number of Units. As at December 31, 2023, CT REIT had a total of 108,321,650 Units outstanding, 33,989,508 of which were held by CTC, and 127,193,833 Class B LP Units outstanding (together with a corresponding number of Special Voting Units, as hereinafter defined), all of which were held by CTC.

Class B LP Units are economically equivalent to Units, are accompanied by a special voting unit ("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 tables summarize the total number of units issued:

	As at December 31, 2023		
	Units	**Class B LP Units**	**Total**
Total outstanding at beginning of year	**107,501,944**	**127,193,833**	**234,695,777**
Units issued under Distribution Reinvestment Plan	**1,271,847**	**—**	**1,271,847**
Units repurchased and cancelled	**(452,141)**	**—**	**(452,141)**
Total outstanding at end of period	**108,321,650**	**127,193,833**	**235,515,483**

	As at December 31, 2022		
	Units	Class B LP Units	Total
Total outstanding at beginning of year	106,304,288	126,880,857	233,185,145
Units issued under Distribution Reinvestment Plan	1,197,656	312,976	1,510,632
Total outstanding at end of year	107,501,944	127,193,833	234,695,777

Each Unit is transferable and represents an equal, undivided beneficial interest in the REIT and in any distributions from the REIT. Each Unit entitles the holder to one vote at all meetings of Voting 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 Voting Unitholders or with respect to any written resolution of Voting Unitholders. Except for the right to attend meetings and vote on resolutions, Special Voting Units do not confer upon the holders thereof any other rights.

Net income attributable to unitholders and weighted average units outstanding used in determining basic and diluted net income per unit are calculated as follows:

	For the Year ended December 31, 2023		
(in thousands of Canadian dollars, except unit amounts)	**Units**	**Class B LP Units**	**Total**
Net income attributable to unitholders - basic	**$ 105,287**	**$ 124,147**	**$ 229,434**
Income effect of settling Class C LP Units with Class B LP Units			**63,962**
Net income attributable to unitholders - diluted			**$ 293,396**
Weighted average units outstanding - basic	**107,965,763**	**127,193,833**	**235,159,596**
Dilutive effect of other unit plans			**326,050**
Dilutive effect of settling Class C LP Units with Class B LP Units			**101,854,123**
Weighted average number of units outstanding - diluted			**337,339,769**

	For the Year ended December 31, 2022		
(in thousands of Canadian dollars, except unit amounts)	Units	Class B LP Units	Total
Net income attributable to unitholders - basic	$ 148,264	$ 176,349	$ 324,613
Income effect of settling Class C LP Units with Class B LP Units			63,962
Net income attributable to unitholders - diluted			$ 388,575
Weighted average units outstanding - basic	106,893,856	127,123,521	234,017,377
Dilutive effect of other unit plans			288,433
Dilutive effect of settling Class C LP Units with Class B LP Units			93,706,035
Weighted average number of units outstanding - diluted			328,011,845

7.2 Equity

(in thousands of Canadian dollars) As at	**December 31, 2023**	December 31, 2022
Equity - beginning of period, as previously reported	**$ 3,827,173**	$ 3,678,149
Net income and comprehensive income for the period	**229,434**	324,613
Issuance of Class B LP Units, net of issue costs	**—**	5,617
Distributions to non-controlling interests	**(112,637)**	(108,827)
Distributions to Unitholders	**(95,635)**	(91,537)
Issuance of Units under Distribution Reinvestment Plan and other	**18,066**	19,158
Units repurchased and cancelled	**(6,332)**	—
Automatic purchase plan	**(12,300)**	—
Equity - end of the period	**$ 3,847,769**	$ 3,827,173

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

7.3 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 distributions over time.

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

The Board regularly reviews CT REIT's rate of distributions to ensure an appropriate level of distributions. The Board has discretion over the determination of monthly and annual distributions.

On December 15, 2023, a distribution of $0.07485 per unit payable on January 15, 2024 was declared to holders of Units and Class B LP Units of record on December 29, 2023.

On January 15, 2024, a distribution of $0.07485 per unit payable on February 15, 2024 was declared to holders of Units and Class B LP Units of record on January 31, 2024.

One of CT REIT's objectives is to grow monthly distributions. The distribution payments and increases since January 1, 2014 are as follows:

Year	Effective date [1]	Monthly distribution per unit	% increase	Annualized distribution per unit	Annualized distribution increase per unit
2023	**July**	**$0.075**	**3.5 %**	**$0.898**	**$0.030**
2022	July	$0.072	3.4 %	$0.868	$0.029
2021	July	$0.070	4.5 %	$0.839	$0.036
2020	January / September	$0.066 / $0.067	4.0 % / 2.0 %	$0.787 / $0.803	$0.030 / $0.016
2019	January	$0.063	4.0 %	$0.757	$0.029
2018	January	$0.061	4.0 %	$0.728	$0.028
2017	January	$0.058	2.9 %	$0.700	$0.020
2016	January	$0.057	2.6 %	$0.680	$0.017
2015	January	$0.055	2.0 %	$0.663	$0.013
2014	January	$0.054	—	$0.650	—

[1] Month upon which the payment of the monthly distribution increase became effective.

(in thousands of Canadian dollars, except per unit amounts)	Three Months Ended		Year Ended	
For the periods ended December 31,	**2023**	2022	**2023**	2022
Distributions before distribution reinvestment - paid	**$ 52,849**	$ 50,873	**$ 207,616**	$ 199,699
Distribution reinvestment	**4,699**	4,745	**18,509**	19,158
Distributions net of distribution reinvestment - paid	**$ 48,150**	$ 46,128	**$ 189,107**	$ 180,541
Distributions per unit - paid	**$ 0.225**	$ 0.217	**$ 0.883**	$ 0.854

Distributions for the three months and year ended December 31, 2023 are higher than the same period in the prior year due to the increase in distributions which became effective with the monthly distributions paid in July 2022 and July 2023, respectively.

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 (a non-GAAP measure of recurring economic earnings used to assess distribution capacity, refer to section 10.0) and other factors when determining distributions to unitholders.

CT REIT's distributions for the three months and year ended December 31, 2023 are less than the REIT's cash generated from operating activities, cash generated from operating activities reduced by net interest and other financing charges, and AFFO, a non-GAAP financial measure, which is an indicator of CT REIT's distribution capacity.

(in thousands of Canadian dollars, except per unit amounts)	Three Months Ended		Year Ended	
For the periods ended December 31,	**2023**	2022	**2023**	2022
AFFO [1]	**$ 71,474**	$ 68,515	**$ 283,389**	$ 268,783
Distributions before distribution reinvestment - paid	**52,849**	$ 50,873	**207,616**	199,699
Excess of AFFO over distributions paid (A) [1]	**$ 18,625**	$ 17,642	**$ 75,773**	$ 69,084
Weighted average units outstanding - diluted (non-GAAP) (B) [2]	**235,723,101**	234,836,723	**235,485,646**	234,305,809
Excess of AFFO over distributions paid per unit (A)/(B) [2]	**$ 0.079**	$ 0.075	**$ 0.322**	$ 0.295

[1] Non-GAAP financial measure. Refer to section 10.1 for further information.

[2] Non-GAAP ratio. Refer to section 10.2 for further information.

7.4 Book Value Per Unit

Book value per unit represents total equity from the consolidated balance sheets divided by the sum of the period end Units and Class B LP Units outstanding. It is an indication of the residual book value available to unitholders. As well, book value per unit is compared to the REIT's Unit trading price in order to measure a premium or discount.

(in thousands of Canadian dollars, except for per unit amounts)		
As at	**December 31, 2023**	December 31, 2022
Total equity (A)	**$ 3,847,769**	$ 3,827,173
Period-end Units and Class B LP Units outstanding (B)	**235,515,483**	234,695,777
Book value per unit (A)/(B)	**$ 16.34**	$ 16.31

CT REIT's book value per unit as at December 31, 2023 increased from the book value per unit as at December 31, 2022 primarily due to net income exceeding distributions.

8.0 RELATED PARTY TRANSACTIONS

On December 31, 2023, CT REIT's controlling unitholder, CTC, held a 68.4% effective interest in the REIT, through the ownership of 33,989,508 Units and all of the issued and outstanding Class B LP Units. CTC also owns all of the Class C LP Units. Refer to section 6.7 of this MD&A for additional information on Class C LP Units.

In addition to its ownership interest, CTC is CT REIT's most significant tenant representing approximately 91.3% of the total annualized base minimum rent earned by CT REIT and 92.1% of total GLA as at December 31, 2023.

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. Investment property transactions with CTC amounted to $117,738 (2022 - $203,071) for the year ended December 31, 2023. Refer to Note 4 to the consolidated financial statements for additional information.

CT REIT entered into the CTC Credit Facility in December 2019. Refer to section 6.10 of this MD&A for additional information.

CT REIT's policy is to conduct all transactions and settle all balances, with related parties, on market terms and conditions. Pursuant to the Declaration of Trust, related party transactions are generally subject to the approval of the independent trustees of the Board.

CT REIT and CTC are parties to a number of commercial agreements which govern the relationships among such parties, including the Services Agreement and the Property Management Agreement described below.

Services Agreement

Under the Services Agreement, as amended and restated as of August 8, 2023, CTC provides the REIT with certain administrative, information technology, internal audit and other support services as may be reasonably required from time to time (the "Services"). CTC provides these Services to the 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. The Services Agreement is automatically renewable for one year terms, unless otherwise terminated in accordance with its terms. The Services Agreement was automatically renewed for 2024 and CTC will continue to provide such Services on a cost recovery basis.

Property Management Agreement

Under the Property Management Agreement, as amended and restated as of August 8, 2023, CTC provides the REIT with certain property management services (the ''Property Management Services''). CTC provides these Property Management Services to the REIT on a cost recovery basis pursuant to which the REIT reimburses CTC for all costs and expenses incurred by CTC in connection with providing the Property Management Services, plus applicable taxes. The Property Management Agreement is automatically renewable for one year terms, unless otherwise terminated in accordance with its terms. The Property Management Agreement was automatically renewed for 2024 and CTC will continue to provide such Property Management Services on a cost recovery basis.

CTC Credit Facility

CT REIT has a Credit Facility with CTC that was entered into on December 18, 2019 and which is automatically renewed for one year terms, unless otherwise terminated in accordance with its terms. The CTC Credit Facility was automatically renewed in December 2023 and expires on December 31, 2024. The CTC Credit Facility bears interest at a rate based on a stipulated bank prime rate or bankers' acceptance, plus a margin.

Refer to CT REIT's 2023 AIF for additional information on related party agreements and arrangements with CTC.

The following table summarizes CT REIT's related party transactions for the period ended December 31, 2023, excluding acquisition, intensification and development activities which are contained in section 4.0:

(in thousands of Canadian dollars)	Year Ended	
For the periods ended December 31,	**2023**	2022
Rental revenue	**$ 494,321**	$ 475,851
Property Management and Services Agreement expense	**$ 1,575**	$ 1,550
Distributions on Units	**$ 30,100**	$ 29,092
Distributions on Class B LP Units [1]	**$ 112,637**	$ 108,827
Interest expense on Class C LP Units	**$ 63,962**	$ 63,962
Interest expense on the CTC Credit Facility	**$ 1,661**	$ 958

[1] Includes distributions deferred at the election of the holders of the Class B LP Units.

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

(in thousands of Canadian dollars)		
As at	**December 31, 2023**	December 31, 2022
Tenant and other receivables	**$ (2,613)**	$ (1,331)
Class C LP Units	**1,451,550**	1,451,550
Amounts payable on Class C LP Units	**63,962**	63,962
Loans receivable in respect of payments on Class C LP Units	**(58,631)**	(58,631)
Other liabilities	**50,514**	48,713
Distributions payable on Units and Class B LP Units [1]	**37,363**	36,066
Loans receivable in respect of distributions on Class B LP Units	**(25,298)**	(24,409)
Net balance due to CTC	**$ 1,516,847**	$ 1,515,920

[1] Includes distributions deferred at the election of the holders of the Class B LP Units.

9.0 ACCOUNTING POLICIES AND ESTIMATES

9.1 Significant Areas of Estimation

The preparation of the consolidated financial statements requires management to apply judgments, 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. CT REIT's critical judgments and estimates in applying material accounting policies are described in Note 2 of the consolidated financial statements, 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 discounted cash flow method. Fair value is estimated by capitalizing the cash flows that the property can reasonably be expected to produce over its remaining economic life. Properties Under Development are initially recorded at cost and are adjusted to fair value at each balance sheet date with the fair value adjustment recognized in earnings.

9.2 Standards, Amendments and Interpretations Issued and Adopted

The following amendment was adopted for the fiscal year ended December 31, 2023, and accordingly, has been applied in preparing these consolidated financial statements.

Improving accounting estimates (Amendments to IAS 8)

In February 2021, the International Accounting Standards Board ("IASB") issued narrow-scope amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Amendments to IAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events.

The implementation of these amendments did not have a significant impact on CT REIT.

9.3 Standards, Amendments and Interpretations Issued but Not Yet Adopted

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ended December 31, 2023, and, accordingly, have not been applied in preparing these consolidated financial statements. CT REIT is assessing the potential impact of these amendments.

In January 2020, the IASB issued an amendment to IAS 1, Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position. The amendment clarified that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduced a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. On October 31, 2022, the IASB issued Non-Current Liabilities with Covenants (Amendments to IAS 1). These amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. The implementation of these amendments is not expected to have a significant impact on CT REIT.

10.0 SPECIFIED FINANCIAL MEASURES

CT REIT uses specified financial measures as defined by the Canadian Securities Administrators ("CSA")'s National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure issued on August 25, 2021. CT REIT believes these specified financial measures provide useful information to both management and investors in measuring the financial performance of CT REIT and its ability to meet its principal objective of creating unitholder value over the long term by generating reliable, durable and growing monthly cash distributions on a tax-efficient basis.

These specified financial measures include non-GAAP financial measures and non-GAAP ratios which 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 entities and should not be construed as an alternative to other financial measures determined in accordance with GAAP.

10.1 Non-GAAP Financial Measures

Non-GAAP financial measures are not standardized financial measures under the IFRS financial reporting framework used to prepare the REIT's financial statements to which the measure relates. As such, non-GAAP financial measures may not be comparable to similar financial measures disclosed by other public entities.

Certain non-GAAP financial measures for the real estate industry have been defined by the Real Property Association of Canada ("REALPAC") under its publications, "REALPAC Funds From Operations & Adjusted Funds From Operations for IFRS" ("REALPAC FFO & AFFO") and "REALPAC Adjusted Cashflow from Operations for IFRS" ("REALPAC ACFO"). The purpose of the publications is to provide guidance on the definition of certain non-GAAP financial measures to promote consistent disclosure amongst reporting issuers.

Management has identified the following non-GAAP financial measures in this MD&A:

- Net Operating Income ("NOI")
- Same store NOI
- Same property NOI
- Intensifications NOI
- Acquisitions, developments, dispositions NOI
- Funds from Operations ("FFO")
- Adjusted Funds from Operations ("AFFO")
- Capital expenditure reserve
- Adjusted Cash Flow from Operations ("ACFO")
- Earnings Before Interest, Taxes and Fair Value ("EBITFV")
- Excess of AFFO over distributions paid
- Non-operating adjustments to working capital

10.1 (a) Net Operating Income

NOI is a non-GAAP financial measure defined as property revenue less property expense, adjusted for straight-line rent. The most directly comparable primary financial statement measure is property revenue. Management believes that NOI is a useful key indicator of performance as it represents a measure of property operations over which management has control. NOI is also a key input in determining the fair value of the portfolio of Properties. NOI should not be considered as an alternative to property revenue or net income and comprehensive income, both of which are determined in accordance with IFRS.

(in thousands of Canadian dollars)	Three Months Ended			Year Ended		
For the periods ended December 31,	**2023**	2022	Change [1]	**2023**	2022	Change [1]
Property revenue	**$ 139,968**	$ 135,175	3.5 %	**$ 552,772**	$ 532,795	3.7 %
Less:						
Property expense	**(28,842)**	(27,833)	3.6 %	**(115,523)**	(111,133)	4.0 %
Property straight-line rent revenue	**386**	(579)	NM	**1,707**	(1,844)	NM
Net operating income	**$ 111,512**	$ 106,763	4.4 %	**$ 438,956**	$ 419,818	4.6 %

[1] *NM - not meaningful.*

10.1 (b) Same Store NOI

Same store NOI is a non-GAAP financial measure which reports the period-over-period performance of the same asset base having consistent GLA in both periods. CT REIT management believes same store NOI is a useful measure to gauge the change in asset productivity and asset value. The most directly comparable primary financial statement measure is property revenue. Same store NOI should not be considered as an alternative to property revenue or net income and comprehensive income, both of which are determined in accordance with IFRS.

10.1 (c) Same Property NOI

Same property NOI is a non-GAAP financial measure that is consistent with the definition of same store NOI above, except that same property includes the NOI impact of intensifications. Management believes same property NOI is a useful measure to gauge the change in asset productivity and asset value, as well as measure the additional return earned by incremental capital investments in existing assets. The most directly comparable primary financial statement measure is property revenue. Same property NOI should not be considered as an alternative to property revenue or net income and comprehensive income, both of which are determined in accordance with IFRS.

10.1 (d) Intensifications NOI

Intensifications NOI is a non-GAAP financial measure that is consistent with the definition of NOI above with respect to same property having increased GLA relative to the comparative period. CT REIT management believes intensifications NOI is a useful measure to understand the impact of increased GLA on asset productivity and asset value for same property. The most directly comparable primary financial statement measure is property revenue. Intensifications NOI should not be considered as an alternative to property revenue or net income and comprehensive income, both of which are determined in accordance with IFRS.

10.1 (e) Acquisitions, Developments and Dispositions NOI

Acquisitions, developments and dispositions NOI is a non-GAAP financial measure that is consistent with the definition of NOI above with respect to new property or dispositions of property not included in same property NOI. CT REIT management believes acquisitions, developments, and dispositions NOI is a useful measure to gauge the change in asset productivity and asset value. The most directly comparable primary financial statement measure is property revenue. Acquisitions, developments, and dispositions NOI should not be considered as an alternative to property revenue or net income and comprehensive income, both of which are determined in accordance with IFRS.

The following table summarizes the same store and same property components of NOI:

(in thousands of Canadian dollars)	Three Months Ended			Year Ended		
For the periods ended December 31,	**2023**	2022	Change [1]	**2023**	2022	Change [1]
Same store	**$ 107,552**	$ 105,210	2.2 %	**$ 421,694**	$ 411,478	2.5 %
Intensifications						
2023	**1,175**	—	NM	**2,294**	—	NM
2022	**967**	665	45.4 %	**8,994**	3,521	NM
Same property	**$ 109,694**	$ 105,875	3.6 %	**$ 432,982**	$ 414,999	4.3 %
Acquisitions and developments						
2023	**1,445**	—	NM	**4,947**	966	NM
2022	**373**	888	(58.0)%	**1,027**	3,853	(73.3)%
Net operating income	**$ 111,512**	$ 106,763	4.4 %	**$ 438,956**	$ 419,818	4.6 %
Add:						
Property expense	**28,842**	27,833	3.6 %	**115,523**	111,133	4.0 %
Property straight-line rent revenue	**(386)**	579	NM	**(1,707)**	1,844	NM
Property Revenue	**$ 139,968**	$ 135,175	3.5 %	**$ 552,772**	$ 532,795	3.7 %

[1] NM - not meaningful.

10.1 (f) Funds From Operations and Adjusted Funds From Operations

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

(in thousands of Canadian dollars)	Three Months Ended			Year Ended		
For the periods ended December 31,	**2023**	2022	Change [1]	**2023**	2022	Change [1]
Net Income and comprehensive income	**$ 38,239**	$ 74,749	(48.8)%	**$ 229,434**	$ 324,613	(29.3)%
Fair value adjustment on investment property	**39,334**	860	NM	**78,636**	(27,845)	NM
GP income tax expense	**(628)**	(495)	26.9 %	**31**	(115)	NM
Lease principal payments on right-of-use assets	**(171)**	(145)	17.9 %	**(852)**	(564)	51.1 %
Fair value adjustment of unit-based compensation	**523**	276	89.5 %	**(625)**	(866)	(27.8)%
Internal leasing expense	**407**	325	25.2 %	**1,290**	981	31.5 %
Funds from operations	**$ 77,704**	$ 75,570	2.8 %	**$ 307,914**	$ 296,204	4.0 %
Property straight-line rent revenue	**386**	(579)	NM	**1,707**	(1,844)	NM
Direct leasing costs [2, 3]	**(290)**	(233)	24.5 %	**(1,190)**	(547)	NM
Capital expenditure reserve [2]	**(6,326)**	(6,243)	1.3 %	**(25,042)**	(25,030)	— %
Adjusted funds from operations	**$ 71,474**	$ 68,515	4.3 %	**$ 283,389**	$ 268,783	5.4 %

[1] NM - not meaningful.

[2] Comparatives have been restated to conform with current year's presentation.

[3] Excludes internal and external leasing costs related to development projects.

Funds From Operations

FFO is a non-GAAP financial measure of operating performance used by the real estate industry, particularly by those publicly traded entities that own and operate income-producing properties. The most directly comparable primary financial statement measure is net income and comprehensive income. FFO should not be considered as an alternative to net income or cash flows provided by operating activities determined in accordance with IFRS. CT REIT calculates its FFO in accordance with REALPAC FFO & AFFO. The use of FFO, together with the required IFRS presentations, has been included for the purpose of improving the understanding of the operating results of CT REIT.

Management believes that FFO is a useful measure of operating performance that, when compared period-over-period, reflects the impact on operations of trends in occupancy levels, rental rates, operating costs and property 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 non-GAAP financial measure of recurring economic earnings used in the real estate industry to assess an entity's distribution capacity. The most directly comparable primary financial statement measure is net income and comprehensive income. AFFO should not be considered as an alternative to net income or cash flows provided by operating activities determined in accordance with IFRS. CT REIT calculates its AFFO in accordance with REALPAC FFO & AFFO.

CT REIT calculates AFFO by adjusting FFO for non-cash income and expense items such as amortization of straight-line rents. AFFO is also adjusted for a reserve for maintaining the productive capacity required for sustaining property infrastructure and revenue from real estate properties and direct leasing costs. As property capital expenditures do not occur evenly during the fiscal year or from year to year, the capital expenditure reserve in the AFFO calculation, which is used as an input in assessing the REIT's distribution payout ratio, is intended to reflect an average annual spending level. The reserve is primarily based on average expenditures as determined by building condition reports prepared by independent consultants.

Management believes that AFFO is a useful measure of operating performance similar to FFO as described above, adjusted for the impact of non-cash income and expense items.

10.1 (g) Capital Expenditure Reserve

The following table compares and reconciles recoverable capital expenditures since 2013 to the capital expenditure reserve used in the calculation of AFFO during that period:

(in thousands of Canadian dollars) For the periods indicated	Capital expenditure reserve [1]	Recoverable capital expenditures	Variance
October 23, 2013 to December 31, 2017	$ 74,266	$ 66,418	$ 7,848
Year ended December 31, 2018	$ 22,517	$ 17,699	$ 4,818
Year ended December 31, 2019	$ 23,431	$ 20,549	$ 2,882
Year ended December 31, 2020	$ 24,254	$ 18,091	$ 6,163
Year ended December 31, 2021	$ 24,387	$ 33,994	$ (9,607)
2022			
Q1	$ 6,213	$ 1,966	$ 4,247
Q2	6,227	2,502	3,725
Q3	6,347	7,464	(1,117)
Q4	6,243	14,903	(8,660)
Year ended December 31, 2022	$ 25,030	$ 26,835	$ (1,805)
2023			
Q1	**$ 6,327**	**$ 824**	**$ 5,503**
Q2	**6,181**	**4,852**	**1,329**
Q3	**6,208**	**10,818**	**(4,610)**
Q4	**6,326**	**17,782**	**(11,456)**
Year ended December 31, 2023	**$ 25,042**	**$ 34,276**	**$ (9,234)**
Total	**$ 218,927**	**$ 217,862**	**$ 1,065**

[1] *Comparatives have been restated to conform with current year's presentation.*

The capital expenditure reserve is a non-GAAP financial measure and management believes the reserve is a useful measure to understand the normalized capital expenditures required to maintain property infrastructure. Recoverable capital expenditures are the most directly comparable measure disclosed in the REIT's primary financial statements. The capital expenditure reserve should not be considered as an alternative to recoverable capital expenditures, which is determined in accordance with IFRS.

The capital expenditure reserve exceeded recoverable capital expenditures by $1,065 during the period from October 23, 2013 through December 31, 2023. The capital expenditure reserve per square foot has increased since 2013, which reflects changes in asset mix (primarily due to an increase in multi-tenanted retail investment properties) and inflation in expected costs. Management expects there will be periods in the future where recoverable capital expenditures will exceed the capital expenditure reserve. The current period reserve is based upon unit costs that are anticipated to be realized in work to be completed in the current period.

The capital expenditure reserve varies from the capital expenditures incurred due to the seasonal nature of the expenditures. As such, CT REIT views the capital expenditure reserve as a meaningful measure. Refer to section 4.11 for additional information.

10.1 (h) Adjusted Cash Flow from Operations

ACFO is a non-GAAP financial measure developed by REALPAC for use by the real estate industry as a sustainable economic cash flow metric. ACFO should not be considered as an alternative to cash flows provided by operating activities determined in accordance with IFRS. CT REIT calculates its ACFO in accordance with REALPAC ACFO. Management believes that the use of ACFO, combined with the required IFRS presentations, improves the understanding of the operating cash flow of CT REIT.

CT REIT calculates ACFO from cash flow generated from operating activities by adjusting for non-operating adjustments to changes in working capital and other, net interest and other financing charges, capital expenditure reserve, and lease payments. The most directly comparable GAAP measure in the primary financial statements is Cash Generated from Operating Activities. A reconciliation from the IFRS term “Cash Generated from Operating Activities” (refer to the Consolidated Statements of Cash Flows for the year ended December 31, 2023 and December 31, 2022) to ACFO is as follows:

(in thousands of Canadian dollars)	**Three Months Ended**			**Year Ended**		
For the periods ended December 31,	**2023**	2022	Change [1]	**2023**	2022	Change [1]
Cash generated from operating activities	**$ 118,316**	$ 123,937	(4.5)%	**$ 425,055**	$ 399,273	6.5 %
Non-operating adjustments to changes in working capital and other	**(9,449)**	(308)	NM	**(5,296)**	5,193	NM
Net interest and other financing charges	**(29,425)**	(27,703)	6.2 %	**(113,942)**	(110,416)	3.2 %
External leasing expenses not related to development	**(94)**	(77)	22.1 %	**(571)**	(77)	NM
Capital expenditure reserve [2]	**(6,326)**	(6,243)	1.3 %	**(25,042)**	(25,030)	— %
Lease principal payments on right-of-use assets	**(171)**	(145)	17.9 %	**(852)**	(564)	51.1 %
Adjusted cashflow from operations [2]	**$ 72,851**	$ 89,461	(18.6)%	**$ 279,352**	$ 268,379	4.1 %

[1] NM - not meaningful.

[2] Comparatives have been restated to conform with current year’s presentation.

10.1 (i) Earnings Before Interest and Other Financing Costs, Taxes and Fair Value Adjustments

EBITFV is a non-GAAP financial measure of a REIT’s operating cash flow and it is used in addition to IFRS net income because it excludes major non-cash items (including fair value adjustments), interest expense and other financing costs, income tax expense, losses or gains on disposition of property, and other non-recurring items that may occur under IFRS that management considers non-operating in nature. The most directly comparable GAAP measure in the primary financial statements is net income and comprehensive income. EBITFV should not be considered as an alternative to net income and comprehensive income or cash flows provided by operating activities determined in accordance with IFRS.

EBITFV is used as an input in some of CT REIT’s debt metrics, providing information with respect to certain financial ratios that CT REIT uses in measuring its debt profile and assessing its ability to satisfy its obligations, including servicing its debt.

For the three months and year ended December 31, 2023, EBITFV was calculated as follows:

(in thousands of Canadian dollars)	Three Months Ended			Year Ended		
For the periods ended December 31,	**2023**	2022	Change [1]	**2023**	2022	Change [1]
Net income and comprehensive income	**$ 38,239**	$ 74,749	(48.8)%	**$ 229,434**	$ 324,613	(29.3)%
Fair value adjustment on investment properties	**39,334**	860	NM	**78,636**	(27,845)	NM
Fair value adjustment on unit-based awards	**523**	276	89.5 %	**(625)**	(866)	(27.8)%
Interest expense and other financing charges	**29,795**	27,743	7.4 %	**114,482**	110,672	3.4 %
GP income tax expense	**(628)**	(495)	26.9 %	**31**	(115)	NM
EBITFV	**$ 107,263**	$ 103,133	4.0 %	**$ 421,958**	$ 406,459	3.8 %

[1] *NM - not meaningful.*

10.1 (j) Excess of AFFO over Distributions Paid

Excess of AFFO over distributions paid is a non-GAAP financial measure. Management believes this measure is useful as it is an indicator of CT REIT's distribution capacity. Net income and comprehensive income is the most directly comparable financial measure that is disclosed in the REIT's primary financial statements. Refer to the table in 10.1 (f) reconciling net income and comprehensive income to AFFO.

(in thousands of Canadian dollars)	Three Months Ended		Year Ended	
For the periods ended December 31,	**2023**	2022	**2023**	2022
AFFO	**$ 71,474**	$ 68,515	**$ 283,389**	$ 268,783
Distributions before distribution reinvestment - paid	**52,849**	50,873	**207,616**	199,699
Excess of AFFO over distributions paid	**$ 18,625**	$ 17,642	**$ 75,773**	$ 69,084

10.1 (k) Non-operating Adjustments to Working Capital

Non-operating adjustments to working capital is a non-GAAP financial measure used in the calculation of ACFO described above. The most directly comparable primary financial statement measure is changes in working capital and other. This measure should not be considered as an alternative to changes in working capital and other determined in accordance with IFRS. CT REIT calculates its non-operating adjustments to working capital in accordance with REALPAC ACFO. Management believes non-operating adjustments to working capital is a useful improvement to the understanding of the operating cash flow of CT REIT, by eliminating fluctuations due to changes in accounts receivable, accounts payable and other working capital items that are not indicative of sustainable cash available for distribution to unitholders.

(in thousands of Canadian dollars)	Three months ended		Year ended	
For the periods ended December 31,	**2023**	2022	**2023**	2022
Changes in working capital and other	**$ (11,560)**	$ (21,699)	**$ (1,305)**	$ 5,952
Add/(deduct):				
Change in tenant and other receivables	**(618)**	9,292	**31**	(256)
Change in other non-current liabilities	**1,007**	866	**48**	(346)
Change in other liabilities	**(940)**	11,722	**(3,432)**	1,053
Other	**2,662**	(489)	**(638)**	(1,210)
Non-operating adjustments to changes in working capital and other	**$ (9,449)**	$ (308)	**$ (5,296)**	$ 5,193

The composition of non-operating adjustments to working capital is made up of:

(in thousands of Canadian dollars)	Three months ended		Year ended	
For the periods ended December 31,	**2023**	2022	**2023**	2022
Other non-current assets	**$ 174**	$ (247)	**$ 101**	$ (382)
Other current assets	**(13,347)**	(12,104)	**252**	1,299
Tenant and other receivables	**(2,474)**	(3,077)	**(249)**	593
Other liabilities	**6,198**	15,120	**(5,400)**	3,683
Non-operating adjustments to changes in working capital and other	**$ (9,449)**	$ (308)	**$ (5,296)**	$ 5,193

10.2 Non-GAAP Ratios

Non-GAAP ratios are not standardized financial measures under the IFRS financial reporting framework used to prepare the REIT's financial statements to which the measure relates. As such, non-GAAP ratios may not be comparable to similar financial measures disclosed by other public entities.

Management has identified the following non-GAAP ratios in this MD&A:

- AFFO payout ratio
- FFO per unit - basic
- FFO per unit - diluted (non-GAAP)
- AFFO per unit - basic
- AFFO per unit - diluted (non-GAAP)
- Excess of AFFO over distributions paid per unit
- Total indebtedness to EBITFV
- Interest coverage ratio
- Adjusted general and administrative expense as a percent of property revenue

10.2 (a) AFFO Payout Ratio

The AFFO payout ratio is a non-GAAP ratio which measures the sustainability of the REIT's distribution payout. Management believes this is a useful measure to investors since this metric provides transparency on performance. Management considers the AFFO payout ratio to be the best measure of the REIT's distribution capacity. The AFFO payout ratio is not a standardized financial measure under IFRS and should not be considered as an alternative to other ratios determined in accordance with IFRS. The component of the AFFO payout ratio, which is a non-GAAP financial measure, is AFFO, and the composition of the AFFO payout ratio is as follows:

	Three Months Ended			Year Ended		
For the periods ended December 31,	**2023**	2022	Change	**2023**	2022	Change
Distribution per unit - paid (A)	**$ 0.225**	$ 0.217	3.5 %	**$ 1.203**	$ 0.854	3.5 %
AFFO per unit - diluted (non-GAAP) [1] (B)	**$ 0.303**	$ 0.292	3.8 %	**$ 1.203**	$ 1.147	4.9 %
AFFO payout ratio (A)/(B)	**74.3 %**	74.3 %	— %	**73.4 %**	74.5 %	(1.1)%

1 For the purposes of calculating diluted per unit amounts, diluted units include restricted and deferred units issued under various plans and excludes the effects of settling the Class C LP Units with Class B LP Units.

10.2 (b) FFO per unit - Basic, FFO per unit - Diluted (non-GAAP), AFFO per unit - Basic and AFFO per unit - Diluted (non-GAAP)

FFO per unit - basic, FFO per unit - diluted (non-GAAP), AFFO per unit - basic and AFFO per unit - diluted (non-GAAP) are non-GAAP ratios and reflect FFO and AFFO on a weighted average per unit basis. Management believes these non-GAAP ratios are useful measures to investors since the measures indicate the impact of FFO and AFFO, respectively, in relation to an individual per unit investment in the REIT. When calculating diluted per unit amounts, diluted units include restricted and deferred units issued under various plans and exclude the effects of settling the Class C LP Units with Class B LP Units.

Management believes that FFO per unit ratios are useful measures of operating performance that, when compared period-over-period, reflect the impact on operations of trends in occupancy levels, rental rates, operating costs and property taxes, acquisition activities and interest costs, and provides a perspective of the financial performance that is not immediately apparent from net income per unit determined in accordance with IFRS. Management believes that AFFO per unit ratios are useful measures of operating performance similar to FFO as described above, adjusted for the impact of non-cash income and expense items. The FFO per unit and AFFO per unit ratios are not standardized financial measures under IFRS and should not be considered as an alternative to other ratios determined in accordance with IFRS. The component of the FFO per unit ratios, which is a non-GAAP financial measure, is FFO, and the component of AFFO per unit ratios, which is a non-GAAP financial measure, is AFFO.

	Three Months Ended			Year Ended		
For the periods ended December 31,	**2023**	2022	Change	**2023**	2022	Change
Funds from operations/unit - basic	**$ 0.330**	$ 0.322	2.5 %	**$ 1.309**	$ 1.266	3.4 %
Funds from operations/unit - diluted (non-GAAP)	**$ 0.330**	$ 0.322	2.5 %	**$ 1.308**	$ 1.264	3.5 %

	Three Months Ended			Year Ended		
For the periods ended December 31,	**2023**	2022	Change	**2023**	2022	Change
Adjusted funds from operations/unit - basic	**$ 0.304**	$ 0.292	4.1 %	**$ 1.205**	$ 1.149	4.9 %
Adjusted funds from operations/unit - diluted (non-GAAP)	**$ 0.303**	$ 0.292	3.8 %	**$ 1.203**	$ 1.147	4.9 %

Management calculates the weighted average units outstanding - diluted (non-GAAP) by excluding the full conversion of the Class C LP Units to Class B LP Units, which is not considered a likely scenario. As such, the REIT's fully diluted per unit FFO and AFFO amounts are calculated, excluding the effects of settling the Class C LP Units with Class B LP Units, which management considers a more meaningful measure.

10.2 (c) Excess of AFFO over Distributions Paid per unit

Excess of AFFO over distributions paid per unit is a non-GAAP ratio and reflects excess of AFFO over distributions on a weighted average per unit basis. Management believes this non-GAAP ratio is a useful measure to investors since it is an indicator of CT REIT's distribution capacity in relation to an individual per unit investment in the REIT. The excess of AFFO over distributions paid per unit is not a standardized financial measure under IFRS and should not be considered as an alternative to other ratios determined in accordance with IFRS. The component of the excess of AFFO over distributions paid per unit which is a non-GAAP financial measure is excess of AFFO over distributions paid. The composition of the excess of AFFO over distributions paid per unit is as follows:

(in thousands of Canadian dollars, except per unit amounts)	Three Months Ended		Year Ended	
For the periods ended December 31,	**2023**	2022	**2023**	2022
Excess of AFFO over distributions paid (A)	**$ 18,625**	$ 17,642	**$ 75,773**	$ 69,084
Weighted average units outstanding - diluted (non-GAAP) (B)	**235,723,101**	234,836,723	**235,485,646**	234,305,809
Excess of AFFO over distributions paid per unit (A)/(B)	**$ 0.079**	$ 0.075	**$ 0.322**	$ 0.295

10.2 (d) Total Indebtedness to EBITFV

Total indebtedness to EBITFV is a non-GAAP ratio. Management believes this non-GAAP ratio is a useful measure to investors since it provides an understanding of the REIT's ability to meet its debt obligations in relation to the degree it is leveraged. Total indebtedness to EBITFV should not be considered as an alternative to other ratios determined in accordance with IFRS. The component of total indebtedness to EBITFV which is a non-GAAP financial measure is EBITFV.

The composition of this ratio is as follows:

(in thousands of Canadian dollars)		
As at	**December 31, 2023**	December 31, 2022
Total indebtedness	**$ 2,880,994**	$ 2,787,634
EBITFV	**$ 421,958**	406,459
Total indebtedness / EBITFV	**6.83**	6.86

10.2 (e) Interest Coverage Ratio

Interest coverage ratio is a non-GAAP ratio which management believes to be a useful indicator of an entity's ability to service its debt. Generally, the higher the ratio is, the lower the risk of default on debt. This non-GAAP ratio is not a standardized financial measure under IFRS and should not be considered as an alternative to other ratios determined in accordance with IFRS. The component of interest coverage ratio which is a non-GAAP financial measure is EBITFV.

(in thousands of Canadian dollars)	Three Months Ended		Year Ended	
For the periods ended December 31,	**2023**	2022	**2023**	2022
EBITFV (A)	**$ 107,263**	$ 103,133	**$ 421,958**	$ 406,459
Interest expense and other financing charges (B)	**$ 29,795**	$ 27,743	**$ 114,482**	$ 110,672
Interest coverage ratio (A)/(B)	**3.60**	3.72	**3.69**	3.67

10.2 (f) Adjusted General and Administrative Expense as a Percent of Property Revenue

Adjusted general and administrative expense as a percent of property revenue is a non-GAAP ratio. Management believes this ratio is a useful measure since it is an indicator of an entity's ability to manage its general and administrative expenses in relation to property revenue without the influence of non-controllable fair value adjustments on unit-based awards. This non-GAAP ratio is not a standardized financial measure under IFRS and should not be considered as an alternative to other ratios determined in accordance with IFRS. The component of adjusted general and administrative expense as a percent of property revenue which is a non-GAAP financial measure is adjusted general and administrative expense.

(in thousands of Canadian dollars)	Year Ended	
For the year ended December 31,	**2023**	2022
Personnel expense [1]	**$ 9,825**	$ 9,708
Services Agreement with CTC	**1,094**	1,094
Public entity and other [1]	**4,318**	3,676
General and administrative expense	**$ 15,237**	$ 14,478
Fair value adjustment of unit based compensation	**(625)**	(866)
Adjusted general and administrative expense (A)	**$ 15,862**	$ 15,344
Property revenue (B)	**$ 552,772**	$ 532,795
Adjusted general and administrative expense % of property revenue (A/B)	**2.9 %**	2.9 %

[1] Includes unit-based awards, including loss (gain) adjustments as a result of the change in the fair market value of the Units of $(625) (YTD 2022 - $(866)) for the year ended December 31, 2023.

11.0 SELECTED QUARTERLY CONSOLIDATED INFORMATION

(in thousands of Canadian dollars, except per unit amounts)	2023				2022			
As at and for the quarter ended	**Q4**	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Property revenue	**$ 139,968**	**$ 137,479**	**$ 137,819**	**$ 137,506**	$ 135,175	$ 133,155	$ 132,515	$ 131,950
Net income	**$ 38,239**	**$ 11,327**	**$ 109,357**	**$ 70,511**	$ 74,749	$ 77,014	$ 79,771	$ 93,079
Net income per unit								
- basic	**$ 0.162**	**$ 0.048**	**$ 0.465**	**$ 0.300**	$ 0.319	$ 0.329	$ 0.341	$ 0.399
- diluted	**$ 0.161**	**$ 0.048**	**$ 0.376**	**$ 0.265**	$ 0.276	$ 0.285	$ 0.296	$ 0.345
FFO per unit - diluted (non-GAAP) [1]	**$ 0.330**	**$ 0.327**	**$ 0.330**	**$ 0.321**	$ 0.322	$ 0.321	$ 0.313	$ 0.307
AFFO per unit - diluted (non-GAAP) [1]	**$ 0.303**	**$ 0.301**	**$ 0.304**	**$ 0.295**	$ 0.292	$ 0.292	$ 0.284	$ 0.278
Total assets	**$6,966,564**	**$6,956,954**	**$6,950,062**	**$6,863,797**	$6,844,789	$6,763,640	$6,702,583	$6,592,386
Total indebtedness	**$2,880,994**	**$2,856,277**	**$2,776,260**	**$2,791,349**	$2,787,634	$2,747,368	$2,697,073	$2,697,056
Total distributions, net of distribution reinvestment, to unitholders - paid	**$ 48,151**	**$ 47,775**	**$ 46,551**	**$ 46,631**	$ 46,128	$ 46,011	$ 44,282	$ 44,120
Total distributions per unit - paid	**$ 0.225**	**$ 0.225**	**$ 0.217**	**$ 0.217**	$ 0.217	$ 0.217	$ 0.212	$ 0.210
Book value per unit	**$ 16.34**	**$ 16.44**	**$ 16.63**	**$ 16.39**	$ 16.31	$ 16.21	$ 16.10	$ 15.97
Market price per unit								
- high	**$ 14.80**	**$ 15.71**	**$ 16.47**	**$ 16.87**	$ 16.23	$ 17.31	$ 18.46	$ 18.41
- low	**$ 12.57**	**$ 13.52**	**$ 14.31**	**$ 15.30**	$ 14.21	$ 14.46	$ 15.25	$ 16.02
- closing as at period end	**$ 14.65**	**$ 13.69**	**$ 15.09**	**$ 16.03**	$ 15.59	$ 15.01	$ 16.57	$ 17.68

[1] Non-GAAP ratio.

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

(in thousands of Canadian dollars)	2023				2022			
As at and for the quarter ended	**Q4**	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Net Income and comprehensive income	**$ 38,239**	**$ 11,327**	**$ 109,357**	**$ 70,511**	$ 74,749	$ 77,014	$ 79,771	$ 93,079
Fair value adjustment on investment property	**39,334**	**66,669**	**(31,547)**	**4,180**	860	(608)	(6,020)	(22,077)
GP income tax expense	**(628)**	**(152)**	**367**	**444**	(495)	(181)	20	541
Lease principal payments on right-of-use assets	**(171)**	**(176)**	**(154)**	**(351)**	(145)	(213)	(94)	(112)
Fair value adjustment of unit-based compensation	**523**	**(913)**	**(533)**	**298**	276	(834)	(499)	191
Internal leasing expense	**407**	**318**	**319**	**246**	325	219	234	203
Funds from operations	**$ 77,704**	**$ 77,073**	**$ 77,809**	**$ 75,328**	$ 75,570	$ 75,397	$ 73,412	$ 71,825
Property straight-line rent revenue	**386**	**507**	**392**	**422**	(579)	(350)	(453)	(462)
Direct leasing costs [1, 2]	**(290)**	**(346)**	**(362)**	**(192)**	(233)	(105)	(112)	(97)
Capital expenditure reserve [1]	**(6,326)**	**(6,208)**	**(6,181)**	**(6,327)**	(6,243)	(6,347)	(6,227)	(6,213)
Adjusted funds from operations	**$ 71,474**	**$ 71,026**	**$ 71,658**	**$ 69,231**	$ 68,515	$ 68,595	$ 66,620	$ 65,053

[1] Comparatives have been restated to conform with current year's presentation.

[2] Excludes internal and external leasing costs related to development projects.

Property revenue, distributions and other financial and operational results noted above have grown at a steady rate. However, macroeconomic factors (including, but not limited to, inflationary pressures, and higher interest rates) and market trends may have an influence on consumer spending, the demand for space, occupancy levels and, consequently, the REIT's operating performance, the impact of which is difficult to predict.

Refer to CT REIT's respective annual and interim MD&A's issued for a discussion and analysis relating to the above periods.

12.0 ENTERPRISE RISK MANAGEMENT

Enterprise Risk Management Framework

To preserve and enhance unitholder value over the long term, CT REIT takes a balanced approach to risk taking together with effective risk management. The effective management of risk within CT REIT is a key priority for the Board and senior management, as such the REIT has adopted an Enterprise Risk Management Framework ("ERM Framework") for identifying, assessing, monitoring, mitigating and reporting key risks.

The ERM Framework is designed to provide an integrated approach to the management of risks, through a disciplined manner that:

- Safeguards the REIT's reputation;
- Supports the achievement of the REIT's strategic objectives, including financial goals;
- Preserves and enhances unitholder value; and
- Supports business planning and operations by providing a cross-functional perspective to risk management, integrated with strategic planning and reporting processes.

Risk Governance

The foundation of the REIT's ERM Framework is a governance approach that includes a comprehensive set of policies that, together with the REIT's Declaration of Trust, require the identification, assessment, monitoring, mitigation and reporting of all Key Risks on a timely basis. The key elements of risk governance are the Board and Chief Executive Officer, supported by senior management and the three lines of defense operating model (which includes (i) business and support functions, (ii) oversight functions and (iii) internal audit). Clearly defined roles and responsibilities, coupled with timely monitoring and reporting, assist in supporting a strong risk culture and effective governance of risk.

Fundamental to risk governance at the REIT is the oversight by senior management and the Audit Committee of all Key Risks and emerging risks faced by the REIT. Members of senior management of the REIT assist the Chief Executive Officer in discharging responsibilities with respect to managing strategies in alignment with the REIT's risk appetite, recommending various risk-related policies for the Board's approval and evaluating the effectiveness of controls the REIT has in place to mitigate risk and support the REIT's strategy. The REIT monitors its risk exposures to assess that its business activities are operating within approved limits or guidelines and risk appetite. Exceptions, if any, are reported to the Chief Financial Officer, the Chief Executive Officer and to the Audit Committee and the Board, as appropriate.

Key Risks

A key element of the ERM Framework is the identification and assessment of the REIT's key risks. A key risk is defined as one that, alone or in combination with other interrelated risks, could have a material adverse effect on the REIT's reputation, financial position, and/or ability to achieve its strategic objectives. Management has developed mitigation plans for each of the key risks, which are reviewed regularly by senior management and reported to the Audit Committee and the Board. Although the REIT believes the measures taken to mitigate risks are reasonable, there can be no assurance that they will effectively control all risks that may have a negative impact. In addition, there are numerous other risk factors that are difficult to predict and could adversely affect the REIT's reputation, financial results, operations and strategic objectives.

The following table provides an overview of each of the REIT's key risks and other risks associated with the REIT's business and operations in the REIT's risk universe, which categorizes all of the REIT's risks into the following main categories: Strategic, Financial, Operational, and Environmental and Social risks and related risk management strategies. Further information on the REIT's key risks is presented in the REIT's 2023 AIF. CT REIT cautions that the discussion of risks, including those risks described in the REIT's 2023 AIF, is not exhaustive. When considering whether to purchase or sell Units of the REIT, investors and others should carefully consider these factors as well as other uncertainties, potential events and industry specific factors that may adversely impact the REIT's future results.

Key Risks	Risk Management Strategy
External Economic Environment The REIT is subject to risks resulting from fluctuations or fundamental changes in the external business environment. These fluctuations or fundamental shifts in the macroeconomic environment as well as the environment in regions and local marketplaces where the REIT conducts its business could include: • changes in the current economic environment and uncertainty with respect to future potential economic disruption including recession, depression, or high inflation impacting business and consumer confidence and spending; • changes in the economic stability of local markets such as business layoffs, industry slow-downs, changing demographics and other factors impacting tenants' revenues and their ability to pay rent, and the REIT's ability to lease space, renew leases and derive income from the properties in the affected market; • changes in the economic condition and regulatory environment of the regions in which the REIT's properties are concentrated, which may have a material adverse effect on the REIT's business, cash flows, financial condition, results of operations and ability to make distributions to unitholders; • changes in retail shopping behaviours and habits of consumers and the introduction of new "technologies" and competitors impacting the relevance of the products, sales channels, or services offered by the REIT's key tenant, which may result in a negative impact on their financial position culminating in a decrease in the demand for physical space, which could adversely affect the REIT's financial performance; and • increased competition amongst investors, developers, owners and operators of properties similar to those of the REIT could negatively impact the availability of suitable acquisition opportunities thereby increasing the REIT's cost of acquisition as well as its' ability to lease properties, renew leases and achieve rental increases, which may adversely impact the REIT's financial condition and results of operations.	The REIT regularly monitors and analyzes the external economic conditions, demographic, consumer behaviour and competitive developments in Canada related to its business. Results are shared with the REIT executives, who are accountable for any necessary amendments to the strategic and operational plans and for on-going investment decisions in order to respond to evolving market and economic trends.

Key Risks	Risk Management Strategy
Key Business Relationship The REIT's relationship with its majority unitholder, CTC, is integral to its business strategy and could affect the REIT's cash flows, operating results, overall financial performance and its ability to make distributions. Key factors inherent in this relationship include: • situations where the interests 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 interest in all cases, causing the REIT not to be able to operate in a manner that is in its favour, which could adversely affect the REIT's cash flows, operating results, valuation, and overall financial condition; • the dependence of the REIT's revenues on the ability of its key tenant, CTC, to meet its rent obligations and renew its tenancies. 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. The future financial performance and operating results of CTC's business are subject to inherent risks. A downturn in CTC's business resulting in an inability to meet their obligations under their leases and/or if a significant amount of available space in the properties was not able to be leased on economically favourable lease terms could have a material effect on the financial performance of the REIT, its cash flows, and the REIT's ability to make distributions to unitholders; and • the REIT's dependency on the services of key personnel including certain CTC personnel who supply necessary services to operate the REIT for its effective management and governance. Failure to receive these services or the need to replace the service provider in a short period of time could have a material adverse effect on the REIT.	The REIT benefits from the stability offered by CTC businesses including Canadian Tire, one of Canada's most resilient, iconic and trusted omni-channel general merchandise retailers with high recognition and a strong reputation throughout the communities it serves. Appropriate governance structures, including policies, processes and other management activities and practices are in place to maintain and monitor the relationship between the REIT and CTC. In addition, Management regularly monitors the operating results and credit ratings of CTC.

Key Risks	Risk Management Strategy
Financial Risks associated with macroeconomic conditions which are highly cyclical and volatile could have a material effect on the REIT's financial position and its ability to achieve its strategic goals and aspirations. Such risks include: • fundamental changes in the economic environment, significant event, or volatility in the financial markets resulting in changes in interest rates that affect the value of real estate, the value of the Units, the economics of acquisition activity and the availability of capital impacting the financial position of the REIT and its ability to make distributions to its unitholders; and • the REIT's ability to manage fluctuations in interest rates, access to capital and liquidity, the price of the Units and the REIT's degree of leverage. Failure to develop, implement, and execute effective strategies to manage these risks may result in insufficient capital to absorb unexpected losses and/or changes in asset value negatively affecting the REIT's financial performance and increasing the REIT's vulnerability to a downturn in business or the economy.	The REIT has a Board-approved financial risk management policy in place that governs the management of capital, funding, and other financial risks. The indebtedness and Class C LP Units of the REIT are predominantly at fixed rates and its variable interest rate exposure is minimal. The weighted average term to redemption/ maturity of the REIT's debt portfolio is managed to generally align with the weighted average term to maturity of the REIT's assets. The REIT manages refinancing risk by maintaining a diversified debt redeeming/ maturity schedule to limit the amount of debt maturing in any one year.
Legal and Regulatory Compliance Failure to adhere to laws and regulations by the REIT may result in regulatory related issues or decrease investor confidence and a decline in the Unit price. Changes to laws and regulations applicable to the REIT may adversely affect the REIT's financial condition, results of operation, and distributions to unitholders, including: • changes in income tax laws such that the REIT would not qualify as a mutual fund trust for purposes of the Income Tax Act ("ITA"), including the treatment of real estate investment trusts and mutual fund trusts, or the exclusion from the definition of "SIFT TRUST" for a trust qualifying as a "real estate investment trust" for a taxation year under the ITA, which could have a material and adverse impact on the value of the units, and on distributions to unitholders; and • changes in various federal, provincial, territorial and municipal laws relating to environmental matters, including climate change, which may result in the REIT bearing the risk of cost-intensive assessment, technologies, and the removal of contamination, hazardous or other regulated substances causing an adverse effect on the REIT's financial condition, results of operation, cash available for distribution to unitholders.	The REIT has appropriate governance structures, including policies, processes and controls in place to comply with legal and regulatory requirements, including but not limited to the REIT's ability to continue to satisfy the conditions to qualify as a closed end mutual fund trust and to comply with environmental laws and address any material environmental issues, including climate change. The REIT monitors environmental risks as they continue to evolve especially as they relate to global transition to a net-zero economy and the impact of climate change.

Key Risks	Risk Management Strategy
Operations The REIT is subject to the risk that a direct or indirect loss of operating capabilities may occur due to: • inadequate or failed operations processes (property management, development, redevelopment and renovation risks such as substantial unanticipated delays and expenses or the inability to initiate or complete activities) that could have an adverse effect on the REIT's reputation, financial condition, results of operations, cash flow, trading price of the Units, distributions to unitholders and the ability of the REIT to satisfy its principal and interest obligations; • internal or outsourced business activities and business disruptions and ineffective business continuity and contingency planning, which could adversely affect the reputation, operations and financial performance of the REIT; and • talent shortages due to external pressure or the inability to effectively attract and retain talented and experienced employees, which may negatively impact the REIT's ability to operate its business and execute its strategy.	The REIT has appropriate governance structures, including policies, processes, contracts, service agreements and other management activities in place to maintain the operational performance of the REIT and to support the REIT's reputation, business and strategic objectives. CT REIT is subject to the risk that a direct or indirect loss of operating capabilities may occur due to property, development, redevelopment and renovation risks, disasters, health events, cyber incidents, climate change, ineffective business continuity and contingency planning, and talent shortages.

13.0 INTERNAL CONTROLS AND PROCEDURES

13.1 Disclosure Controls and Procedures

Management is responsible for establishing and maintaining a system of controls and procedures over the public disclosure of financial and non-financial information regarding CT REIT. Such controls and procedures are designed to provide reasonable assurance that all relevant material information is gathered and reported, on a timely basis, to senior management, including the CEO and the Chief Financial Officer ("CFO"), so that they can make appropriate decisions regarding public disclosure.

As required by CSA National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), an evaluation of the adequacy of the design (quarterly) and effective operation (annually) of CT REIT's disclosure controls and procedures was conducted, under the supervision of management, including the CEO and CFO, as at December 31, 2023. Based on that evaluation, the CEO and the CFO have concluded that the design and operation of the system of disclosure controls and procedures were effective as at December 31, 2023.

13.2 Internal Control Over Financial Reporting

Management is also responsible for establishing and maintaining appropriate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of consolidated financial statements for external purposes in accordance with IFRS.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation and may not prevent or detect misstatements.

As also required by NI 52-109, management, including the CEO and CFO, evaluated the adequacy of the design (quarterly) and effective operation (annually) of CT REIT's internal controls over financial reporting using the framework established by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (2013). Based on that evaluation, the CEO and the CFO have concluded that the design and operation of CT REIT's internal controls over financial reporting were effective as at December 31, 2023.

13.3 Changes in Internal Control Over Financial Reporting

During the quarter and year ended December 31, 2023, there have been no changes in CT REIT's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, CT REIT's internal controls over financial reporting.

14.0 FORWARD-LOOKING INFORMATION

This MD&A, and the documents incorporated by reference herein, contain forward-looking statements that involve a number of risks and uncertainties, including statements regarding the outlook for CT REIT's business and 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, 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; availability of acquisition opportunities; budgets; capital expenditures; financial results, including fair value adjustments and cash flow assumptions upon which they are based; cash and liquidity; taxes; and plans and objectives of or involving CT REIT. Statements regarding future acquisitions, developments, distributions, results, performance, achievements, and 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 CT REIT's:

- growth strategy and objectives under section 2.0;
- fair value of property portfolio under section 4.4;
- development and related activities under section 4.6, including with respect to the redevelopment and tenancy at Canada Square;
- leasing activities under section 4.10;
- recoverable capital costs under section 4.11;
- capital expenditures to fund acquisitions and development activities under section 6.1;
- capital strategy under section 6.11;
- commitments as at December 31, 2023 under section 6.12;
- distributions under section 7.3;
- capital expenditures under section 10.1 (g);
- access to available sources of debt and/or equity financing;

- expected tax treatment of CT REIT and its Distributions to unitholders;
- ability to expand its asset base, make accretive acquisitions, develop or intensify its Properties and participate with CTC in the development or intensification of the Properties; and
- ability to continue to qualify as a “real estate investment trust”, as defined pursuant to the ITA.

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. Such factors and assumptions include but are not limited to whether there continues to be a risk of recession in Canada and the timing and extent of further changes to inflation and interest rates; that tax laws will remain unchanged; that the REIT will continue to manage its liquidity and debt covenants; that conditions within the real estate market, including competition for acquisitions, will normalize to historical levels in the near- to medium-term; that Canadian capital markets will provide CT REIT with access to equity and/or debt at reasonable rates when required; that the redevelopment and related activities with respect to Canada Square will proceed as planned; and that CTC will continue its involvement with the REIT on the basis described in its 2023 AIF.

Although the forward-looking statements contained in this MD&A are based upon assumptions that the REIT believes are reasonable, given 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 in section 12.0 of this MD&A and under the “Risk Factors” section of the 2023 AIF.

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.sedarplus.ca and by a link at www.ctreit.com.

CT REIT cautions that the foregoing list of important factors and assumptions is not exhaustive and other factors could also materially and 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 can have on CT REIT’s business. For example, they do not include the effect of any dispositions, acquisitions, asset write-downs 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 does not form part of this MD&A 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 Investors section of the REIT's website, accessible by a link at www.ctreit.com includes the following documents and information of interest to investors:

- Annual Information Form;
- Consolidated financial statements and accompanying notes for the year ended December 31, 2023;
- Management Information Circular;
- the Base Shelf Prospectus and related prospectus supplements;
- quarterly financial statements and related MD&As; 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.sedarplus.ca.

February 13, 2024

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CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

Management’s Responsibility for Financial Statements

The management of CT Real Estate Investment Trust (“CT REIT”) is responsible for the integrity and reliability of the accompanying consolidated financial statements. These consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards, and include amounts based on judgments and estimates. All financial information in our Management’s Discussion and Analysis is consistent with these consolidated financial statements.

Management is responsible for establishing and maintaining adequate systems of internal control over financial reporting. 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 has assessed the effectiveness of CT REIT’s internal control over financial reporting based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and concluded that CT REIT’s internal control over financial reporting was effective as at the date of these consolidated statements.

The Board of Trustees oversees management’s responsibilities for the consolidated financial statements primarily through the activities of its Audit Committee, which is comprised 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 to the Board of Trustees. The Audit Committee is responsible for making recommendations to the Board of Trustees with respect to the appointment of and, subject to the approval of the Unitholders authorizing the Board of Trustees to do so, approving the remuneration and 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.

The consolidated financial statements have been audited by Deloitte LLP, in accordance with Canadian generally accepted auditing standards. Their report is presented below.

<< Kevin Salsberg >>

Kevin Salsberg
President and Chief Executive Officer

<< Lesley Gibson >>

Lesley Gibson
Chief Financial Officer

February 13, 2024

Independent Auditor's Report

To the Unitholders and the Board of Trustees of
CT Real Estate Investment Trust

Opinion

We have audited the consolidated financial statements of CT Real Estate Investment Trust (the "REIT"), which comprise the consolidated balance sheets as at December 31, 2023 and 2022, and the consolidated statements of income and comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the REIT as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the REIT in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Fair Value of Investment Properties — Refer to Note 4 to the financial statements

Key Audit Matter Description

The REIT measures investment properties at fair value subsequent to acquisition. The fair value of each investment property is estimated using the discounted cash flow ("DCF") method. This method requires management to make estimates and assumptions.

The assumptions with the highest degree of subjectivity and impact on fair values are the discount rates and terminal capitalization rates. Auditing these assumptions required a high degree of auditor judgment and this resulted in an increased extent of audit effort, including the need to involve fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the discount rates and terminal capitalization rates used to determine the fair value of the investment properties included the following, among others:

- Evaluated the effectiveness of controls over management's process for determining the fair value of investment properties, including those over the determination of the discount rates and terminal capitalization rates.

- With the assistance of fair value specialists, evaluated the reasonableness of management's discount rates and terminal capitalization rates by considering recent market transactions and industry surveys.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

- The information, other than the financial statements and our auditor's report thereon, in the 2023 CT REIT Annual Report (the "Annual Report").

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the REIT's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the REIT or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the REIT's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 REIT's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the REIT's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the REIT to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Rose Fitzsimon.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
February 13, 2024

Consolidated Balance Sheets

(Canadian dollars, in thousands)

As at	Note	December 31, 2023	December 31, 2022
Assets			
Non-current assets			
Investment properties	4	**$ 6,936,000**	$ 6,833,000
Other assets	5	**1,704**	1,863
		6,937,704	6,834,863
Current assets			
Tenant and other receivables		**3,455**	3,734
Other assets	5	**4,639**	3,581
Cash and cash equivalents		**20,766**	2,611
		28,860	9,926
Total assets		**$ 6,966,564**	$ 6,844,789
Liabilities			
Non-current liabilities			
Class C LP Units	6	**$ 1,251,550**	$ 1,451,550
Mortgages payable	7	**8,623**	9,128
Debentures	8	**1,420,313**	1,170,905
Lease liabilities	9	**100,177**	102,223
Other liabilities	10	**5,198**	5,150
		2,785,861	2,738,956
Current liabilities			
Class C LP Units	6	**200,000**	—
Mortgages payable	7	**508**	56,167
Credit facilities	11	**—**	99,884
Lease liabilities	9	**923**	649
Other liabilities	10	**113,875**	104,987
Distributions payable	12	**17,628**	16,973
		332,934	278,660
Total liabilities		**3,118,795**	3,017,616
Equity			
Unitholders' equity	12	**1,707,336**	1,698,250
Non-controlling interests	12, 14	**2,140,433**	2,128,923
Total equity		**3,847,769**	3,827,173
Total liabilities and equity		**$ 6,966,564**	$ 6,844,789

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

<<John O'Bryan>>

John O'Bryan
Trustee

<<Anna Martini>>

Anna Martini
Trustee

Consolidated Statements of Income and Comprehensive Income

(Canadian dollars, in thousands, except per unit amounts)

		Year ended	
For the year ended December 31,	Note	2023	2022
Property revenue	15	$ **552,772**	$ 532,795
Property expense	15	**(115,523)**	(111,133)
General and administrative expense	16	**(15,237)**	(14,478)
Net interest and other financing charges	17	**(113,942)**	(110,416)
Fair value adjustment on investment properties	4	**(78,636)**	27,845
Net income and comprehensive income		$ **229,434**	$ 324,613
Net income and comprehensive income attributable to:			
Unitholders	12	$ **105,287**	$ 148,264
Non-controlling interests	12, 14	**124,147**	176,349
		$ **229,434**	$ 324,613
Net income per unit - basic	12	$ **0.976**	$ 1.387
Net income per unit - diluted	12	$ **0.870**	$ 1.185

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

Consolidated Statements of Changes in Equity

(Canadian dollars, in thousands)

	Note	Units	Retained Earnings	Unitholders' Equity	Non-controlling interests	Total Equity
Balance at December 31, 2022		**$ 1,112,415**	**$ 585,835**	**$ 1,698,250**	**$ 2,128,923**	**$ 3,827,173**
Net income and comprehensive income for the period	12, 14	**—**	**105,287**	**105,287**	**124,147**	**229,434**
Distributions	12	**—**	**(95,635)**	**(95,635)**	**(112,637)**	**(208,272)**
Issuance of Units under Distribution Reinvestment Plan and other	12	**18,066**	**—**	**18,066**	**—**	**18,066**
Units repurchased and cancelled	12	**(6,433)**	**101**	**(6,332)**	**—**	**(6,332)**
Automatic purchase plan	12	**—**	**(12,300)**	**(12,300)**	**—**	**(12,300)**
Balance at December 31, 2023		**$ 1,124,048**	**$ 583,288**	**$ 1,707,336**	**$ 2,140,433**	**$ 3,847,769**

	Note	Units	Retained Earnings	Unitholders' Equity	Non-controlling interests	Total Equity
Balance at December 31, 2021		**$ 1,093,257**	**$ 529,108**	**$ 1,622,365**	**$ 2,055,784**	**$ 3,678,149**
Net income and comprehensive income for the period	12, 14	—	148,264	148,264	176,349	324,613
Issuance of Class B LP Units, net of issue costs	12	—	—	—	5,617	5,617
Distributions	12		(91,537)	(91,537)	(108,827)	(200,364)
Issuance of Units under Distribution Reinvestment Plan	12	19,158	—	19,158	—	19,158
Balance at December 31, 2022		**$ 1,112,415**	**$ 585,835**	**$ 1,698,250**	**$ 2,128,923**	**$ 3,827,173**

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

Consolidated Statements of Cash Flows

(Canadian dollars, in thousands)

			Year ended		
For the year ended December 31,	Note		**2023**		2022
Cash generated from (used for):					
Operating activities					
Net income		**$**	**229,434**	$	324,613
Add/(deduct):					
Fair value adjustment on investment properties	4		**78,636**		(27,845)
Property straight-line rent revenue	15		**1,707**		(1,844)
Deferred income tax			**31**		(115)
Net interest and other financing charges	17		**113,942**		110,416
Changes in working capital and other	18		**1,305**		(5,952)
Cash generated from operating activities		**$**	**425,055**	$	399,273
Investing activities					
Income-producing property investments			**(2,859)**		(21,664)
Development and intensification activities			**(152,317)**		(167,811)
Capital expenditures recoverable from tenants			**(31,742)**		(30,142)
Proceeds of disposition	4		**389**		—
Cash used for investing activities		**$**	**(186,529)**	$	(219,617)
Financing activities					
Proceeds from issuance of debentures	8		**250,000**		250,000
Redemption of debentures			**—**		(150,000)
Unit distributions			**(76,793)**		(72,040)
Unit repurchased under normal course issuer bid	12		**(6,332)**		—
Class B LP Unit distributions paid or loaned			**(112,315)**		(108,501)
Payments on Class C LP Units paid or loaned	6, 17		**(63,962)**		(63,962)
Credit facilities (repayments) draws, net	11		**(99,884)**		20,584
Lease principal payments on right-of-use assets			**(852)**		(564)
Mortgage principal repayments	7		**(56,078)**		(10,081)
Net interest paid			**(53,019)**		(43,807)
Debenture issuance costs			**(1,136)**		(1,455)
Debenture settlement costs			**—**		(744)
Class B LP Unit issuance costs			**—**		(30)
Cash used for financing activities		**$**	**(220,371)**	$	(180,600)
Cash generated/(used) in the period		**$**	**18,155**	$	(944)
Cash and cash equivalents, beginning of period			**2,611**		3,555
Cash and cash equivalents, end of period		**$**	**20,766**	$	2,611

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023 and 2022

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

1. NATURE OF CT REAL ESTATE INVESTMENT TRUST

CT Real Estate Investment Trust is an unincorporated, closed-end real estate investment trust. CT Real Estate Investment Trust and its subsidiaries, unless the context requires otherwise, are together referred to in these consolidated financial statements as “CT REIT” or the “REIT”. CT REIT commenced operations on October 23, 2013, and was formed to own income-producing commercial properties located primarily in Canada. The principal and registered head office of CT REIT is located at 2180 Yonge Street, Toronto, Ontario, M4P 2V8.

Canadian Tire Corporation, Limited (“CTC”) owned a 68.4% effective interest in CT REIT as of December 31, 2023, consisting of 33,989,508 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. CTC also owns all of the issued and outstanding Class C limited partnership units (“Class C LP Units”) of the Partnership (see Note 6). The Units are listed on the Toronto Stock Exchange (the “TSX”) under the symbol CRT.UN.

2. BASIS OF PRESENTATION

(a) Fiscal year

The fiscal years for the consolidated financial statements and the notes presented are for the years ended December 31, 2023 and 2022.

(b) Statement of compliance

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

These consolidated financial statements were approved for issuance by CT REIT’s Board of Trustees (the “Board”), on the recommendation of its Audit Committee, on February 13, 2024.

(c) 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$”), which is CT REIT’s functional currency, rounded to the nearest thousand, except per unit amounts.

(d) Critical judgments in applying material accounting policy information

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

(i) Leases

CT REIT as a lessor

The REIT's policy for revenue recognition as a lessor is described in Note 3(e). 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, or constitutes a tenant incentive that is amortized as a reduction of lease revenue over the initial term of the lease.

The 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. The REIT has determined that all of its leases are operating leases.

CT REIT as a lessee

For the measurement of lease liabilities with respect to the ground leases with third party landlords, the REIT considers all factors that create an economic incentive to exercise extension options, or not exercise termination options available in its leasing arrangements. Extension options, or periods subject to termination options, are only included in the lease term if the REIT determines it is reasonably certain to be extended or not terminated. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The REIT uses its incremental borrowing rate to account for the ground leases with third party landlords. The implicit rates in the ground leases, fair value of the underlying property and the initial direct costs incurred by the lessor related to the leased assets are not readily available information from the lessor. The REIT determines the incremental borrowing rate as the rate of interest that it would pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

(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. For properties under development, CT REIT exercises judgment in determining when development activities have commenced, when and how much borrowing costs are to be capitalized to the development project, and the point of practical completion.

On a periodic basis, CT REIT obtains independent appraisals such that approximately 80% of its property portfolio, by value, are externally appraised over a four-year period.

(iii) Income taxes

CT REIT makes judgments that, with the exception of transactions involving CT REIT GP Corp. (the “GP”), 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, CT REIT intends to continue to distribute its taxable income and therefore continue to qualify as a real estate investment trust for the foreseeable future.

(iv) Consolidation

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

(v) Proportionate consolidation of interest in Canada Square

CT REIT makes judgments in the application of IFRS 11 - *Joint Arrangements* in its assessment of joint control over the one-half interest it holds in Canada Square, a mixed-use commercial property in Toronto, Ontario (the “Co-Ownership”), and its rights to the assets and obligations for the liabilities related to the Co-Ownership.

(e) Critical accounting estimates and assumptions

CT REIT makes estimates and assumptions that affect the carrying amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amount of earnings for the period. Actual results may differ from estimates. The estimates and assumptions underlying the valuation of investment properties are set out in Note 4 and are considered critical.

(f) Standards, amendments and interpretations issued and adopted

The following amendment was adopted for the fiscal year ended December 31, 2023, and accordingly, has been applied in preparing these consolidated financial statements.

(i) Improving accounting policy disclosures and clarifying distinction between accounting policies and accounting estimates (Amendments to IAS 8)

In February 2021, the International Accounting Standards Board (“IASB”) issued narrow-scope amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Amendments to IAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important as changes in accounting estimates are applied prospectively only to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events.

The implementation of these amendments did not have a significant impact on CT REIT.

(g) Standards, amendments and interpretations issued but not yet adopted

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ended December 31, 2023, and accordingly, have not been applied in preparing these consolidated financial statements.

(i) Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

In January 2020, the IASB issued an amendment to IAS 1, Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position. The amendment clarified that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduced a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. On October 31, 2022, the IASB issued Non-Current Liabilities with Covenants (Amendments to IAS 1). These amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. The implementation of these amendments is not expected to have a significant impact on CT REIT.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

These consolidated financial statements include the accounts of CT REIT and its consolidated subsidiaries consisting of the Consolidated Partnership and the GP and their subsidiaries, 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 intra-group 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 issued and outstanding Class A limited partnership units ("Class A LP Units") of the Partnership, which are the sole class of Partnership units that carry voting rights. In addition, CT REIT holds all of the issued and outstanding shares of the GP, 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 and its subsidiaries.

Non-controlling interests in the equity of the Partnership, which consists of Class B LP Units held by a wholly owned subsidiary of CTC, are shown separately in equity on the Consolidated Balance Sheets.

(b) Joint arrangements

A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control whereby decisions about relevant activities require unanimous consent of the parties sharing control. A joint arrangement is classified as a joint operation when the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities related to the arrangement. A joint arrangement is classified as a joint venture when the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A party to a joint operation records its interest in the assets, liabilities, revenue and expenses of the joint operation.

CT REIT has a one-half interest in the Co-Ownership, pursuant to a co-ownership arrangement. The Co-Ownership is a joint arrangement as the material decisions about relevant activities require unanimous consent of the co-owners. This joint arrangement is a joint operation as each co-owner has rights to the assets and obligations for the liabilities related to the Co-Ownership. Accordingly, CT REIT recognizes its proportionate share of the assets, liabilities, revenue and expenses of the Co-Ownership in its financial statements.

(c) 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*. 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*, 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 properties, 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, properties under development are 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 as 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 lease 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.

(d) Leases - Lessee

The REIT assesses whether a contract is or contains a lease, at inception of the contract. Leases are recognized as a right-of-use asset and corresponding liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. The finance cost is recognized in net interest and other financing charges in the Consolidated Statements of Income and Comprehensive Income over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), variable lease payments that are based on an index or a rate or subject to a fair market value renewal, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option. The REIT allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate stand-alone price of the non-lease components. The lease liability is net of lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee’s incremental borrowing rate. The period over which the lease payments are discounted is the reasonably certain lease term, including renewal options that the REIT is reasonably certain to exercise. Renewal options are included in a number of leases across the REIT.

Right-of-use assets are measured at fair value and are included in investment properties in the Consolidated Balance Sheets; and corresponding fair value adjustments are reflected in fair value adjustment on investment properties in the Consolidated Statements of Income and Comprehensive Income.

(e) Revenue recognition - Lessor

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 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 properties, is recorded for the difference between the rental revenue recorded and the contractual amount of minimum base rent received or receivable.

(f) 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 Exception"). 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 meets the REIT Exception. Accordingly, with the exception of transactions with the GP, no net current income tax expense or deferred income tax assets or liabilities have been recorded in the consolidated financial statements.

(g) 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 fixed payments on the Class C LP Units are presented as interest expense in the consolidated statement of income and comprehensive income using the effective interest method.

(h) 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.

4. INVESTMENT PROPERTIES

The following table summarizes CT REIT's property portfolio:

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Income-producing properties	**Properties Under Development**	**Total investment properties**	Income-producing properties	Properties Under Development	Total investment properties
Balance, beginning of period	**$ 6,703,462**	**$ 129,538**	**6,833,000**	$ 6,409,844	$ 79,156	$ 6,489,000
Property investments	**2,087**	**—**	**2,087**	27,375	—	27,375
Intensifications	**—**	**71,211**	**71,211**	—	136,674	136,674
Developments	**—**	**70,288**	**70,288**	—	76,246	76,246
Development land	**—**	**325**	**325**	—	16,468	16,468
Capitalized interest and property taxes	**—**	**7,343**	**7,343**	—	3,666	3,666
Transfers from PUD	**206,780**	**(206,780)**	**—**	182,672	(182,672)	—
Transfers to PUD	**(14,405)**	**14,405**	**—**	—	—	—
Right-of-use assets - lease amendments and additions	**(1,805)**	**—**	**(1,805)**	27,047	—	27,047
Fair value adjustment on investment properties	**(78,636)**	**—**	**(78,636)**	27,845	—	27,845
Straight-line rent	**(1,700)**	**—**	**(1,700)**	1,844	—	1,844
Recoverable capital expenditures	**34,276**	**—**	**34,276**	26,835	—	26,835
Dispositions	**(389)**	**—**	**(389)**	—	—	—
Balance, end of period	**$ 6,849,670**	**$ 86,330**	**$ 6,936,000**	$ 6,703,462	$ 129,538	$ 6,833,000

Investment properties are measured at fair value, determined using the discounted cash flow method. Under this methodology, discount rates are applied to the projected annual operating cash flows, generally over a minimum term of ten years, and include a terminal value based on a capitalization rate applied to the estimated net operating income in the terminal year. The Property portfolio is internally valued each quarter with external appraisals performed for a portion of the portfolio on a semi-annual basis. Approximately 80% of the Property portfolio (by value) is appraised externally by independent national real estate appraisal firms over a four-year period.

Included in CT REIT's Property portfolio are 12 (December 31, 2022 – 11) Properties which are situated on ground leases with remaining current terms of up to 32 years (December 31, 2022 – up to 33 years), and an average remaining current term of approximately 15 years (December 31, 2022 – 14 years). These 12 ground leases are included in investment properties as right-of-use assets in the amounts of $102,371 as at December 31, 2023 (December 31, 2022 - $104,182).

The significant inputs used to determine the fair value of CT REIT's income-producing properties and Properties Under Development are as follows:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Number of Properties	**374**	373
Value at the period end	**$ 6,936,000**	$ 6,833,000
Discount rate[1]	**7.20 %**	7.01 %
Terminal capitalization rate [1]	**6.71 %**	6.51 %
Hold period (years)	**11**	11

[1] Weighted average rate.

The estimates of fair value are sensitive to changes in the investment metrics and forecasted future cash flows for each Property. The sensitivity analysis in the table below indicates the approximate impact on the fair value of the Property portfolio resulting from changes in the terminal capitalization and discount rates assuming no changes in other inputs.

	Year Ended December 31, 2023		Year Ended December 31, 2022	
Rate sensitivity	**Fair value**	**Change in fair value**	Fair value	Change in fair value
+ 75 basis points	**$ 6,254,000**	**$ (682,000)**	$ 6,166,000	$ (667,000)
+ 50 basis points	**6,466,000**	**(470,000)**	6,380,000	(453,000)
+ 25 basis points	**6,692,000**	**(244,000)**	6,588,000	(245,000)
Period ended	**$ 6,936,000**	**$ —**	$ 6,833,000	$ —
- 25 basis points	**7,200,000**	**264,000**	7,096,000	263,000
- 50 basis points	**7,485,000**	**549,000**	7,384,000	551,000
- 75 basis points	**$ 7,796,000**	**$ 860,000**	$ 7,701,000	$ 868,000

2023 Investment and Development Activity

Funding of investment and development activities for the year ended December 31, 2023 was as follows:

	2023 Investment and Development Activity				
	Property investments	**Development land**	**Developments**	**Intensifications**	**Total**
Funded with working capital to CTC	**$ —**	**$ —**	**$ 46,509**	**$ 70,904**	**$ 117,413**
Funded with working capital to third parties	**2,087**	**—**	**23,779**	**307**	**26,173**
Funded with Credit Facilities/cash	**—**	**325**	**—**	**—**	**325**
Capitalized interest and property taxes	**—**	**—**	**7,343**	**—**	**7,343**
Total costs	**$ 2,087**	**$ 325**	**$ 77,631**	**$ 71,211**	**$ 151,254**

2022 Investment and Development Activity

Funding of investment and development activities for the year ended December 31, 2022 was as follows:

	2022 Investment and Development Activity				
	Property investments	Development land	Developments	Intensifications	Total
Funded with working capital to CTC	$ 8,916	$ 3,918	$ 14,361	$ 70,822	$ 98,017
Funded with working capital to third parties	10,488	6,324	30,073	6,807	53,692
Funded with Credit Facilities	2,324	6,226	31,812	59,045	99,407
Capitalized interest and property taxes	—	—	3,666	—	3,666
Issuance of Class B LP Units to CTC	5,647	—	—	—	5,647
Total costs	$ 27,375	$ 16,468	$ 79,912	$ 136,674	$ 260,429

5. OTHER ASSETS

Other assets include the following:

	December 31, 2023	December 31, 2022
Prepaid property taxes	**$ 1,615**	$ 1,715
Other prepaid expenses	**4,728**	3,729
Other assets	**$ 6,343**	$ 5,444
Current	**$ 4,639**	$ 3,581
Non-current	**1,704**	1,863
Other assets	**$ 6,343**	$ 5,444

6. CLASS C LP UNITS

The Class C LP Units entitle the holder to a fixed cumulative monthly payment, during the fixed rate period for each Series of Class C LP Units (the “Current Fixed Rate Period”). Such payments are made in priority to distributions made to holders of the Class B LP Units and units representing an interest in CT REIT GP Corp. (“GP”), subject to certain exceptions.

On expiry of the Current Fixed Rate Period applicable to each series of Class C LP Units, and each five-year period thereafter, each such series of Class C LP Units is redeemable at par (together with all accrued and unpaid payments 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 settle any of the Class C LP Units at any time 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.

During the five-year period beginning immediately following the completion of the initial fixed rate period, and each five-year period thereafter, if not redeemed, the fixed payment 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 variable rate option.

Such 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 equal value.

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

Series	**Expiry of Current Fixed Rate Period**	**Annual distribution rate during Current Fixed Rate Period**	**Carrying amount at December 31, 2023**	Carrying amount at December 31, 2022
Series 3	May 31, 2025	2.37 %	**$ 200,000**	$ 200,000
Series 4	May 31, 2024	4.50 %	**200,000**	200,000
Series 5	May 31, 2028	4.50 %	**200,000**	200,000
Series 6	May 31, 2031	5.00 %	**200,000**	200,000
Series 7	May 31, 2034	5.00 %	**200,000**	200,000
Series 8	May 31, 2035	5.00 %	**200,000**	200,000
Series 9	May 31, 2038	5.00 %	**200,000**	200,000
Series 16	May 31, 2025	2.37 %	**16,550**	16,550
Series 17	May 31, 2025	2.37 %	**18,500**	18,500
Series 18	May 31, 2025	2.37 %	**4,900**	4,900
Series 19	May 31, 2025	2.37 %	**11,600**	11,600
Weighted average / Total		4.41 %	**$ 1,451,550**	$ 1,451,550
Current			**200,000**	$ —
Non-current			**1,251,550**	1,451,550
Total			**$ 1,451,550**	$ 1,451,550

For the year ended December 31, 2023, interest expense of $63,962 (2022 - $63,962) was recognized in respect of the Class C LP Units (see Note 17). The holders of the Class C LP Units may elect to defer receipt of all, or a portion of distributions declared by CT REIT until the first business day following the end of the fiscal year. If the holder so elects to defer receipt of payments, CT REIT will loan the holder an amount equal to the deferred payment without interest, and the loan will be due and payable in full on the first business day following the end of the fiscal year in which the loan was advanced, the holder having irrevocably directed that any payment of the deferred payments be applied to repay such loans. At the election of the holder, payments on the Class C LP Units for the year ended December 31, 2023 of $58,631 (2022 – $58,631), were deferred until the first business day following the end of the fiscal year and non-interest bearing loans equal to the deferred payments were advanced. The net amount of payments due in respect of the Class C LP Units at December 31, 2023 of $5,331 (2022 – $5,331) is included in other liabilities on the consolidated balance sheets. The loans deferred as at December 31, 2023 were settled on January 2, 2024.

7. MORTGAGES PAYABLE

Mortgages payable include the following:

	December 31, 2023		December 31, 2022	
	Face value	**Carrying amount**	Face value	Carrying amount
Current	**$ 391**	**$ 508**	$ 56,078	$ 56,167
Non-current	**8,473**	**8,623**	8,864	9,128
Total	**$ 8,864**	**$ 9,131**	$ 64,942	$ 65,295

Future repayments are as follows:	**Principal amortization**	**Maturities**	**Total**
2024	$ 391	$ —	$ 391
2025	403	—	403
2026	103	7,967	8,070
Total contractual obligation	$ 897	$ 7,967	$ 8,864
Unamortized portion of mark to market on mortgages payable assumed on the acquisition of properties			267
			$ 9,131

The mortgages payable has an interest rate of 3.24% and a maturity date of March 2026 (December 31, 2022 weighted average interest rate – 5.49%). As at December 31, 2023, fixed rate and variable rate mortgages were $8,864 (December 31, 2022 – $9,242) and nil (December 31, 2022 – $55,700), respectively. In Q1 2023, CT REIT repaid a mortgage which matured in March 2023 for $55,700.

Investment properties having a fair value of $20,301 (December 31, 2022 – $150,370) have been pledged as security for mortgages payable.

8. DEBENTURES

The following table presents the details of the debentures:

	December 31, 2023		December 31, 2022	
Series	Face value	Carrying amount	Face value	Carrying amount
B, 3.53%, June 9, 2025	$ 200,000	$ 199,752	$ 200,000	$ 199,581
D, 3.29%, June 1, 2026	200,000	199,672	200,000	199,537
E, 3.47%, June 16, 2027	175,000	174,602	175,000	174,487
F, 3.87%, December 7, 2027	200,000	199,479	200,000	199,346
G, 2.37%, January 6, 2031	150,000	149,320	150,000	149,223
H, 3.03%, February 5, 2029	250,000	248,912	250,000	248,731
I, 5.83%, June 14, 2028	250,000	248,576	—	—
Total	$ 1,425,000	$ 1,420,313	$ 1,175,000	$ 1,170,905

Debentures as at December 31, 2023, had a weighted average interest rate of 3.73% (December 31, 2022 – 3.28%).

On November 17, 2023, CT REIT completed the issuance of $250,000 of Series I unsecured debentures with a 4.6-year term and a coupon of 5.828% per annum. The net proceeds were used to repay short term indebtedness and for general business purposes.

For the year ended December 31, 2023, amortization of transaction costs of $905 (December 31, 2022 - $900) are included in net interest and other financing charges on the Consolidated Statements of Income and Comprehensive Income (see Note 17).

9. LEASES

(a) CT REIT as lessee

CT REIT is the tenant under 12 ground leases with third party landlords. The remaining current terms of the ground leases are between 3 and 32 years, with an average remaining current term of 15 years. The majority of the ground lease agreements are renewable at the end of the current lease term. Assuming all extensions are exercised, the ground leases have remaining terms between 20 and 50 years with an average remaining lease term of 31 years. For the calculation of lease liabilities related to ground leases, it was determined that all lease renewal options are reasonably certain to be exercised. There are no variable lease payments or guaranteed residual payments with respect to the ground leases.

Lease liabilities include the following:

	December 31, 2023	December 31, 2022
Current	$ 923	$ 649
Non-current	100,177	102,223
Total	$ 101,100	$ 102,872

The decrease of $1,772 from prior year is primarily due to lease amendments, partially offset by an additional ground lease.

The contractual undiscounted cash flows of CT REIT lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Less than one year	$ 6,067	$ 5,123
Between one and five years	26,094	26,177
More than five years	217,096	215,426
Total	**$ 249,257**	**$ 246,726**

CT REIT has in place a leverage and liquidity policy to manage its exposure to liquidity risk associated with the contractual lease liabilities. Details of how CT REIT manages this risk are further discussed under Note 22.

There were no expenses in 2022 and 2023 relating to leases of low-value assets or short-term leases. As well, there were no variable lease payments included in lease liabilities at any time during 2022 and 2023.

The total cash outflow for leases in 2023 was $4,979 (2022 - $4,528).

(b) CT REIT as lessor

CT REIT leases income-producing properties (investment properties) to tenants under operating leases. The leases have staggered terms, with a weighted average remaining current term of approximately 8.4 years. The portfolio of leases with CTC generally contain contractual rent escalations of approximately 1.5% per year.

For most income-producing properties, the rental income is fixed under the contracts, but some leases require the lessee to reimburse certain costs incurred by CT REIT, such as property taxes and operating costs. When this is the case, these amounts are determined annually.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2024	2025	2026	2027	2028	Thereafter	Total
Minimum lease receivable	435,123	434,960	421,626	398,591	374,471	1,840,803	$ 3,905,574

10. OTHER LIABILITIES

Other liabilities are comprised of the following:

		December 31, 2023		December 31, 2022
Interest payable	$	**8,181**	$	6,408
Capital expenditures payable		**66,778**		74,913
Salaries and benefits payable		**12,409**		11,717
Automatic purchase plan [1]		**12,300**		—
Deferred property tax revenue		**1,076**		1,133
Class C LP Unit payable [2]		**5,331**		5,331
Other		**12,998**		10,635
Other liabilities	$	**119,073**	$	110,137
Current	$	**113,875**	$	104,987
Non-current		**5,198**		5,150
Other liabilities	$	**119,073**	$	110,137

[1] *See Note 12.*

[2] *See Note 6*

11. CREDIT FACILITIES

CT REIT's draws on its credit facilities are comprised of the following:

		December 31, 2023		December 31, 2022
Bank Credit Facility	$	**—**	$	99,884
CTC Credit Facility		**—**		—
	$	**—**	$	99,884

(a) Bank Credit Facility

CT REIT has a committed, unsecured $300,000 revolving credit facility with a syndicate of Canadian banks ("Bank Credit Facility") maturing in September 2027. The Bank Credit Facility bears interest at a rate based on a stipulated bank prime rate or bankers' acceptance plus a margin. A standby fee is charged on the Bank Credit Facility.

As of December 31, 2023, the REIT had no draws on the Bank Credit Facility (December 31, 2022 - $99,884, at the weighted average interest rate of 6.16%), and $3,132 (December 31, 2022 – $4,999) of outstanding letters of credit.

(b) CTC Credit Facility

CT REIT has an uncommitted, unsecured $300,000 revolving credit facility with CTC ("CTC Credit Facility") maturing in December 2024. The CTC Credit Facility bears interest at a rate based on a stipulated bank prime rate or bankers' acceptance plus a margin.

As of December 31, 2023, the REIT had no draws on the CTC Credit Facility (December 31, 2022 – nil).

The Bank Credit Facility and the CTC Credit Facility are herein collectively referred to as the "Credit Facilities".

12. EQUITY

Authorized and outstanding units

CT REIT is authorized to issue an unlimited number of units.

The following tables summarize the changes in Units and Class B LP Units:

			As at December 31, 2023
	Units	**Class B LP Units**	**Total**
Total outstanding at beginning of year	**107,501,944**	**127,193,833**	**234,695,777**
Units issued under Distribution Reinvestment Plan	**1,271,847**	**—**	**1,271,847**
Units repurchased and cancelled	**(452,141)**	**—**	**(452,141)**
Total outstanding at end of period	**108,321,650**	**127,193,833**	**235,515,483**

			As at December 31, 2022
	Units	Class B LP Units	Total
Total outstanding at beginning of year	106,304,288	126,880,857	233,185,145
Units issued under Distribution Reinvestment Plan	1,197,656	312,976	1,510,632
Total outstanding at end of year	107,501,944	127,193,833	234,695,777

Net income attributable to unitholders and weighted average units outstanding used in determining basic and diluted net income per unit for years ended December 31, 2023 and 2022, are calculated as follows, respectively:

			For the Year ended December 31, 2023
	Units	**Class B LP Units**	**Total**
Net income attributable to unitholders - basic	**$ 105,287**	**$ 124,147**	**$ 229,434**
Income effect of settling Class C LP Units with Class B LP Units			**63,962**
Net income attributable to unitholders - diluted			**$ 293,396**
Weighted average units outstanding - basic	**107,965,763**	**127,193,833**	**235,159,596**
Dilutive effect of other unit plans			**326,050**
Dilutive effect of settling Class C LP Units with Class B LP Units			**101,854,123**
Weighted average number of units outstanding - diluted			**337,339,769**

	For the Year ended December 31, 2022		
	Units	Class B LP Units	Total
Net income attributable to unitholders - basic	$ 148,264	$ 176,349	$ 324,613
Income effect of settling Class C LP Units with Class B LP Units			63,962
Net income attributable to unitholders - diluted			$ 388,575
Weighted average units outstanding - basic	106,893,856	127,123,521	234,017,377
Dilutive effect of other unit plans			288,433
Dilutive effect of settling Class C LP Units with Class B LP Units			93,706,035
Weighted average number of units outstanding - diluted			328,011,845

Distributions on Units and Class B LP Units

The following table presents total distributions declared on Units and Class B LP Units:

For the year ended December 31,	**2023**	2022
	Distributions per unit	Distributions per unit
Units	**$ 0.886**	$ 0.856
Class B LP Units	**$ 0.886**	$ 0.856

On December 15, 2023, a distribution of $0.07485 per unit payable on January 15, 2024 was declared to holders of Units and Class B LP Units of record on December 29, 2023.

On January 15, 2024, a distribution of $0.07485 per unit payable on February 15, 2024 was declared to holders of Units and Class B LP Units of record on January 31, 2024.

Units

Each Unit is transferable and represents an equal, undivided, beneficial interest in CT REIT and any distributions from the REIT, 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 may be, 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.

Normal Course Issuer Bid

On November 25, 2022, CT REIT received approval from the TSX to purchase up to 3,300,000 Units during the 12-month period commencing November 29, 2022, and ending November 28, 2023 by way of a normal course issuer bid ("NCIB").

During the year ended December 31, 2023, CT REIT acquired and cancelled 452,141 Units at a weighted average purchase price of $13.99 per Unit, for a total cost of $6,332.

On November 27, 2023, a renewal of the NCIB ("2023-2024 NCIB") was approved by the TSX to purchase up to 3,500,000 Units during the 12-month period commencing November 29, 2023, and ending November 28, 2024.

On November 27, 2023, the TSX approved an automatic purchase plan ("APP") in connection with the 2023-2024 NCIB which allows the REIT's designated broker to periodically purchase Units during the REIT's blackout periods, subject to pre-defined parameters in accordance with the rules of the TSX and applicable securities laws. As of December 31, 2023, the maximum obligation to repurchase Units under the APP of $12,300 was recognized in other liabilities.

At-the-Market Program

On May 25, 2023, CT REIT established an at-the-market program (the "ATM Program") that allows the REIT to issue up to $100,000 of Units from treasury to the public from time to time, at the REIT's discretion.

During the year ended December 31, 2023, no Units were issued under the ATM Program.

13. UNIT-BASED COMPENSATION PLANS

Deferred Unit Plan for Trustees

CT REIT offers a Deferred Unit ("DU") Plan for members of its Board who are not also employees or officers of the REIT or any of its Affiliates. Under this plan, eligible trustees may elect to receive all or a portion of their annual trustee fees in DUs. DUs are paid out in equivalent Units of CT REIT or, at the election of the trustee, in cash, following the trustee's departure from the Board.

As at December 31, 2023, accrued DU compensation costs, which are included in other liabilities, totalled $4,800 (2022 – $4,361). Compensation expense recorded related to DUs for the year ended December 31, 2023 was $(170) (2022 - $(274)). The fair value of DUs is equal to the trading price of Units, which is a Level 1 input (see Note 22(a)).

Performance Unit Plan for Employees

CT REIT offers Performance Units ("PUs") to certain employees that generally vest after three years. Each PU entitles the employee to receive a cash payment equal to the fair market value of Units of CT REIT, multiplied by a factor determined by specific performance-based criteria, as set out in the PU Plan.

As at December 31, 2023, accrued PU compensation costs, which are included in other liabilities, totalled $4,833 (2022 - $4,691). Compensation expense recorded for the year ended December 31, 2023 for PUs granted to employees was $2,122 (2022 - $2,530). The fair value of PUs is equal to the trading price of Units, which is a Level 1 input (see Note 22(a)).

Restricted Unit Plan for Executives

CT REIT offers a Restricted Unit ("RU") Plan for its executives. RUs may be issued as discretionary grants or executives may elect to receive all or a portion of their short term incentive plan in RUs. At the end of the vesting period which is generally three years from the date of grant (in the case of discretionary grants) or five years from the short term incentive plan bonus payment date (in the case of deferred bonus grants), the executives will receive an equivalent number of Units issued by CT REIT or, at the executive's election, the cash equivalent thereof.

As at December 31, 2023, accrued RU compensation costs, which are included in other liabilities, totalled $365 (2022 - $428). Compensation expense for the year ended December 31, 2023 was $140 (2022 - $143). The fair value of RUs is equal to the trading price of Units, which is a Level 1 input (see Note 22(a)).

14. NON-CONTROLLING INTERESTS

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

	Proportion of ownership interests held by non-controlling interests		**Net income and comprehensive income allocated to non-controlling interests**	
	As at December 31, 2023	As at December 31, 2022	**For the year ended December 31, 2023**	For the year ended December 31, 2022
Name of Subsidiary				
CT REIT Limited Partnership	**54.01 %**	54.20 %	**$ 124,147**	$ 176,349

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 to its subsidiaries.

15. REVENUES AND EXPENSES

(a) Property revenue

The components of property revenue are as follows:

	CTC	**Other**	**For the Year ended December 31, 2023**
Base minimum rent	**$ 386,032**	**$ 38,447**	**$ 424,479**
Straight-line rent	**(2,128)**	**421**	**(1,707)**
Subtotal base rent	**$ 383,904**	**$ 38,868**	**$ 422,772**
Property operating expense recoveries	**90,376**	**17,894**	**108,270**
Capital expenditure and interest recovery charge	**20,034**	**288**	**20,322**
Other revenues	**7**	**1,401**	**1,408**
Property revenue	**$ 494,321**	**$ 58,451**	**$ 552,772**

	CTC	Other	For the Year ended December 31, 2022
Base minimum rent	$ 371,651	$ 36,735	$ 408,386
Straight-line rent	1,142	702	1,844
Subtotal base rent	$ 372,793	$ 37,437	$ 410,230
Property operating expense recoveries	88,458	18,229	106,687
Capital expenditure and interest recovery charge	14,595	183	14,778
Other revenues	5	1,095	1,100
Property revenue	$ 475,851	$ 56,944	$ 532,795

(b) Property expense

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

For the year ended December 31,		2023		2022
Property taxes	$	**95,145**	$	91,524
Operating costs		**20,378**		19,609
Property expense	$	**115,523**	$	111,133

16. GENERAL AND ADMINISTRATIVE EXPENSE

General and administrative expense is comprised of the following:

For the year ended December 31,		2023		2022
Personnel expense [1] Service	$	**9,825**		9,708
Agreement expense [2] Public		**1,094**		1,094
entity and other [1]		**4,318**		3,676
General and administrative expense	$	**15,237**	$	14,478

[1] Includes unit-based awards, including (gain) loss adjustments as a result of the change in the fair market value of the Units of $(625) (2022 - $(866)) for the year ended December 31, 2023.

[2] See Note 21.

17. NET INTEREST AND OTHER FINANCING CHARGES

Net interest and other financing charges are comprised of the following:

For the year ended December 31,		2023		2022
Interest on Class C LP Units [1]	$	**63,962**	$	63,962
Interest and financing costs - debentures		**41,240**		39,968
Interest and financing costs - Credit Facilities [2]		**8,905**		2,042
Interest on mortgages payable		**938**		2,377
Interest on lease liabilities		**5,201**		3,964
	$	**120,246**	$	112,313
Less: capitalized interest		**(5,764)**		(1,641)
Interest expense and other financing charges	$	**114,482**	$	110,672
Less: interest income		**(540)**		(256)
Net interest and other financing charges	$	**113,942**	$	110,416

[1] Paid or payable to CTC.

[2] See Note 21.

18. CHANGES IN WORKING CAPITAL AND OTHER

Changes in working capital and other are comprised of the following:

	Year ended	
For the year ended December 31,	**2023**	2022
Changes in working capital and other		
Tenant and other receivables	**$ 279**	$ (850)
Other assets	**(353)**	(916)
Other liabilities	**2,017**	(2,898)
Other	**(638)**	(1,288)
Changes in working capital and other	**$ 1,305**	$ (5,952)

19. SEGMENTED INFORMATION

CT REIT has one segment for financial reporting purposes which comprises the ownership and management of primarily net lease single tenant retail investment properties located across Canada.

20. COMMITMENTS AND CONTINGENCIES

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

As at December 31, 2023, CT REIT had obligations of $171,513 (December 31, 2022 – $245,547) in future payments for the completion of developments. Included in the commitments is $163,042 due to CTC.

21. 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

Services Agreement

Under the services agreement between the Partnership and CTC entered into on October 23, 2013, as amended and restated as of August 8, 2023 ("Services Agreement"), CTC provides the REIT with certain administrative, information technology, internal audit and other support services as may be reasonably required from time to time (the "Services"). CTC provides these Services to the 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. The Services Agreement is automatically renewable for one year terms, unless otherwise terminated in accordance with its terms. The Services Agreement was automatically renewed for 2024 and CTC will continue to provide such Services on a cost recovery basis.

Property Management Agreement

Under the property management agreement, between the Partnership and CTC entities entered into on October 23, 2013, as amended and restated as of August 8, 2023 ("Property Management Agreement"), CTC provides the REIT with certain property management services (the ''Property Management Services''). CTC provides these Property Management Services to the REIT on a cost recovery basis pursuant to which the REIT reimburses CTC for all costs and expenses incurred by CTC in connection with providing the Property Management Services, plus applicable taxes. The Property Management Agreement is automatically renewable for one year terms, unless otherwise terminated in accordance with its terms. The Property Management Agreement was automatically renewed for 2024 and CTC will continue to provide such Property Management Services on a cost recovery basis.

CTC Credit Facility

CT REIT has a Credit Facility with CTC that was entered into on December 18, 2019 and which is automatically renewed for one year terms, unless otherwise terminated in accordance with its terms. The CTC Credit Facility was automatically renewed in December 2023 and expires on December 31, 2024. The CTC Credit Facility bears interest at a rate based on a stipulated bank prime rate or bankers' acceptance, plus a margin.

(b) Transactions and balances with related parties

Transactions with CTC are comprised of the following, excluding acquisition, intensification and development activities with CTC which are contained in Note 4:

		Year ended	
For the year ended December 31,	Note	**2023**	2022
Rental revenue	15	**$ 494,321**	$ 475,851
Property Management and Services Agreement expense		**$ 1,575**	$ 1,550
Distributions on Units		**$ 30,100**	$ 29,092
Distributions on Class B LP Units [1]		**$ 112,637**	$ 108,827
Interest expense on Class C LP Units	17	**$ 63,962**	$ 63,962
Interest expense on the CTC Credit Facility	17	**$ 1,661**	$ 958

[1] Includes distributions deferred at the election of the holders of the Class B LP Units.

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

As at	**December 31, 2023**	December 31, 2022
Tenant and other receivables	**$ (2,613)**	$ (1,331)
Class C LP Units	**1,451,550**	1,451,550
Amounts payable on Class C LP Units	**63,962**	63,962
Loans receivable in respect of payments on Class C LP Units	**(58,631)**	(58,631)
Other liabilities	**50,514**	48,713
Distributions payable on Units and Class B LP Units [1]	**37,363**	36,066
Loans receivable in respect of distributions on Class B LP Units	**(25,298)**	(24,409)
Net balance due to CTC	**$ 1,516,847**	$ 1,515,920

[1] Includes distributions deferred at the election of the holders of the Class B LP Units.

(c) Compensation of executives and independent trustees

The remuneration of the Chief Executive Officer, Chief Financial Officer, Senior Vice President Real Estate, Chief Operating Officer[1] and the trustees who were not employees or officers of the REIT or any of its affiliates, is as follows:

For the year ended December 31,		**2023**		2022
Salaries and short-term employee benefits	**$**	**3,070**	$	3,485
Unit-based awards [2]		**1,102**		1,154
Total	**$**	**4,172**	$	4,639

[1] Chief Operating Officer was a position for part of 2022.

[2] Unit-based awards, as described in Note 13, includes (decrease)/increase in expense as a result of the change in the fair market value of the Units of ($446) (2022 - ($793)).

The remuneration of the Chief Executive Officer, Chief Financial Officer, Senior Vice President Real Estate and Chief Operating Officer consist 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 compensation of trustees, who are not employees or officers of CT REIT or any of its affiliates, consists of an annual retainer and meeting fees.

22. 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 values of the Class C LP Units and mortgages payable are 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 each of the Class C LP Units, debentures and mortgages payable at December 31, 2023, was $1,384,302, $1,358,464 and $8,682, respectively. The fair value measurement of the Class C LP Units and mortgages payable is based on Level 2 inputs. The significant inputs used to determine the fair value of the Class C LP Units and mortgages payable are interest rates, term to maturity, and credit spreads. The debentures are actively traded on the secondary market and the fair value is determined using Level 1 inputs. There have been no transfers during the period between levels.

Financial assets consist of cash and cash equivalents, and tenant and other receivables which are classified at amortized cost. Financial liabilities, other than those discussed in the preceding paragraph, consist of other liabilities, Credit Facilities and distributions payable, which are carried at amortized cost, except for liabilities for unit-based compensation plans which are included in other liabilities and are carried at fair value, equivalent to the trading price of Units, which is a Level 1 input.

(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's exposure to interest rate changes is limited as a significant portion of its indebtedness is at fixed interest rates. Exposure to variable interest rates is dependent on the extent to which CT REIT has short term borrowings under its credit facilities, any new debt is issued or assumed on acquisitions, new series of Class C LP Units are issued to finance future real estate transactions or any existing Class C LP Units being re-priced or redeemed, as all are market dependent (see Note 6).

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 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 two credit rating agencies (S&P and Morningstar DBRS). Management monitors these metrics against the credit rating agencies' targets to maintain investment-grade ratings.

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 several financing sources to ensure that the appropriate level of liquidity is available to meet its monthly distributions and growth objectives, including both its committed and uncommitted Credit Facilities, each totaling $300,000, direct access to debt and equity markets (subject to consent from CTC), and cash on hand.

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 (which may experience financial difficulty and be unable to meet their lease obligations) and from investment securities counterparties. CTC is CT REIT's most significant tenant and will be for the foreseeable future. CT REIT's revenues are largely dependent on the ability of CTC to meet its rent obligations.

CT REIT has a Financial Risk Management Board 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, debentures and certain mortgages payable are at fixed interest rates. CT REIT incurs variable rate indebtedness through certain mortgages payable and borrowings under its Credit Facilities. CT REIT currently has nil (2022 - $99,884) in short-term borrowings outstanding under its Credit Facilities. CT REIT may incur indebtedness in the future that bears interest at a variable interest rate or may be required to issue new debt or refinance existing debt at higher interest rates.

23. CAPITAL MANAGEMENT AND LIQUIDITY

CT REIT's objectives when managing capital are to ensure access to capital and sufficient liquidity is available to meet its financial obligations when due, 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 its declaration of trust as amended and restated as of October 22, 2013 and as further amended and restated as of April 5, 2020 and as may be further amended from time to time ("Declaration of Trust"), the trust indenture dated June 9, 2015, as supplemented by supplemental indentures thereto (collectively, the "Trust Indenture") and the Credit Facilities.

As at December 31, 2023, CT REIT was in compliance with the financial covenants contained in the Declaration of Trust, the Credit Facilities, and the Trust Indenture.

The following schedule details the capitalization of CT REIT:

As at	**December 31, 2023**	December 31, 2022
Liabilities		
Class C LP Units	**$ 1,451,550**	$ 1,451,550
Mortgages payable	**9,131**	65,295
Debentures	**1,420,313**	1,170,905
Credit Facilities	**—**	99,884
Equity		
Unitholders' equity	**1,707,336**	1,698,250
Non-controlling interests	**2,140,433**	2,128,923
Total	**$ 6,728,763**	$ 6,614,807

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 GP.

Under the Declaration of Trust, the Trust Indenture, and the Credit Facilities, key financial covenants are reviewed on an ongoing basis by management to monitor compliance with the agreements. The key financial covenants for CT REIT are as follows:

- a requirement to maintain, at all times:
    - a specified maximum ratio of total indebtedness of CT REIT (plus the aggregate par value of the Class C LP Units) to gross book value of assets
    - a specified maximum ratio of total secured indebtedness of CT REIT (plus the aggregate par value of the Class C LP Units) to gross book value of assets
    - 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 payments on the Class C LP Units

As at December 31, 2023, 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 the 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 for its properties.

The principal liquidity needs for periods beyond the next year are for redemptions of Class C LP Units upon scheduled expiry of the Initial Fixed Rate Period, refinancing and interest on debentures, capital expenditures, Credit Facilities and Unit distributions. 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:

	Total	2024	2025	2026	2027	2028	2029 and thereafter
Class C LP Units [1]	$ 1,451,550	$ 200,000	$ 251,550	$ —	$ —	$ 200,000	$ 800,000
Debentures	1,425,000	—	200,000	200,000	375,000	250,000	400,000
Payments on Class C LP Units [1]	488,613	58,712	51,484	49,000	49,000	43,750	236,667
Interest on debentures	214,435	53,132	49,605	42,789	36,464	17,759	14,686
Future undiscounted lease liabilities payments	249,257	6,067	6,425	6,550	6,568	6,551	217,096
Mortgages payable	8,864	391	403	8,070	—	—	—
Other liabilities	105,237	100,039	5,198	—	—	—	—
Distributions payable [2]	17,628	17,628	—	—	—	—	—
Payable on Class C LP Units, net of loans receivable	5,331	5,331	—	—	—	—	—
Interest on mortgages payable	612	280	267	65	—	—	—
Total	$ 3,966,527	$ 441,580	$ 564,932	$ 306,474	$ 467,032	$ 518,060	$ 1,668,449

[1] *Assumes redemption on Current Fixed Rate Period for each series.*

[2] *On Units and Class B LP Units.*

Glossary of Terms

"Affiliate" means an affiliate, as such term is defined in the Securities Act (Ontario) of CT REIT (including a partnership or trust controlled by the REIT).

"AFFO" is a non-GAAP financial measure and has the meaning given to that term in Real Property Association of Canada ("REALPAC") under its publications, "REALPAC Funds From Operations & Adjusted Funds From Operations for IFRS" ("REALPAC FFO & AFFO"). It is calculated as FFO subject to certain adjustments to remove the impact of recognizing property rental revenues or expenses on a straight-line basis, and the deduction of a reserve for normalized maintenance capital expenditures, tenant inducements and leasing commissions.

"**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.

"**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 (taking into account (i) full dilution from the exchange of all then-outstanding Class B LP Units into Units of the REIT; and (ii) in respect of any other securities that are convertible or exchangeable into Units of the REIT, only dilution resulting from the conversion or exercise of such other convertible or exchangeable securities held by such person or group of persons).

"**Class A LP Units**" means, collectively, the Class A limited partnership units of the Partnership. "**Class A LP Unit**" means any one of them.

"**Class B LP Units**" means, collectively, the Class B limited partnership units of the Partnership, and "**Class B LP Unit**" means any one of them.

"**Class C LP Units**" means, collectively, the Class C limited partnership units of the Partnership, and "**Class C LP Unit**" means any one of them.

"**Competitor**" means 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, Mark's , Sport Chek, Sports Experts and Atmosphere, names or trademarks.

"**CTREL**" means Canadian Tire Real Estate Limited, a wholly-owned Subsidiary of CTC.

"**Development Agreement**" means the development agreement among the REIT, the Partnership, CTREL and CTC entered into on October 23, 2013, as further described under "Arrangements with CTC - Commercial Agreements with CTC - Development Agreement" of the AIF.

"Development Properties" means those Properties being developed or redeveloped, but excludes properties undergoing intensification activities, consisting of the construction of additional buildings on existing assets and modifications to existing buildings, as well as the redevelopment of mixed-use properties.

"**EBITFV**" is a non-GAAP measure of operating cash flow. It is calculated as net income in accordance with GAAP, adjusted by removing the impact of; (i) non-cash adjustments including fair value adjustments on investment properties; (ii) interest expense and other financing costs; (iii) income tax expense; (iv) gains or losses the sale of investment properties; and (v) non-recurring items that may occur under IFRS.

"**ECL**" means expected credit losses.

"**FFO**" is a non-GAAP financial measure and has the meaning given to it in the REALPAC FFO & AFFO. It 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; (iv) incremental leasing costs; (v) operational revenue and expenses from right-of-use assets; and (vi) deferred taxes.

"**FVTPL**" means fair value through profit or loss.

"**GAAP**" means generally accepted accounting principles in Canada (which for Canadian reporting issuers is IFRS) as in effect from time to time and as adopted by the REIT from time to time for the purposes of its public financial reporting.

"**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 Sheets.

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the Chartered Professional Accountants of Canada in Part I of The CPA Canada Handbook - Accounting, as amended from time to time.

"**Intensification**" means the development of a property, site or area at a higher density than currently exists, through development, redevelopment, infill and expansion or conversion of existing buildings.

"**Investment Properties**" means the portfolio of properties owned by the REIT

"**NOI**" means property revenue less property expense and is further adjusted for straight-line rent.

"**Property Management Agreement**" means the property management agreement among the Partnership, CTC and CTREL entered into on October 23, 2013, as further described under "Arrangements with CTC - Commercial Agreements with CTC - Property Management Agreement" of the AIF.

"Properties Under Development" means that portion of any (i) Development Property, (ii) Properties undergoing intensification activities, consisting of the construction of additional buildings on existing assets and modifications to existing buildings, and (iii) mixed use properties being developed or redeveloped.

"**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 on October 23, 2013, as described under "Arrangements with CTC - Commercial Agreements with CTC" of the AIF.

"**Services Agreement**" means the services agreement among the REIT, the Partnership and CTC entered into on October 23, 2013 pursuant to which CTC or certain of its Subsidiaries provide the Services, as further described under "Arrangements with CTC - Commercial Agreements with CTC - Services Agreement" of the AIF.

"**SIFT Rules**" means the specified investment flow-through rules applicable to SIFT trusts and SIFT partnerships in the Tax Act.

"**Special Voting Units**" means special voting units of the REIT, and "**Special Voting Unit**" means any one of them.

"**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.

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FEATURED ON THIS PAGE: Canadian Tire Store, Grande Prairie, Alberta

2023 HIGHLIGHTS

99.1%
OCCUPANCY

+3.5%
DISTRIBUTION INCREASE

839K
SQUARE FEET ADDED TO PORTFOLIO

+3.7%
PROPERTY REVENUE

+2.5%
SAME STORE NET OPERATING INCOME (NOI)[1]

+4.3%
SAME PROPERTY NOI[1]

+4.6%
NOI[1]

+4.9%
AFFO PER UNIT DILUTED (NON-GAAP)[2]

-26.6%
NET INCOME PER UNIT DILUTED

+0.2%
NET ASSET VALUE (NAV) PER UNIT[3]

1.1%
IMPROVEMENT IN AFFO PAYOUT RATIO[2]

[1] Non-GAAP financial measure. Refer to Section 10.1 of the REIT's 2023 Management's Discussion & Analysis included in this Annual Report.

[2] Non-GAAP ratio. Refer to Section 10.2 of the REIT's 2023 Management's Discussion & Analysis included in this Annual Report.

[3] NAV/unit is equivalent to GAAP book value per unit.

Visit our website at
ctreit.com

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