

DISCLAIMER

The information contained in this transcript is a textual representation of CT REIT (the “Company”) Q1 2014 results conference call and while efforts are made to provide an accurate transcription, there may be material errors, omissions, or inaccuracies in the reporting of the substance of the conference call. This transcript is being made available for information purposes only. The information set out in this transcript is current only as of the date of the webcast and may be replaced by more current information. The Company does not undertake to update the information, whether as a result of new information, future events or otherwise. In no way does the Company assume any responsibility for any investment or other decisions made based upon the information provided on the Company’s web site or in this transcript. Users are advised to review the webcast (available at www.ctreit.com) itself and the Company’s regulatory filings before making any investment or other decisions.

FORWARD LOOKING INFORMATION

This document contains forward-looking statements that involve a number of risks and uncertainties, including statements regarding the outlook for CT Real Estate Investment Trust’s (“CT REIT” or the “REIT”) 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 and uncertainties and other factors that may cause the actual results to differ materially from those indicated. Such factors include, but are not limited to, general economic conditions, the financial position, business strategy, budgets, capital expenditures, financial results, taxes, plans and objectives of or involving CT REIT. Particularly, statements regarding future results, performance, achievements, prospects or opportunities for CT REIT or the real estate industry are forward-looking statements. In some cases, forward-looking information can be identified by such terms such as “may”, “might”, “will”, “could”, “should”, “would”, “occur”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “potential”, “continue”, “likely”, “schedule”, or the negative thereof or other similar expressions concerning matters that are not historical facts. Some of the specific forward-looking statements in this presentation include, but are not limited to, statements with respect to the following: CT REIT’s relationship with Canadian Tire Corporation, Limited,

(“CTC”, which term refers to Canadian Tire Corporation, Limited and its subsidiaries unless the context otherwise requires); CT REIT’s ability to execute, its growth strategies; CT REIT’s capital expenditure requirements and capital expenditures to be made by the REIT and CTC; CT REIT’s distribution policy and the distributions to be paid to its unitholders; CT REIT’s capital structure strategy and its impact on the financial performance of the REIT and distributions to be paid to its unitholders; CT REIT’s access to available sources of debt and/or equity financing; future compensation and governance practices by CT REIT; the expected tax treatment of CT REIT and its distributions to its unitholders; CT REIT’s ability to meet its stated obligations; CT REIT’s ability to expand its asset base, make accretive acquisitions, develop or intensify its property and participate with CTC in the development or intensification of the properties; interest rates and the future interest rate environment. CT REIT has based these forward-looking statements on factors and assumptions about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy and financial needs, including that the Canadian economy will remain stable over the next 12 months, that inflation will remain relatively low, that tax laws remain unchanged, that conditions within the real estate market, including competition for acquisitions, will be consistent with the current climate, that the Canadian capital markets will provide CT REIT with access to equity and/or debt at reasonable rates when required and that CTC will continue its involvement with the REIT. Although the forward-looking statements contained in this presentation are based upon assumptions that management of CT REIT believes are reasonable based on information currently available to management, there can be no assurance that actual results will be consistent with these forward-looking statements. Forward-looking statements necessarily involve known and unknown risks and uncertainties, many of which are beyond the REIT’s control, that may cause CT REIT’s or the industry’s actual results, performance, achievements, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. These considerations, risks and uncertainties include, among other things, the factors discussed in our Annual Information Form dated February 11, 2014 (see “Cautionary Note Regarding Forward Looking Information” and “Risk Factors”) and Management’s Discussion and Analysis for the period ended December 31, 2013 (see “Part XII – Forward Looking Information” and “Part X – Enterprise Risk Management – Risk Factors”). For more information on the risks, uncertainties and assumptions that could cause CT REIT’s actual results to differ from current expectations,



CT REIT 2014 First Quarter Results Conference Call
Tuesday, May 6, 2014 – 4:00 PM EST

please also refer to CT REIT's public filings available on SEDAR at www.sedar.com and at www.ctreit.com. CT REIT cautions that the foregoing list of important factors and assumptions is not exhaustive and other factors could also adversely affect its results. Investors and other readers are urged to consider the foregoing risks, uncertainties, factors and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such forward-looking information. Statements that include forward-looking information do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made have on CT REIT's business. For example, they do not include the effect of any dispositions, acquisitions, asset write-downs or other charges announced or occurring after such statements are made. The forward-looking information in this presentation is based on certain factors and assumptions made as of the date hereof. 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.

CORPORATE PARTICIPANTS

Ken Silver

Chief Executive Officer, CT REIT

Louis Forbes

Chief Financial Officer, CT REIT

CONFERENCE CALL PARTICIPANTS

Sam Damiani

TD Securities

Jimmy Shan

GMP Securities

Michael Smith

RBC Capital Markets

PRESENTATION

Operator

Good afternoon. My name is Mark and I will be your conference operator today. At this time, I would like to welcome everyone to CT REIT's first quarter earnings results conference call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question and answer session. If you would like to ask a question during that time, simply press star, then the number one on your telephone keypad. To withdraw your question, please press the pound sign.

The speakers on the call today are Ken Silver, Chief Executive Officer of CT REIT; and Louis Forbes, Chief Financial Officer of CT REIT. Today's discussions may include forward-looking statements. Such statements are based on the management's assumptions and beliefs. These forward-looking statements are subject to uncertainties and other factors that could cause actual results to differ materially from such statements. Please see CT REIT's public filings for a discussion of these risk factors, which are included in their Q1 2014 MD&A, which can be found on the CT REIT website and on SEDAR.

I would now like to turn the meeting over to Ken Silver. Ken?

Ken Silver, Chief Executive Officer, CT REIT

Thank you Mark, and good afternoon everyone. We're very pleased to welcome you to CT REIT's first quarter 2014 investor conference call. I'll lead off with a discussion of investments announced for the first time today. Louis will then briefly review the financial results for the quarter and he'll also spend a minute or two on the determination of the fair market value of our investment properties as at March 31st.

Today we announced an additional six investments, including four property acquisitions and two intensifications. Three of the properties are existing Canadian Tire stores located in Sherbrooke and Vaudreuil, Quebec, and one in Stratford, Ontario. These stores will be subject to the same form of lease as the other Canadian Tire stores in the portfolio and will include annual rent escalations of 1.5 percent and a 15-year primary term. In addition, we have committed to purchase from CTC a property in Yorkton, Saskatchewan. This is a recently redeveloped former Canadian Tire property now leased to CTC Banner. Closing of these acquisitions is scheduled for late June.



CT REIT 2014 First Quarter Results Conference Call
Tuesday, May 6, 2014 – 4:00 PM EST

We've also announced an expansion of an existing asset, a Canadian Tire store located in Sturgeon Falls, Ontario. This expansion should be completed by the second quarter of next year. In addition, we will build a new freestanding Mark's store as an intensification development of one of our properties in Oshawa, Ontario. The total investment in these stores is expected to be approximately \$60 million and will be funded by a combination of Class B and Class C LP units, existing cash on hand, and if necessary, through use of our credit facility. The investments are expected to earn a weighted average going-in cap rate of 6.8 percent. These four properties plus the two intensification projects represent roughly 324,000 square feet of incremental gross leasable area, or GLA.

This brings our announced investments to \$150 million with an average going-in cap rate in total of 6.8 percent and total incremental GLA of almost 800,000 square feet. By way of update, last week we closed the acquisition of three of the properties announced back in February, being Oshawa, Medicine Hat, and Camrose. In addition, the construction projects on our developments are on schedule and should be more active now that the construction season has arrived.

With that, I will turn it over to Louis for a review of our financial results.

Louis Forbes, Chief Financial Officer, CT REIT

Thanks Ken. Our first quarter results are positive and at a high level, we expect to meet our forecast for the year. In addition, operations are going very well and our expense recovery rate is above plan. For the quarter, we reported FFO of \$0.238 as compared to the forecast of \$0.24 per unit. AFFO was reported at \$0.18 per unit, in line with the forecast. I'd like to point out that when looking at our results this quarter, there are a number of small variances to the forecast that warrant mention.

First of all, the exercise of the over-allotment option at IPO increased our unit count and that has had a dilutive effect on our per-unit results. There was a positive variance of \$646,000 in net operating income. Approximately \$275,000 relates to the timing of recording property taxes, and this variance is expected to reverse over the course of the year. More importantly, approximately \$150,000 relates to an improved recovery rate of certain property operating expenses, and this variance is expected to recur throughout 2014. Finally,

the REIT completed the acquisition of a property in Burlington in late February, and this property contributed approximately \$85,000 in NOI to the quarter.

There was also a positive variance in G&A as compared to forecast, but we would put that down to timing of incurring expenses, so you should expect that variance to reverse over the course of the year. The positive variance in interest income is the consequence of the cash balances resulting from both the exercise of the over-allotment option and from the normal increase in working capital. As we execute our investment strategy, the cash balances will diminish, as will the interest income. The good news is that we will be earning higher rates of return on the acquired assets.

Further, there is a negative variance in interest expense that will reverse itself over the year. We record the monthly distribution on the Class C LP units as interest expense and have recorded three monthly distributions as of March 31st. This represents three-twelfths of the forecasted annual amount. The forecast had allocated the annual amount to the four quarters of the year using a daily rate of interest. This meant that the 90 day first quarter was under-allocated interest expense in the forecast, resulting in a variance.

In terms of the balance sheet, I'll briefly touch on the fair value of our properties as of March 31st. There was a fair value adjustment of \$127 million reported in the quarter. At IPO, we recorded investment properties on our balance sheet at the value implied by the IPO unit price of \$10 per unit. Our external appraisers have provided reports, which we described in our prospectus and other disclosure documents, using a 6.26 percent cap rate to value our real estate. At year-end, we were faced with a choice: to adopt the valuation parameters used by external appraisers, which remained unchanged, or to stick with the values reported at IPO. We chose the latter because of the short passage of time since completing the IPO.

At March 31st, we again received external confirmation that valuation parameters for our portfolio had not changed. With the passage of an additional three months' time, we felt it appropriate to adopt the valuation parameters used in the property market and moreover used by our peers in valuing their portfolios. This change in parameters explains the majority of the fair value adjustments.

With that, I will turn it back to Ken.



CT REIT 2014 First Quarter Results Conference Call
Tuesday, May 6, 2014 – 4:00 PM EST

Ken Silver, Chief Executive Officer, CT REIT

Thanks Louis. As you would expect, we're very pleased with our performance to-date. The initial portfolio is performing as expected, and we are delivering on the growth opportunities before us. We believe it will become increasingly apparent to investors that the CT REIT investment proposition is not just a safe, predictable investment with an approximately 3.5 percent baseline annual growth in AFFO per unit. In fact, we believe we offer limited downside in the prospect for delivering growth that is supportable and attractive relative to the sector average.

Now Operator, I will turn the call back to you for any questions from our listeners.

QUESTION AND ANSWER SESSION

Operator

Thank you. Please press star, one at this time for any questions. I would like to remind everyone, we ask that you please pick up the handset or step close to the speakerphone system when asking your question to provide maximum audio clarity. We'll pause for just a moment to compile the Q&A roster.

Our first question is from Sam Damiani from TD Securities. Please go ahead.

Sam Damiani, TD Securities

Thanks, good afternoon, and congratulations on the solid Q1 results.

Ken Silver, Chief Executive Officer, CT REIT

Thank you.

Sam Damiani, TD Securities

Just looking at the acquisition outlook, it's been a good pick-up so far post-IPO, and a good chunk of the activity so far has been outside the parent company's pipeline.

Just wondering how you see the balance of the year and into 2015 in terms of activity coming from Canadian Tire.

Ken Silver, Chief Executive Officer, CT REIT

Sam, it's Ken. You know, we're continuing to build the pipeline on our growth strategy and are looking at a number of opportunities, both from Canadian Tire as well as third party acquisitions and whatnot. Of course, with Canadian Tire's ongoing growth and development, I mean, that's a source of potential growth for the REIT, and we're working very closely with the team at Canadian Tire Real Estate Limited to plan that going forward.

Sam Damiani, TD Securities

So for the balance of the year, would you see adding give or take, 50 to \$100 million a quarter to your growth pipeline, or would you be willing to put an estimate in that regard?

Ken Silver, Chief Executive Officer, CT REIT

I don't think I'd be willing to refer to a specific number at this time.

Sam Damiani, TD Securities

Looking at the investments that you've announced so far, how much of that \$150 million do you figure will be funded through the issuance of Class B or C LP units?

Louis Forbes, Chief Financial Officer, CT REIT

Sam, it's Louis speaking. In total, the objective is firstly to invest the cash we have on hand, let's say, at year-end roughly \$50 million, so that's what we will use first. We would then look to keep our leverage neutral, so you might see debt and equity—equity being the Class Bs for the moment—being used 50/50 on the remaining balance. But just keep in mind, we referenced Class C's and Class Bs in the press release. We could use external debt to replace Class Cs in certain circumstances.



CT REIT 2014 First Quarter Results Conference Call
Tuesday, May 6, 2014 – 4:00 PM EST

Sam Damiani, TD Securities

When that decision is made, Louis, is it pretty much the REIT's decision, or—I mean, because obviously the parent company has some tax considerations when it decides with respect to properties vended in from them. So I'm just wondering how that's likely to play out in terms of the parent's increased investment in LP units going forward.

Louis Forbes, Chief Financial Officer, CT REIT

Well, Canadian Tire clearly has a seat at the table and their tax strategy and treasury strategies will be considered when we come up with the capital stack to fund an acquisition. So if we're buying from them, that clearly is an important matter. Ken and I can make recommendations from the REIT's perspective, and that's what we do; and what the answer is on any specific asset will depend on the set of facts for that asset.

Sam Damiani, TD Securities

Okay, and you're comfortable with us assuming that the cash will be used first off, and then secondly just looking at a balanced leverage target to assume the balance of the funding?

Louis Forbes, Chief Financial Officer, CT REIT

Yes.

Sam Damiani, TD Securities

Okay, thank you.

Operator

Thank you. Once again, please press star, one for any questions. Our following question is from Jimmy Shan from GMP Securities. Please go ahead.

Jimmy Shan, GMP Securities

Yeah, so just on the investment program again, I know that it blend in at about 6.8 cap rate. I'm just trying to get a sense of how do the yields vary depending on the type of investment, so what would be the range of yields if it's a pad development, a store expansion, or a greenfield development? I'm just trying to get a sense of the range there.

Ken Silver, Chief Executive Officer, CT REIT

Jimmy, it's Ken. The range for the investments that were announced today range from in the low 6's to the high single digits, so it kind of depends on the type of project and really what that average cap rate, the 6.8 percent, just reflects the mix and the weighting.

Jimmy Shan, GMP Securities

Okay, and the high end of the range, is that—I assume that's on sort of the pad development? Is that fair to say?

Ken Silver, Chief Executive Officer, CT REIT

That's right. Yes, that's right.

Jimmy Shan, GMP Securities

So as you look at the opportunities going forward, is that something that you think will be—would have a disproportionate weight, or how does that mix, if you were to guess, would shake out over the next few months?

Ken Silver, Chief Executive Officer, CT REIT

Well, I think the intensification opportunity is obviously attractive from a yield perspective but it's not huge in relative terms, relative to the size of the investment program on the one hand and the size of the portfolio in total on the other. But we clearly—you know, we see the intensification opportunity of the pad deals and whatnot, as relatively short-term opportunities and we're eager to pursue them.

Jimmy Shan, GMP Securities



CT REIT 2014 First Quarter Results Conference Call
Tuesday, May 6, 2014 – 4:00 PM EST

Okay, and then just on the same topic, it sounded at the AGM that you kind of thought that the investment activity has been larger than maybe what you originally thought six or seven months ago, and I just kind of wondered sort of what's driving this. It does look like it's a pretty healthy pace of activity here.

Ken Silver, Chief Executive Officer, CT REIT

Well, I think the investments that we have announced so far, I think are in line with the range of opportunities that we had been talking about. I think what I had been referencing at the AGM was the opportunities and the potential things we could be doing are even more interesting and significant and different than I would have said six months ago, so it was more what could we be doing going forward.

Jimmy Shan, GMP Securities

Okay, it wasn't in reference to the investment program so far?

Ken Silver, Chief Executive Officer, CT REIT

No.

Jimmy Shan, GMP Securities

Okay. Okay, thank you.

Ken Silver, Chief Executive Officer, CT REIT

Thank you.

Operator

Thank you. Our next question is from Michael Smith from RBC Capital Markets. Please go ahead.

Michael Smith, RBC Capital Markets

Thank you. So with your fair value bump, I presume—is it fair to say that the appraisers came in, they said there's

no change again, we're comfortable—I mean, for you to make that kind of change, you must be pretty comfortable that they—you have no indication that the market was about to change or there was any kind of negative sentiment in the market in terms of valuations.

Louis Forbes, Chief Financial Officer, CT REIT

Well Michael, management's obligation is to give its opinion of value as of the period end date, in this case March 31st. We are not supposed to game our valuation for what we think is going to happen in the next quarter or next year, so there wasn't any of that. I would add that we're not aware today of cap rate movements since the time we got that advice, if that helps to answer your question.

Michael Smith, RBC Capital Markets

Right, okay. So you're obviously—you were pretty comfortable. Obviously you're saying you're not gaming it. You could say, well right now it's good, but it looks like the market's changing, so it's a sizeable bump so you felt that was the appropriate thing to do.

Louis Forbes, Chief Financial Officer, CT REIT

We did feel it was appropriate. It is sizeable, and really it reflects the discount that unitholders got at IPO going away.

Michael Smith, RBC Capital Markets

Yes. Good timing for them.

Ken Silver, Chief Executive Officer, CT REIT

Yeah.

Michael Smith, RBC Capital Markets

I wonder, can you—the improved recovery rate that you're experiencing that sounds to me like it's going to be permanent, wonder if you could just give us a little bit more colour on that.



CT REIT 2014 First Quarter Results Conference Call
Tuesday, May 6, 2014 – 4:00 PM EST

Louis Forbes, Chief Financial Officer, CT REIT

You know, Michael, it's nothing too specific that I can give. If I were to generalize, I would say that the preparation of the forecast was conservative in a couple areas.

Michael Smith, RBC Capital Markets

Okay, thank you.

Operator

Thank you. Once again, please press star, one for any questions. Our next question is a follow-up question from Sam Damiani from TD Securities. Please go ahead.

Sam Damiani, TD Securities

Thank you. I'm just going to indulge, given we have a little bit of time here. Ken, again, back to your comments at the AGM, how do you see the REIT maybe two to five years out? Can you just maybe help give us a little bit of a hint as to where—what additional types of opportunities you see for the REIT, however general or specific you're willing to say?

Ken Silver, Chief Executive Officer, CT REIT

Well Sam, I think it's maybe a little premature to lay out too much more detail on some of those opportunities. As I said earlier, Louis and I and the team are working on our building—you know, what we would describe as a pipeline of opportunities. Not all of them will come to fruition, but we want to get the opportunities going and that's our focus. It's obviously early days. We want to get our growth program off to a good start. We feel we've done that, but we're looking—we're casting the net wider than what you've seen so far, and we hope to be able to tell you more as those deals come together.

Sam Damiani, TD Securities

Would you be willing to say whether or not you're considering office properties?

Ken Silver, Chief Executive Officer, CT REIT

I think we're prepared to consider a variety of different property types. We're not restricted to retail. Clearly the vast majority of real estate in the portfolio is retail, but we also have a sizeable distribution centre in the portfolio, and we're certainly open to considering opportunities in various property classes that we think are a good fit for the REIT.

Sam Damiani, TD Securities

Okay, thank you.

Operator

Thank you. As there are no further questions, I will turn the meeting back to Ken Silver, CEO, for any closing remarks.

Ken Silver, Chief Executive Officer, CT REIT

Thank you, Mark, and thank you all for joining us today. We expect our second quarter 2014 results will be released the week of August 4. We look forward to speaking with you then, and thank you very much.

Operator

Thank you. The conference call has now ended. Please disconnect your lines at this time and we thank all who participated.