CT REIT Announces 2014 Second Quarter Results

- Results aligned with Forecast
- Completed acquisitions add over one million square feet of GLA as of July 31, 2014

Toronto, Ontario, August 5, 2014 - CT Real Estate Investment Trust (CT REIT), (TSX: CRT.UN) today reported its condensed consolidated financial results for the period April 1, 2014 to June 30, 2014.

"This has been a very productive quarter and we're pleased with the strategic acquisitions that have been made," said Ken Silver, Chief Executive Officer, CT REIT. "We continue to execute on our growth strategy and are in a strong position going into the second half of our first year of operations."

Acquisitions

Subsequent to the quarter end, CT REIT completed two previously unannounced acquisitions.

CT REIT and Oxford Properties each acquired a one-third leasehold interest in Canada Square, a mixed-use commercial development at the intersection of Yonge Street and Eglinton Avenue in Toronto, Ontario which houses Canadian Tire Corporation, Limited's ("CTC") head office. The complex comprises 844,000 square feet of GLA including three interconnected office towers, a multiplex cinema, a shopping concourse and a 745 stall parking facility. The transaction closed on July 17, 2014.

In addition, on July 30, 2014, CT REIT acquired a 201,000 square foot distribution centre located in the south east quadrant of Calgary, Alberta. The property is adjacent to the CP rail yards and an existing CTC distribution centre. CTC has agreed to lease terms with CT REIT for a new lease to commence early in 2015, following expiry of the existing tenancy.

Combined, these two investments represent approximately $90 million dollars, including transaction costs, to CT REIT which has assumed debt on both properties amounting to $39 million, having a weighted average interest rate of 4.1% and a weighted average term to maturity of 3.3 years. One of the two loans bears interest at a floating rate. The balance of the purchase price was funded by cash on hand and draws on CT REIT's line of credit. These two investments are expected to earn a weighted average going-in capitalization rate of 7.3%.

In the second quarter, CT REIT closed seven previously announced acquisitions at a total cost of $94.0 million, of which $34.4 million was paid in cash, $19.4 million was satisfied with the issuance of Class B LP Units to CTC (1,737,701 units at $11.20 per unit) and the balance of $40.1 million was satisfied with the issuance of Class C LP Units to CTC. These Class C LP Units provide a weighted average annual distribution rate of 2.21% and will either have the rates reset in May 2017 or be redeemed.

"We are delighted to be advancing our growth agenda in closing on our previously announced transactions and investing in two significant properties that are outstanding additions to our already strong national portfolio. The relationship with CTC continues to provide significant benefits to CT REIT and drives our growth strategies," added Silver.

CT REIT remains committed to expansion and development expenditures representing $31.0 million in costs, primarily owing to CTC, the majority of which is expected to be incurred during the remainder of 2014.

All previously announced projects are progressing on schedule. Due to the seasonal nature of construction, the majority of the construction costs are anticipated in the second half of 2014.

Financial and Operational Summary

(in thousands of Canadian dollars, except per Unit, Unit and square footage amounts)	Q2 2014	Q2 2014 Forecast	Variance	YTD 2014	YTD 2014 Forecast	Variance
Property revenue	$ 83,364	$ 83,273	$ 91	$ 166,044	$ 166,438	$ (394)
Net operating income [1]	$ 58,681	$ 57,616	$ 1,065	$ 116,730	$ 115,019	$ 1,711
Net income	$ 45,689	$ 42,246	$ 3,443	$ 215,353	$ 84,464	$ 130,889
Net income/Unit (basic) [2]	$ 0.264	$ 0.241	$ 0.023	$ 1.198	$ 0.481	$ 0.717
Net income/Unit (diluted) [4]	$ 0.200	$ 0.176	$ 0.024	$ 0.751	$ 0.350	$ 0.401
Funds from operations [1]	$ 42,829	$ 42,246	$ 583	$ 85,534	$ 84,464	$ 1,070
Funds from operations/Unit (diluted) [1, 2, 3]	$ 0.238	$ 0.241	$ (0.003)	$ 0.476	$ 0.481	$ (0.005)
Adjusted funds from operations [1]	$ 32,228	$ 31,590	$ 638	$ 64,546	$ 63,153	$ 1,393
Adjusted funds from operations/Unit (diluted) [1, 2, 3]	$ 0.179	$ 0.180	$ (0.001)	$ 0.359	$ 0.360	$ (0.001)
Distributions/Unit [2]	$ 0.163	$ 0.163	$ -	$ 0.325	$ 0.325	$ -
AFFO payout ratio	91%	90%	(1%)	91%	90%	(1%)
Weighted average number of Units outstanding [2]						
Basic	179,863,455	175,620,865	4,242,590	179,734,189	175,620,865	4,113,324
Diluted [4]	342,001,032	355,620,865	(13,619,833)	340,944,721	355,620,865	(14,676,144)
Diluted (non-GAAP) [3]	179,904,380	175,620,865	4,283,515	179,771,050	175,620,865	4,150,185
Indebtedness ratio [1]	48.1%	50.4%	2.3%	48.1%	50.4%	2.3%
Interest coverage (times) [1]	3.10	3.07	0.03	3.10	3.09	0.01
Debt / enterprise value ratio [1]	47.2%	50.6%	3.4%	47.2%	50.6%	3.4%
Rentable square footage[5]	19,447,099	18,887,158	559,941	19,447,099	18,887,158	559,941
Occupancy rate [6]	99.9%	99.9%	-	99.9%	99.9%	-

[1] Non-GAAP key performance indicators. Refer to Part IX of the MD&A for further information.
[2] Total Units consists of both REIT Units and Class B LP Units outstanding.
[3] 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.
[4] 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 Part VI of the MD&A.
[5] Rentable square footage refers to retail and distribution properties and excludes development lands.
[6] Refers to retail and distribution properties and excludes development lands.

Financial Highlights

Net Operating Income* – For the second quarter, NOI including straight line rent and land lease expenses amounted to $58.7 million which is $1.1 million higher than the Financial Forecast for the second quarter ("the Forecast"). Acquisitions completed to date contributed $727 thousand of NOI in the quarter. The Forecast did not assume any acquisitions in 2014. Approximately $243 thousand of the variance in NOI relates to an improved rate of recovery of operating expenses as compared to the Forecast. The variance from the Forecast reflects a different timing of recording property tax expense than is reflected in the actual results. This difference contributed approximately $62 thousand to the variance, and is expected to reverse during the year.

Net Income - Net income of $45.7 million was $3.4 million higher than the Forecast due to fair market value adjustments of $2.9 million recorded on investment properties during the quarter. Investment properties were subject to external appraisals when initially acquired in 2013. At June 30, 2014, management's determination of fair value was updated for current market assumptions, utilizing market capitalization rates provided by independent valuation professionals. CT REIT also obtained independent valuations for certain properties based on a four-year rotation cycle during which substantially all of its properties will be independently valued.

Funds from Operations* - FFO for the period was $42.8 million or $0.238 per unit as compared to Forecast of $42.2 million or $0.241 per unit, largely due to the impact of NOI variances, including different timing assumptions for recognizing property taxes than is reflected in the Forecast; an improved rate of recovery of operating expenses as compared to the Forecast; acquisitions made to-date as the Forecast did not assume any acquisitions in 2014; and differing assumptions in the Forecast for general and administrative expenses.

Adjusted Funds From Operations* - AFFO for the second quarter ended June 30, 2014 amounted to $32.2 million or $0.179 per unit compared to the Forecast of $31.6 million or $0.180 per unit. AFFO per unit was negatively impacted by the dilution resulting from the exercise of the over-allotment option granted in connection with the IPO.

Distributions – Distributions declared during the quarter totalled $0.1625 per unit for an AFFO payout ratio of 91% which is in line with CT REIT's Forecast of 90%.

**AFFO, FFO and NOI are non-GAAP measures. Refer to Non-GAAP section below.*

Operating Results

Leasing - CTC is CT REIT's largest tenant. At June 30, 2014, CTC represented 97.1% of total GLA and 97.1% of annual base minimum rent.

Occupancy – At June 30, 2014, CT REIT's portfolio occupancy rate was 99.9%, unchanged from the close of the IPO.

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

(in thousands of Canadian dollars, except per unit amounts)	Q2 2014	Q2 2014 Forecast	Variance	YTD 2014	YTD 2014 Forecast	Variance
Property revenue	**$ 83,364**	$ 83,273	$ 91	**$ 166,044**	$ 166,438	$ (394)
Property expense	**(17,785)**	(18,657)	872	**(35,690)**	(37,420)	1,730
General and administrative expense	**(2,499)**	(2,009)	(490)	**(4,357)**	(4,055)	(302)
Interest income	**133**	-	133	**291**	-	291
Interest and other financing charges	**(20,384)**	(20,361)	(23)	**(40,754)**	(40,499)	(255)
Fair value adjustment on investment properties	**2,860**	-	2,860	**129,819**	-	129,819
Net Income and comprehensive income	**45,689**	42,246	3,443	**215,353**	84,464	130,889
Fair value adjustment of investment property	**(2,860)**	-	(2,860)	**(129,819)**	-	(129,819)
Funds from operations	**42,829**	42,246	583	**85,534**	84,464	1,070
Properties straight-line rent adjustment	**(6,936)**	(7,032)	96	**(13,714)**	(14,063)	349
Land lease straight-line expense adjustment	**38**	32	6	**90**	64	26
Capital expenditure reserve[1]	**(3,703)**	(3,656)	(47)	**(7,364)**	(7,312)	(52)
Adjusted funds from operations	**$ 32,228**	$ 31,590	$ 638	**$ 64,546**	$ 63,153	$ 1,393
FFO per Unit - basic	**$ 0.238**	$ 0.241	$ (0.003)	**$ 0.476**	$ 0.481	$ (0.005)
FFO per Unit - diluted [2]	**$ 0.238**	$ 0.241	$ (0.003)	**$ 0.476**	$ 0.481	$ (0.005)
AFFO per Unit - basic	**$ 0.179**	$ 0.180	$ (0.001)	**$ 0.359**	$ 0.360	$ (0.001)
AFFO per Unit - diluted [2]	**$ 0.179**	$ 0.180	$ (0.001)	**$ 0.359**	$ 0.360	$ (0.001)
AFFO payout ratio	**91%**	90%	(1%)	**91%**	90%	(1%)
Distribution per Unit	**$ 0.163**	$ 0.163	$ -	**$ 0.325**	$ 0.325	$ -

[1] Normalized Q2 2014 and YTD 2014 maintenance capital expenditures are approximately $3,703 and $7,364, respectively. In Q2 2014 and YTD 2014, $866 and $976, respectively, of actual sustaining capital expenditures were incurred.

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

Non-GAAP Financial Key Performance Indicators

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

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

Net Operating Income

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

Funds From Operations

FFO is not a term defined under IFRS and may not be comparable to similar measures used by other real estate entities. CT REIT calculates its FFO in accordance with the Real Property Association of Canada White Paper on FFO for IFRS issued in March 2014. The purpose of the White Paper was to provide reporting issuers and investors with greater guidance on the definition of FFO and to help promote more consistent disclosure amongst reporting issuers.

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

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

Adjusted Funds From Operations

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

CT REIT calculates AFFO by adjusting FFO for non-cash income and expense items such as amortization of straight-line rents and finance charges. FFO is also adjusted for a reserve for maintaining productive capacity required for sustaining property infrastructure and revenue from real estate properties and direct leasing costs. Property capital expenditures do not occur evenly during the fiscal year or from year to year. The property capital reserve in the AFFO calculation is intended to reflect an average annual spending level.

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

Interest Coverage Ratio

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

Indebtedness Ratio

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

Debt to Enterprise Value Ratio

Management uses debt to enterprise value ratio as an additional measure to evaluate CT REIT's leverage position and is defined as total debt as a percentage of enterprise value. Enterprise value is defined as the sum of the period end Units and the Class B LP Units outstanding multiplied by the period end Unit closing price, plus total debt.

Management Discussion and Analysis (MD&A) and Unaudited Consolidated Financial Statements and Notes

Information in this press release is a select summary of results. This press release should be read in conjunction with CT REIT's MD&A for the period ended June 30, 2014 ("the Q2 MD&A") and Unaudited Consolidated Financial Statements and Notes for the period ended June 30, 2014, which are available on CT REIT's website at: www.ctreit.com and on SEDAR at www.sedar.com.

Forward–Looking Statements

This document contains forward-looking information that reflects management's current expectations related to matters such as future financial performance and operating results of CT REIT. Forward-looking statements are provided for the purposes of providing information about CT REIT's future outlook and anticipated events or results and may include statements regarding known and unknown risks and uncertainties and other factors that may cause the actual results to differ materially from those indicated. Such factors include, but are not limited to, general economic conditions, financial position, business strategy, availability of acquisition opportunities, budgets, capital expenditures, financial results, taxes, plans and objectives of or involving CT REIT. Particularly, statements regarding future acquisitions, 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. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable at the date that such statements are made.

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

Although the forward-looking statements contained in this press release are based upon assumptions that management 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 CT REIT's control, that may cause CT REIT's or the industry's actual results, performance, achievements, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, the factors discussed under "Risk Factors" section of the 2013 AIF and also in the MD&A.

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

CT REIT cautions that the foregoing list of important factors and assumptions is not exhaustive and other factors could also adversely affect its results. Investors and other readers are urged to consider the foregoing risks, uncertainties, factors and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such forward-looking information. Statements that include forward-looking information do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made have on CT REIT's business. For example, they do not include the effect of any dispositions, acquisitions, asset write-downs or other charges announced or occurring after such statements are made. The forward-looking information contained herein 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.

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

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

Conference Call

CT REIT will conduct a conference call to discuss information included in this news release and related matters at 8:00 a.m. ET on August 6, 2014. The conference call will be available simultaneously and in its entirety to all interested investors and the news media through a webcast at http://ctreit.com/en/investors/financial-reporting, and will be available through replay at this website for 12 months.

About CT Real Estate Investment Trust

CT Real Estate Investment Trust (TSX:CRT.UN) is an unincorporated, closed end real estate investment trust formed to own income producing commercial properties primarily located in Canada. Its portfolio is comprised of more than 260 properties totaling approximately 19.9 million square feet of GLA, consisting of retail properties and two distribution centres, located across Canada. Canadian Tire Corporation, Limited is CT REIT's most significant tenant. For more information, visit ctreit.com

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Selected Financial Information

Condensed Consolidated Balance Sheets (Unaudited)

As at (C$ in thousands)		**June 30, 2014**		December 31, 2013
Assets				
Non-current assets				
Investment properties	$	3,800,783	$	3,547,864
Other assets		2,224		638
		3,803,007		**3,548,502**
Current assets				
Tenant and other receivables		13,540		696
Other assets		15,907		7,055
Cash and cash equivalents		9,764		46,999
		39,211		**54,750**
Total assets	**$**	**3,842,218**	**$**	**3,603,252**
Liabilities				
Non-current liabilities				
Class C LP Units	$	1,847,279	$	1,800,000
Other liabilities		366		275
		1,847,645		**1,800,275**
Current liabilities				
Accounts payable and other liabilities		27,048		12,864
Distributions payable		9,827		9,727
		36,875		**22,591**
Total liabilities		**1,884,520**		**1,822,866**
Equity				
Unitholders' equity		960,048		880,199
Non-controlling interests		997,650		900,187
Total equity		**1,957,698**		**1,780,386**
Total liabilities and equity	**$**	**3,842,218**	**$**	**3,603,252**

Condensed Consolidated Statements of Income and Comprehensive Income (Unaudited)

(C$ in thousands)		**For the three months ended June 30, 2014**		**For the six months ended June 30, 2014**
Property revenue	$	83,364	$	166,044
Property expense		(17,785)		(35,690)
General and administrative expense		(2,499)		(4,357)
Interest income		133		291
Interest and other financing charges		(20,384)		(40,754)
Fair value adjustment on investment properties		2,860		129,819
Net income and comprehensive income	**$**	**45,689**	**$**	**215,353**

Condensed Consolidated Statements of Cash Flows (Unaudited)

(C$ in thousands)		For the three months ended June 30, 2014		For the six months ended June 30, 2014
Cash generated from (used for):				
Operating activities				
Net income	**$**	45,689	**$**	215,353
Add (deduct):				
Fair value adjustment on investment properties		(2,860)		(129,819)
Straight-line rental income		(6,936)		(13,714)
Straight-line land lease expense		38		90
Interest and other financing charges		20,384		40,754
Changes in working capital and other		(8,943)		(9,468)
Cash generated from operating activities		**47,372**		**103,196**
Investing activities				
Acquisition of investment properties		(34,428)		(41,465)
Capital expenditures recoverable from tenants		(866)		(976)
Cash used for investing activities		**(35,294)**		**(42,441)**
Financing activities				
Unit distributions		(14,022)		(28,299)
Class B LP Unit distributions		(14,554)		(29,107)
Class C LP Unit distributions paid or loaned		(20,334)		(40,584)
Cash used for financing activities		**(48,910)**		**(97,990)**
Cash used in the period		(36,832)		(37,235)
Cash and cash equivalents, beginning of period		46,596		46,999
Cash and cash equivalents, end of period	**$**	**9,764**	**$**	**9,764**