



CT Real Estate Investment Trust

2017 Second Quarter Report to Unitholders **For the quarter ended June 30, 2017**

Table of Contents

Forward-looking Disclaimer	1
1.0 Preface	2
1.1 Basis of Presentation	2
1.2 Definitions	2
1.3 Accounting Estimates and Assumptions	2
1.4 Quarterly Comparisons in this MD&A	2
1.5 Key Operating Performance Measures and Additional Non-GAAP Measures	2
1.6 Review and Approval by the Board of Trustees	3
1.7 Nature and Formation	3
2.0 Growth Strategy and Objectives	3
3.0 Summary of Selected Financial and Operational Information	4
4.0 Overview of the Property Portfolio	5
4.1 Property Profile	5
4.2 Six Largest Urban Markets	7
4.3 Revenue by Region	7
4.4 Fair Value of Property Portfolio	8
4.5 2017 Investment Activities	9
4.6 Development Activities	10
4.7 Investment and Development Funding	11
4.8 Lease Maturities	12
4.9 Top 10 Tenants Excluding CTC Banners	13
4.10 Leasing Activities	13
4.11 Recoverable Capital Costs	13
5.0 Results of Operations	14
5.1 Financial Results for the Six Months Ended June 30, 2017	14
5.2 Non-GAAP Measures	18
6.0 Liquidity and Financial Condition	20
6.1 Liquidity	20
6.2 Discussion of Cash Flows	20
6.3 Credit Ratings	20
6.4 Debt and Capital Structure	21
6.5 Interest Coverage Ratio	22
6.6 Indebtedness Ratio	23
6.7 Class C LP Units	23
6.8 Debentures	24
6.9 Mortgages Payable	25
6.10 Bank Credit Facility	25
6.11 Capital Strategy	25

6.12	Commitments and Contingencies	26
6.13	Base Shelf Prospectus	26
7.0	Equity	26
7.1	Authorized Capital and Outstanding Units	26
7.2	Equity	29
7.3	Distributions	29
7.4	Book Value per Unit	31
8.0	Related Party Transactions	31
9.0	Accounting Policies and Estimates	32
9.1	Significant Areas of Estimation	32
9.2	Standards, Amendments and Interpretations Issued and Adopted	33
9.3	Standards, Amendments and Interpretations Issued and Not Yet Adopted	33
10.0	Non-GAAP Measures	33
10.1	Net Operating Income	33
10.2	Funds From Operations and Adjusted Funds From Operations	34
10.3	AFFO Payout Ratio	36
10.4	Diluted Non-GAAP per Unit Calculations	37
10.5	Adjusted Cashflow From Operations	37
10.6	Earnings Before Interest and Other Financing Costs, Taxes and Fair Value Adjustments	37
10.7	Selected Quarterly Consolidated Information	38
11.0	Enterprise Risk Management	38
12.0	Internal Control and Procedures	39
13.0	Forward-looking Information	39
	Interim Financial Statements	41
	Notes to the Interim Financial Statements	46

CT REAL ESTATE INVESTMENT TRUST MANAGEMENT'S DISCUSSION AND ANALYSIS SECOND QUARTER 2017

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", the "Trust" or the "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 13.0 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 three and six months ended June 30, 2017 and should be read in conjunction with the REIT's unaudited condensed consolidated interim financial statements ("interim financial statements") and accompanying notes for the three and six months ended June 30, 2017 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 13.0 of this MD&A. Information about CT REIT, including the 2016 Annual Information Form ("AIF"), 2016 Annual Report and all other continuous disclosure documents required by the Canadian securities regulators, can be found on the System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com and on CT REIT's website in the Investors section by a link at www.ctreit.com.

1.2 Definitions

In this document, the terms "CT REIT", "the REIT", and "the Trust", refer to CT Real Estate Investment Trust and its subsidiaries unless the context requires otherwise. In addition, "the Company", "CTC" and the "Corporation" refer to Canadian Tire Corporation, Limited, entities that it controls and their collective businesses unless the context requires otherwise. For commonly used defined terms refer to the glossary of terms in CT REIT's 2016 Annual Report.

1.3 Accounting Estimates and Assumptions

The preparation of the interim 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 interim 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 August 2, 2017. Disclosure contained in this document is current to that date, unless otherwise noted.

1.4 Quarterly Comparisons in this MD&A

Unless otherwise indicated, all comparisons of results for Q2 2017 (three months ended June 30, 2017) are against results for Q2 2016 (three months ended June 30, 2016). Certain of the prior period figures have been aligned to management's current view of CT REIT's operations.

All amounts in this MD&A are in thousands of Canadian dollars, except per unit, unit, square foot amounts or unless otherwise indicated.

1.5 Key Operating Performance Measures and Additional Non-GAAP 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 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 as presented by CT REIT may not be comparable to net income presented by other real estate investment trusts or enterprises.

Net operating income ("NOI"), same store NOI, same property NOI, funds from operations ("FFO"), FFO per unit - basic, FFO per unit - diluted (non-GAAP), adjusted funds from operations ("AFFO"), AFFO per unit - basic, AFFO per unit - diluted (non-GAAP), AFFO payout ratio, adjusted cashflow from operations ("ACFO") and earnings before interest and other financing costs, taxes and fair value adjustments ("EBITFV") are measures used by management to track and assess CT REIT's performance in meeting its principle objective of creating Unitholder value (referred to as "non-GAAP measures"). These non-GAAP measures are not defined by IFRS, also referred to as generally accepted accounting principles ("GAAP"), and therefore should not be construed as alternatives to net income or cash flow from operating activities calculated in accordance with IFRS.

For further information on the non-GAAP measures used by management and for reconciliations to the nearest GAAP measures, refer to section 10.0.

1.6 Review and Approval by the Board of Trustees

The Board of Trustees (the "Board"), on the recommendation of its Audit Committee, authorized for issuance the contents of this MD&A on August 2, 2017.

1.7 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 under, and governed by, the laws of the Province of Ontario as amended and restated as at October 22, 2013 (the "Declaration of Trust"). CT REIT commenced operations on October 23, 2013. The principal, registered and head office of CT REIT is located at 2180 Yonge Street, Toronto, Ontario M4P 2V8. CTC owned an 85.5% effective interest in CT REIT as of June 30, 2017, consisting of 59,711,094 of the issued and outstanding units of CT REIT ("Units") and all of the issued and outstanding Class B limited partnership units ("Class B LP Units") of CT REIT Limited Partnership (the "Partnership"), which are economically equivalent to and exchangeable for Units. CTC also owns all of the Class C limited partnership units ("Class C LP Units") of the Partnership. The Units are listed on the Toronto Stock Exchange ("TSX") under the symbol CRT.UN.

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

2.0 Growth Strategy and Objectives

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

The principal objective of CT REIT 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 AFFO¹ per unit.

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

1. The current portfolio of Canadian Tire store leases contain contractual annual rent escalations of approximately 1.5% per year, on average, over the initial term of the leases and have a weighted average remaining lease term of 12.2 years;
2. CT REIT has contractual arrangements with CTC whereby CT REIT has a right of first offer² ("ROFO") on all CTC properties which meet the REIT's investment criteria and preferential rights, subject to certain exceptions, to participate in the development of, and to acquire, certain new retail properties; and
3. CT REIT will continue to seek to use its relationship with CTC to obtain insights into potential real estate acquisitions and development opportunities in markets across Canada.

¹ Non-GAAP measure. Refer to section 10.0 for further information.

² The ROFO Agreement has a remaining initial term of approximately 7 years and thereafter will continue in effect until such time as CTC ceases to hold a majority of the voting units, being the Units and Special Voting Units.

3.0 Summary of Selected Financial and Operational Information

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 and non-GAAP measures, refer to sections 1.0 and 10.0.

(in thousands of Canadian dollars, except unit, per unit and square footage amounts)						
For the periods ended June 30,	Three Months Ended			Six Months Ended		
	2017	2016	Change	2017	2016	Change
Property revenue	\$ 111,609	\$ 101,507	10.0 %	\$ 222,749	\$ 200,003	11.4 %
Income before interest and other financing charges, taxes and fair value adjustments ¹	\$ 83,440	\$ 74,712	11.7 %	\$ 165,225	\$ 146,493	12.8 %
Net operating income ¹	\$ 80,246	\$ 71,471	12.3 %	\$ 159,417	\$ 140,602	13.4 %
Net income	\$ 74,299	\$ 60,347	23.1 %	\$ 149,621	\$ 121,500	23.1 %
Net income per unit (basic) ²	\$ 0.354	\$ 0.306	15.7 %	\$ 0.716	\$ 0.626	14.4 %
Net income per unit (diluted) ⁴	\$ 0.292	\$ 0.256	14.1 %	\$ 0.589	\$ 0.519	13.5 %
Funds from operations ¹	\$ 59,422	\$ 52,000	14.3 %	\$ 117,485	\$ 101,626	15.6 %
FFO per unit (diluted, non-GAAP) ^{1,2,3}	\$ 0.283	\$ 0.263	7.6 %	\$ 0.562	\$ 0.524	7.3 %
Adjusted funds from operations ¹	\$ 48,630	\$ 41,517	17.1 %	\$ 95,851	\$ 80,899	18.5 %
AFFO per unit (diluted, non-GAAP) ^{1,2,3}	\$ 0.231	\$ 0.210	10.0 %	\$ 0.458	\$ 0.417	9.8 %
Distributions per unit - paid ²	\$ 0.175	\$ 0.170	2.9 %	\$ 0.350	\$ 0.340	2.9 %
AFFO payout ratio ¹	76%	81%	(6.2)%	76%	82%	(7.3)%
Excess of AFFO over distributions:						
Cash retained from operations before distribution reinvestment ⁶	\$ 12,096	\$ 8,838	36.9 %	\$ 23,028	\$ 15,872	45.1 %
Per unit (diluted, non-GAAP) ^{1,2,3}	\$ 0.058	\$ 0.045	28.9 %	\$ 0.110	\$ 0.082	34.1 %
Adjusted cashflow from operations ^{1,7}	\$ 49,656	\$ 40,782	21.8 %	\$ 94,196	\$ 82,790	13.8 %
Weighted average number of units outstanding ²						
Basic	210,072,424	197,295,136	6.5 %	208,947,227	193,998,520	7.7 %
Diluted ⁴	313,482,816	308,094,139	1.7 %	313,139,150	306,611,027	2.1 %
Diluted (non-GAAP) ^{1,3}	210,220,411	197,418,458	6.5 %	209,081,429	194,109,074	7.7 %
Period-end units outstanding ²				213,363,435	206,776,425	3.2 %
Total assets				\$ 5,213,930	\$ 4,874,626	7.0 %
Total indebtedness				\$ 2,381,895	\$ 2,288,626	4.1 %
Book value per unit ²				\$ 12.95	\$ 12.20	6.1 %
Market price per Unit - Close (end of period)				\$ 14.38	\$ 14.80	(2.8)%
OTHER DATA						
Weighted average interest rate ⁸				4.08%	4.05%	NM
Indebtedness ratio ⁸				45.7%	46.9%	NM
Interest coverage (times) ⁸	3.50	3.27	NM	3.47	3.24	NM
Weighted average term to debt maturity (in years) ⁸				10.4	11.0	NM
Gross leasable area (square feet) ⁵				25,111,458	22,864,841	9.8 %
Occupancy rate ^{5,8}				99.6%	99.7%	NM

¹ Non-GAAP measure. Refer to section 10.0 for further information.

² Total units means 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 section 7.0.

⁵ Refers to retail, mixed-use commercial and distribution centre properties and excludes properties under development.

⁶ Refer to section 7.0 for further information.

⁷ New non-GAAP measure adopted in 2017. Refer to section 10.0 for further information.

⁸ Not meaningful.

4.0 Overview of the Property Portfolio

4.1 Property Profile

The property portfolio as at June 30, 2017 consists of 303 retail properties, four distribution centres ("DC"), one mixed-use commercial property and three properties under development (collectively, the "Properties"). The Properties are located in each of the provinces and in two territories across Canada. The retail properties, distribution centres and mixed-use commercial property contain approximately 25.1 million square feet of gross leasable area ("GLA").

CT REIT's consolidated financial position, results of operations and property portfolio analyses include the REIT's one-third interest in Canada Square, a mixed-use commercial property in Toronto, ON. CTC is CT REIT's largest tenant. At June 30, 2017, CTC represented 94.1% of total GLA (December 31, 2016 - 94.2%) and 93.7% of annualized base minimum rent (December 31, 2016 - 93.8%).

Occupancy of the REIT's property portfolio, excluding properties under development, is as follows:

As at June 30, 2017			
(in square feet)	GLA	Occupied GLA	Occupancy
Property Type			
Canadian Tire stores	19,690,527	19,690,527	100%
Distribution centres	3,920,269	3,920,269	100%
Mixed-use property	281,573	277,667	98.6%
Third party tenants	783,959	698,903	89.2%
Other CTC Banners ¹	435,130	435,130	100%
Total	25,111,458	25,022,496	99.6%

¹ Includes Mark's and various FGL Sports banners, including Sport Chek, Sports Experts and Atmosphere (referred to herein as "Other CTC Banners").

As at December 31, 2016			
(in square feet)	GLA	Occupied GLA	Occupancy
Property Type			
Canadian Tire stores	19,329,513	19,329,513	100%
Distribution centres	3,920,269	3,920,269	100%
Mixed-use property	281,199	275,781	98.1%
Third party tenants	705,491	629,453	89.2%
Other CTC Banners ¹	422,844	422,844	100%
Total	24,659,316	24,577,860	99.7%

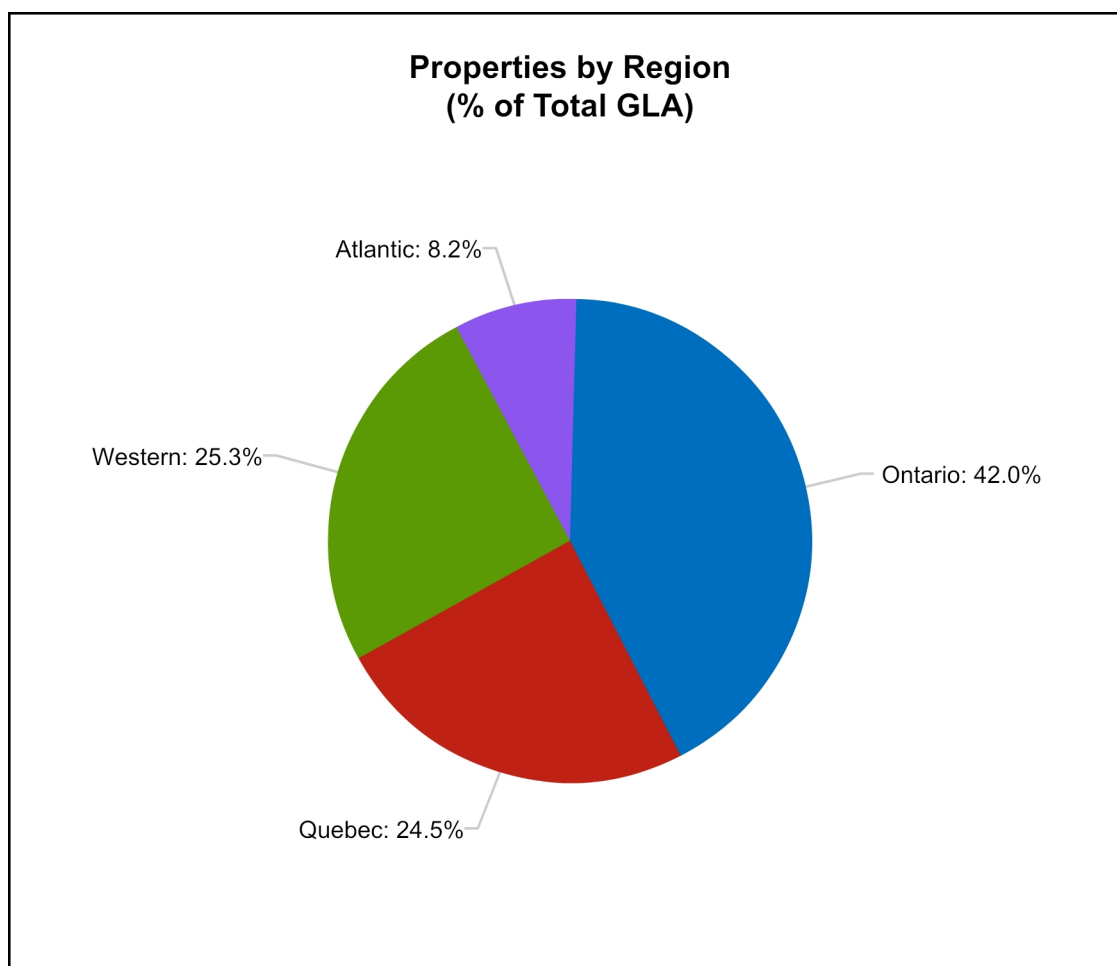
¹ Includes Mark's and various FGL Sports banners, including Sport Chek, Sports Experts and Atmosphere (referred to herein as "Other CTC Banners").

The REIT's property portfolio consists of:

As at	June 30, 2017	December 31, 2016
Single tenant properties	257	254
Multi-tenant properties anchored by Canadian Tire store	42	37
Multi-tenant properties not anchored by Canadian Tire store	4	4
Distribution centres	4	4
Mixed-use property	1	1
Total operating properties	308	300
Development properties	3	3
Total Properties	311	303

As at	June 30, 2017	December 31, 2016
Gas bars at retail properties	96	96

CT REIT's Properties, excluding properties under development, by region, as a percentage of total GLA as at June 30, 2017 are as follows:



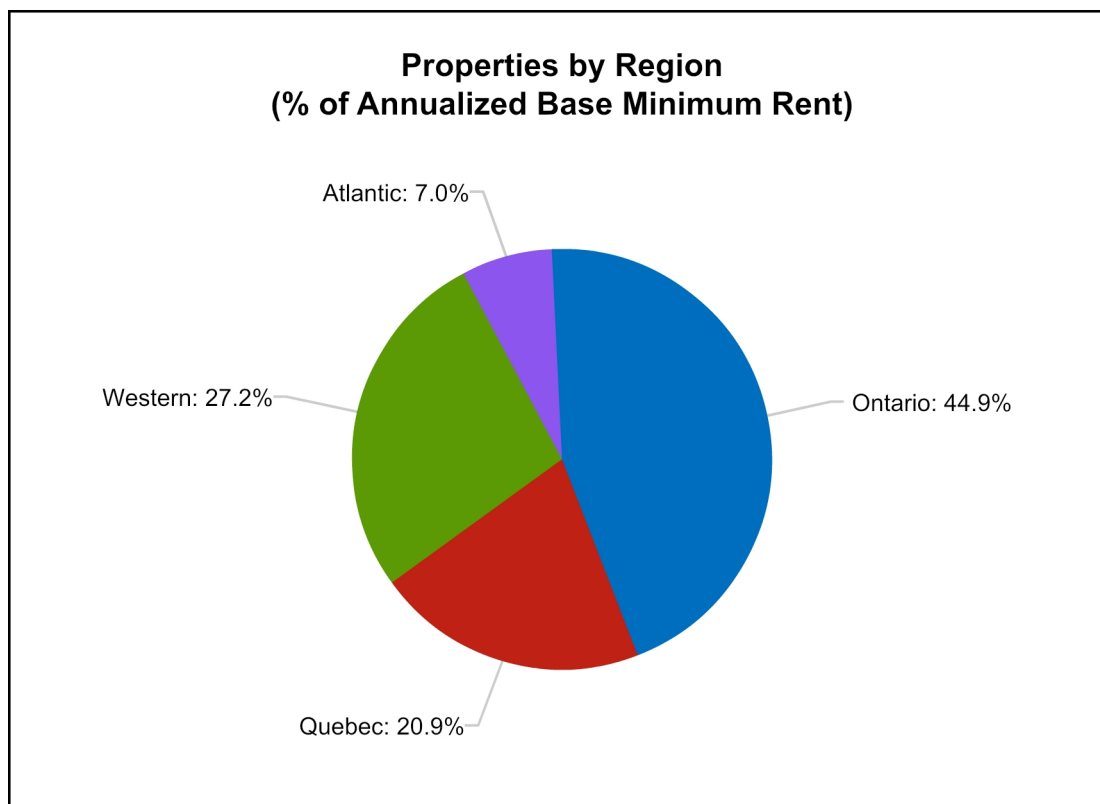
4.2 Six Largest Urban Markets

As at June 30, 2017, a significant portion of CT REIT's Properties, excluding properties under development, are located in the following large urban markets:

As at	June 30, 2017	December 31, 2016
Toronto	22.4%	22.6%
Montreal	12.0%	12.2%
Vancouver	3.3%	3.4%
Ottawa	4.4%	4.5%
Calgary	2.9%	2.9%
Edmonton	4.1%	4.2%
Percentage of Annualized Base Minimum Rent	49.1%	49.8%

4.3 Revenue by Region

CT REIT's Properties, excluding properties under development, are located across Canada with approximately 65.8% of annualized base minimum rent received in respect of properties in Ontario and Quebec.



4.4 Fair Value of Property Portfolio

The fair value of the Properties represents 98.9% of the total assets of CT REIT as at June 30, 2017.

	June 30, 2017			December 31, 2016		
(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	\$ 4,979,231	\$ 21,124	\$ 5,000,355	\$ 4,304,838	\$ 14,223	\$ 4,319,061
Property acquisitions (including transaction costs)	71,028	—	71,028	214,225	—	214,225
Intensifications	—	6,350	6,350	—	10,852	10,852
Developments	—	26,644	26,644	—	356,943	356,943
Development land	—	257	257	—	8,744	8,744
Capitalized interest and property taxes	—	555	555	—	6,895	6,895
Transfers	15,122	(15,122)	—	376,533	(376,533)	—
Fair value adjustment on investment properties	32,518	—	32,518	44,549	—	44,549
Straight-line rent	11,491	—	11,491	23,774	—	23,774
Recoverable capital expenditures	5,793	—	5,793	15,570	—	15,570
Dispositions	(6)	—	(6)	(258)	—	(258)
Balance, end of period¹	\$ 5,115,177	\$ 39,808	\$ 5,154,985	\$ 4,979,231	\$ 21,124	\$ 5,000,355

¹Includes purchased land of \$6,915 (December 31, 2016 - \$6,505) held for development.

Properties under development ("PUD") include:

- the development of vacant land and building construction,
- intensification activities, consisting of the construction of additional buildings on existing assets, and modifications to existing stores, and
- the redevelopment of a property.

At June 30, 2017, management's determination of fair value was updated for current market assumptions, utilizing market capitalization rates provided by independent valuation professionals.

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

Valuations determined by the overall capitalization rate ("OCR") method are most sensitive to changes in capitalization rates. Valuations determined by the discounted cash flow ("DCF") method are most sensitive to changes in discount rates.

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

	Properties valued by the OCR method	Properties valued by the DCF method
Number of properties	266	42
Value at June 30, 2017	\$ 4,046,592	\$ 1,020,932
Discount rate	—%	6.93%
Terminal capitalization rate	—%	6.52%
Overall capitalization rate	6.22%	—%
Hold period (years)	—	10

The following table summarizes the sensitivity of the fair value of investment properties to changes in the capitalization rate and discount rate, respectively:

Rate sensitivity	OCR Sensitivity		DCF Sensitivity	
	Fair value	Change in fair value	Fair value	Change in fair value
+ 75 basis points	\$ 3,613,603	\$ (432,988)	\$ 923,635	\$ (97,297)
+ 50 basis points	3,747,109	(299,483)	953,643	(67,290)
+ 25 basis points	3,891,105	(155,487)	986,031	(34,901)
Base rate	\$ 4,046,592	\$ —	\$ 1,020,932	\$ —
- 25 basis points	4,215,549	168,957	1,058,721	37,788
- 50 basis points	4,399,257	352,665	1,099,843	78,910
- 75 basis points	\$ 4,600,005	\$ 553,414	\$ 1,144,678	\$ 123,745

Included in CT REIT's Properties are eight buildings which are situated on ground leases with remaining initial terms of between 2 and 39 years, and an average initial term of 18 years. Assuming all extensions are exercised, the ground leases have remaining terms between 25 and 50 years with an average remaining lease term of 36 years.

4.5 2017 Investment Activities

The following table presents income-producing properties acquired, intensified or developed during the six months ended June 30, 2017.

(in thousands of Canadian dollars, except for GLA amounts)	Transaction date	GLA	Total investment cost
Property Location			
Martensville, SK ¹	January 2017	10,380	
Cambridge, ON ²	February 2017	91,090	
Sainte-Agathe-des-Monts, QC ²	February 2017	77,506	
Victoria (View Royal), BC ²	February 2017	49,707	
Dartmouth, NS ²	March 2017	62,565	
Bradford, ON ¹	April 2017	14,938	
Athabasca, AB ¹	April 2017	7,249	
Picton, ON ⁴	April 2017	-	
Edmundston, NB ¹	June 2017	2,885	
Marathon, ON ¹	June 2017	3,770	
Maniwaki, QC ²	June 2017	27,131	
Elmira, ON ³	June 2017	34,784	
Victoria (Langford), BC ²	June 2017	67,687	
Total		449,692	\$ 86,150

¹ Intensification of an existing income-producing property.

² Acquisition of an income-producing property.

³ Development project.

⁴ Acquisition of an income-producing property subject to a ground lease.

In Q1 2017, CT REIT completed the acquisition from CTC of one single tenant property with a Canadian Tire store located in Dartmouth, Nova Scotia and three multi-tenant properties which are anchored by existing Canadian Tire stores located in Cambridge, Ontario, Sainte-Agathe-des-Monts, Quebec and Victoria (View Royal), British Columbia. During Q1 2017, CT REIT also intensified an existing income-producing property in Martensville, Saskatchewan.

In Q2 2017, CT REIT completed intensifications of existing Canadian Tire stores in Bradford and Marathon, Ontario, Athabasca, Alberta and Edmundston, New Brunswick and completed the development of a single tenant Canadian Tire Store in Elmira, Ontario. During Q2 2017, the REIT also acquired, from a third party, a property in Picton, Ontario that is subject to a ground lease with Canadian Tire. It is expected that the CTC store in Picton, Ontario will be expanded at which time the building will also be acquired by CT REIT. Finally, in Q2 2017 CT REIT completed the acquisition from CTC of two single tenant Canadian Tire stores in Maniwaki, Quebec and Victoria (Langford), British Columbia.

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

4.6 Development Activities

The following table provides details of the REIT's development activities as at June 30, 2017. The total building area represents the maximum anticipated area of the developments. The "Not committed to lease" column includes area which may be under construction but not committed to lease, depending on site specific circumstances. The "Committed additional investment" column represents the approximate financial commitment required to complete the "Committed to lease" area and related site works. The "Potential future investment" column is an estimate and represents the remaining costs to complete the entire development assuming the "Not committed to lease" area is leased and fully constructed.

Property	Anticipated date of completion	Building area (in square feet)			Total investment (in thousands of Canadian dollars)			
		Committed to lease	Not committed to lease	Total	Incurred to-date	Committed additional investment	Potential future investment	Total
Antigonish, NS ³	Q4 2017	150,500	28,500	179,000				
Amos, QC ²	Q1 2018	49,000	24,000	73,000				
Listowel, ON ¹	Q2 2018	20,000	—	20,000				
Toronto (Leslie Lakeshore), ON ¹	Q2 2018	20,000	—	20,000				
New Liskeard, ON ¹	Q2 2018	21,000	—	21,000				
Calgary, AB ³	Q2 2018	47,000	—	47,000				
High River, AB ¹	Q3 2018	—	10,000	10,000				
Martensville, SK ¹	Q3 2018	—	12,800	12,800				
Bradford, ON ¹	Q4 2018	—	—	—				
Hamilton Rymal, ON ¹	Q4 2018	—	—	—				
Toronto (Canada Square), ON ⁴	TBD	TBD	TBD	TBD				
TOTAL		307,500	75,300	382,800	\$ 39,808	\$ 34,992	\$ 11,329	\$ 86,129

¹ Intensification of an existing income-producing property.

² Development property.

³ Redevelopment property.

⁴ Redevelopment property. Potential building area and investment costs to be determined ("TBD")

⁵ Includes amounts related to projects in early stages of development.

In Q1 2017, CT REIT acquired development lands in New Liskeard, Ontario for the expansion of an existing Canadian Tire store. During Q1 2017, CT REIT also incurred costs, at its share, to improve property development rights at the Toronto (Canada Square), Ontario property. Potential building area and investment costs are to be determined.

In Q2 2017, CT REIT acquired a redundant Canadian Tire store from CTC located in Calgary, Alberta for redevelopment which is expected to be complete by Q2 2018.

As at June 30, 2017, CT REIT had committed lease agreements for 307,500 square feet, of which 42% has been leased to CTC. A total of \$39,808 has been expended on these developments and CT REIT anticipates investing an additional \$34,992 to complete the committed developments. These commitments exclude the development at the Toronto (Canada Square), Ontario property.

4.7 Investment and Development Funding

Funding of investment and development activities for the three and six months ended June 30, 2017 was as follows:

Q2 2017 Investment and Development Activity					
(in thousands of Canadian dollars)	Property investments	Development land	Developments	Intensifications	Total
Funded with working capital to CTC	\$ 9,100	\$ —	\$ 6,480	\$ 5,857	\$ 21,437
Funded with working capital to third parties ¹	3,487	—	1,048	362	4,897
Capitalized interest and property taxes	—	—	374	—	374
Issuance of Class B LP Units to CTC	9,908	—	10,820	—	20,728
Mortgages payable	—	—	—	—	—
Total costs	\$ 22,495	\$ —	\$ 18,722	\$ 6,219	\$ 47,436

¹ Includes \$594 for the construction of Other CTC Banner stores.

YTD 2017 Investment and Development Activity					
(in thousands of Canadian dollars)	Property investments	Development land	Developments	Intensifications	Total
Funded with working capital to CTC	\$ 28,800	\$ —	\$ 7,298	\$ 5,857	\$ 41,955
Funded with working capital to third parties ¹	4,640	257	2,526	493	7,916
Capitalized interest and property taxes	—	—	555	—	555
Issuance of Class B LP Units to CTC	37,588	—	10,820	—	48,408
Mortgages payable	—	—	6,000	—	6,000
Total costs	\$ 71,028	\$ 257	\$ 27,199	\$ 6,350	\$ 104,834

¹ Includes \$740 for the construction of Other CTC Banner stores.

Funding of investment and development activities for the year ended December 31, 2016 was as follows:

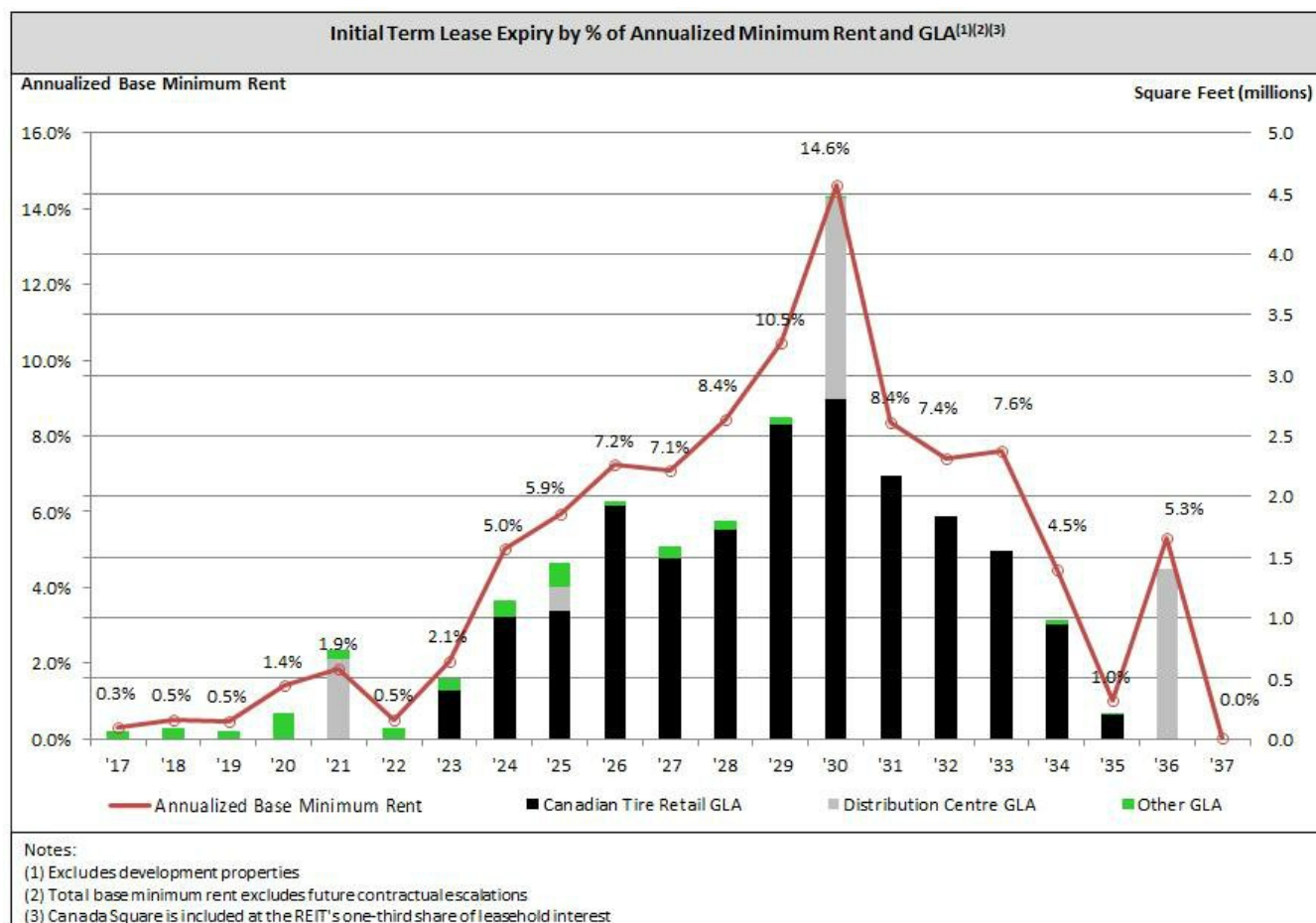
2016 Investment and Development Activity					
(in thousands of Canadian dollars)	Property investments	Development land	Developments	Intensifications	Total
Funded with working capital to CTC	\$ 5,790	\$ 1,184	\$ 328,039	\$ 6,442	\$ 341,455
Funded with working capital to third parties ¹	135,265	2,660	18,904	4,410	161,239
Capitalized interest and property taxes	—	—	6,895	—	6,895
Issuance of Class B LP Units to CTC	53,070	—	—	—	53,070
Issuance of Class C LP Units to CTC	20,100	4,900	10,000	—	35,000
Total costs	\$ 214,225	\$ 8,744	\$ 363,838	\$ 10,852	\$ 597,659

¹ Includes \$2,000 for the construction of Other CTC Banner stores.

4.8 Lease Maturities

CTC is CT REIT's largest tenant. As at June 30, 2017, CTC, including Canadian Tire stores and Other CTC Banners, had leased 23.5 million square feet of GLA, with approximately 86.2% and 13.8% of the GLA attributable to retail and office, and distribution properties, respectively. The weighted average term of the retail leases with CTC, including Canadian Tire stores and Other CTC Banners, is 12.1 years, excluding the exercise of any renewals. The weighted average term of the Canadian Tire store leases is 12.2 years, with a weighted average rental rate of \$13.31 per square foot. The weighted average lease terms for the CTC distribution centres is 15.6 years. The weighted average lease term of all tenants in the REIT's portfolio, excluding those in development properties, is 12.1 years.

The following graph presents as of June 30, 2017, the lease maturity profile from 2017 to 2037 (assuming tenants do not exercise renewal options or termination rights) as a percentage of annualized base minimum rent and GLA as of the time of expiry.



4.9 Top 10 Tenants Excluding CTC Banners

As at June 30, 2017, CT REIT's 10 largest tenants, excluding all CTC Banners and those located in properties under development, as represented by the percentage of total annualized base rental revenue, are:

Rank	Tenant Name	Percentage of total annualized base minimum rent
1	Sears Canada Inc. ¹	1.49%
2	Overwaitea Foods	0.29%
3	Shoppers Drug Mart	0.26%
4	Best Buy	0.24%
5	Precise Parklink	0.21%
6	Marshalls	0.21%
7	Royal Bank of Canada	0.18%
8	Dollarama	0.15%
9	PetSmart	0.15%
10	Farm Boy	0.14%
		3.3%

¹ Distribution centre in Calgary.

In 2016, the REIT completed a sale and leaseback transaction with Sears Canada Inc. ("Sears") for its distribution centre in Calgary. The REIT continues to view this property as a strategically located distribution centre, with direct access to the CP rail yards and positioned between two other CTC distribution centres. On June 22, 2017 Sears obtained creditor protection under the Companies' Creditors' Arrangement Act (CCAA) (the "Initial Order"). Sears was current on its rental payments at that time and has since made payments due to CT REIT in accordance with the Initial Order.

4.10 Leasing Activities

The future financial performance of CT REIT will be impacted by occupancy rates, trends in rental rates achieved on leasing or renewing currently leased space, and contractual increases in rent. At June 30, 2017, the REIT's occupancy rate was 99.6% (Q2 2016 - 99.7%), excluding properties under development. There was no significant leasing activity with tenants not related to CTC during the six months ended June 30, 2017.

4.11 Recoverable Capital Costs

Many of the capital costs that will be incurred by CT REIT are recoverable from tenants pursuant to the terms of their leases. The recoveries will occur either in the year in which such expenditures are incurred or, in the case of a major item of repair, maintenance or replacement, on a straight-line basis over the expected useful life thereof together with an imputed rate of interest on the unrecovered balance at any point in time. Capital expenditures of \$5,445 and \$5,793 (Q2 2016 - \$4,898 and YTD 2016 - \$5,157) were incurred during the three and six months ended June 30, 2017, respectively. Most of the REIT's recoverable capital expenditures relate to parking lots, roofs and heating, ventilation and air conditioning activities that are typically seasonal.

5.0 Results of Operations

5.1 Financial Results for the Three and Six Months Ended June 30, 2017

CT REIT's financial results for the three and six months ended June 30, 2017 and June 30, 2016 are summarized below:

(in thousands of Canadian dollars)	Three Months Ended			Six Months Ended		
For the periods ended June 30,	2017	2016	Change	2017	2016	Change
Property revenue	\$ 111,609	\$ 101,507	10.0 %	\$ 222,749	\$ 200,003	11.4%
Property expense	(25,680)	(24,134)	6.4 %	(51,872)	(47,662)	8.8%
General and administrative expense	(2,406)	(2,475)	(2.8)%	(6,156)	(5,882)	4.7%
Net interest and other financing charges	(23,816)	(22,706)	4.9 %	(47,618)	(45,060)	5.7%
Fair value adjustment on investment properties	14,592	8,155	78.9 %	32,518	20,101	61.8%
Net income and comprehensive income	\$ 74,299	\$ 60,347	23.1 %	\$ 149,621	\$ 121,500	23.1%

Property Revenue

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

Total revenue for the three months ended June 30, 2017 increased \$10,102 (10.0%) compared to the same period in the prior year primarily due to base rent related to properties acquired and intensification activities completed during 2017 and 2016. Total revenue included expense recoveries in the amount of \$23,763 (Q2 2016 - \$22,508).

Total revenue for the six months ended June 30, 2017 was \$222,749 which was \$22,746 (11.4%) higher compared to the same period in the prior year primarily due to base rent related to properties acquired and intensification activities completed during 2017 and 2016. Total revenue included expense recoveries in the amount of \$47,763 (2016 - \$44,186).

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 June 30, 2017, straight-line rent of \$5,699 (Q2 2016 - \$5,924) was included in total property revenue. For the six months ended June 30, 2017, straight-line rent of \$11,491 (2016 - \$11,784) was included in total property revenue.

Property Expense

The components of property expense consist primarily of property taxes, other recoverable operating expenses, property management (including the outsourcing of property management services pursuant to the Property Management Agreement) and ground rent. The majority of expenses are recoverable from tenants, with CT REIT absorbing these expenses to the extent that vacancies exist. Refer to section 8.0 for additional information on the Property Management Agreement.

Property expenses for the three months ended June 30, 2017 increased \$1,546 (6.4%) compared to the same period in the prior year primarily due to property acquisitions completed during 2017 and 2016.

Property expenses for the six months ended June 30, 2017 increased \$4,210 (8.8%) compared to the same period in the prior year primarily due to property acquisitions completed during 2017 and 2016.

General and Administrative Expense

CT REIT has two broad categories of general and administrative expenses, (i) personnel and public entity and other costs, including external audit fees, trustee compensation expense, legal and professional fees, travel, income tax expense (recovery), related to CT REIT GP Corp.'s ("GP") activities, and land transfer tax (ii) outsourced costs, which may fluctuate depending on when such costs are incurred. The personnel, public entity costs and other costs reflect the expenses related to ongoing operations of CT REIT. The outsourced costs are largely related to the services provided by CTC pursuant to the Services Agreement. Under the Services Agreement, CTC provides the REIT with certain administrative, financial, 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 term of the Services Agreement expires on December 31 of each year and is automatically renewable for further one year terms thereafter, unless otherwise terminated. The Services Agreement was renewed for 2017 and CTC will continue to provide such services on a cost recovery basis. Refer to section 8.0 for additional information on the Services Agreement.

(in thousands of Canadian dollars)	Three Months Ended			Six Months Ended		
For the periods ended June 30,	2017	2016	Change	2017	2016	Change
Personnel expense	\$ 1,083	\$ 1,268	(14.6)%	\$ 2,751	\$ 2,578	6.7%
Public entity and other	573	499	14.8 %	1,905	1,889	0.8%
Services Agreement with CTC	750	708	5.9 %	1,500	1,415	6.0%
General and administrative expense	\$ 2,406	\$ 2,475	(2.8)%	\$ 6,156	\$ 5,882	4.7%
As a percent of property revenue	2.2%	2.4%		2.8%	2.9%	

General and administrative expenses amounted to \$2,406 or 2.2% of property revenue for the three months ended June 30, 2017 which is \$69 (2.8%) lower compared to the same period in the prior year primarily due to:

- decreased personnel expense due to the variable components of compensation awards; and
- decreased trustee fees as a result of the variable component for the unit based plans; partially offset by
- increased income tax expense recorded in connection with GP's activities which resulted in a drawdown of the REIT's deferred tax assets; and
- increased compensation costs due to higher headcount.

General and administrative expenses amounted to \$6,156 or 2.8% of property revenue for the six months ended June 30, 2017 which is \$274 (4.7%) higher compared to the same period in the prior year primarily due to:

- increased income tax expense recorded in connection with GP's activities which resulted in a drawdown of the REIT's deferred tax assets; and
- increased compensation costs due to higher headcount; partially offset by
- decreased land transfer tax expense related to amendments to Regulation 70/91 of the Land Transfer Tax Act (Ontario) issued in 2016 that impacts the availability of an exemption from Ontario land transfer tax for certain transactions involving trusts (including real estate investment trusts) and partnerships; and
- decreased personnel expense due to the variable component of compensation awards.

Net Interest and Other Financing Charges

As at June 30, 2017 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 4.7% 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 interim statements of income and comprehensive income.

(in thousands of Canadian dollars)	Three Months Ended			Six Months Ended		
For the periods ended June 30,	2017	2016	Change ²	2017	2016	Change ²
Interest on Class C LP Units ¹	\$ 17,297	\$ 18,518	(6.6)%	\$ 34,716	\$ 37,562	(7.6)%
Interest and financing costs - debentures	5,711	3,782	51.0 %	11,165	6,727	66.0 %
Interest and financing costs - Bank Credit Facility	656	361	81.7 %	1,378	509	NM
Interest on mortgages payable	426	401	6.2 %	816	804	1.5 %
	\$ 24,090	\$ 23,062	4.5 %	\$ 48,075	\$ 45,602	5.4 %
Less: capitalized interest	(244)	(232)	5.2 %	(413)	(360)	14.7 %
Interest and other financing charges less capitalized interest	\$ 23,846	\$ 22,830	4.5 %	\$ 47,662	\$ 45,242	5.3 %
Less: interest income	(30)	(124)	(75.8)%	(44)	(182)	(75.8)%
Net interest and other financing charges	\$ 23,816	\$ 22,706	4.9 %	\$ 47,618	\$ 45,060	5.7 %

¹ CTC elected to defer receipt of distributions on the Series 3-12 and Series 16 and Series 19 Class C LP Units for the three and six months ended June 30, 2017 in the amount of \$17,093 (Q2 2016 - \$18,865) and \$28,547 (YTD 2016 - \$31,461), respectively, until the first business day following the end of the fiscal year and receive a loan in lieu thereof. The deferred distributions have been netted against interest payable on Class C LP Units and are included under the heading "other liabilities" on the interim balance sheets.

² NM - not meaningful.

Net interest and other financing charges for the three months ended June 30, 2017 was \$1,110 (4.9%) higher compared to the same period in the prior year largely due to increased interest on the debentures issued in June 2017 and May 2016 and increased utilization of the Bank Credit Facility partially offset by the redemption of Series 10-15 Class C LP Units in May 2017 and the redemption of Series 2 Class C LP Units in June 2016.

Net interest and other financing charges for the six months ended June 30, 2017 was \$2,558 (5.7%) higher compared to the same period in the prior year largely due to increased interest on the debentures issued in June 2017 and May 2016 and increased utilization of the Bank Credit Facility partially offset by the redemption of Series 10-15 Class C LP Units in May 2017 and the redemption of Series 2 Class C LP Units in June 2016.

Fair Value Adjustment on Investment Properties

CT REIT recorded a fair value gain on investment properties of \$14,592 for the three months ended June 30, 2017 primarily due to increased cash flows during the time frame of the valuation models, a slight decrease in the capitalization rate for an industrial property located in Quebec, partially offset by transaction costs incurred in connection with the acquisition of investment properties.

For the six months ended June 30, 2017 CT REIT recorded a fair value gain on investment properties of \$32,518 due to increased cash flows during the time frame of the valuation models and a slight decrease in the capitalization rate for an industrial property located in Quebec and the valuation of completed development projects, partially offset by transaction costs incurred in connection with the acquisition of investment properties.

The fair value gains of \$8,155 and \$20,101 for the three and six months ended June 30, 2016, respectively, were recorded primarily as a result of increased cash flows during the time frame of the valuation models.

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.

If CT REIT fails to distribute the required amount of taxable income to Unitholders or if CT REIT fails to qualify as a REIT under the ITA, substantial adverse tax consequences may occur. Refer to section 11.0 in CT REIT's 2016 Annual Report for further information.

Net Income

(in thousands of Canadian dollars) For the periods ended June 30,	Three Months Ended			Six Months Ended		
	2017	2016	Change	2017	2016	Change
Net income and comprehensive income	\$ 74,299	\$ 60,347	23.1%	\$ 149,621	\$ 121,500	23.1%
Net income per unit - basic	\$ 0.354	\$ 0.306	15.7%	\$ 0.716	\$ 0.626	14.4%
Net income per unit - diluted	\$ 0.292	\$ 0.256	14.1%	\$ 0.589	\$ 0.519	13.5%

Net income increased by \$13,952 (23.1%) for the three months ended June 30, 2017 compared to the same period in the prior year for the reasons discussed above.

Net income increased by \$28,121 (23.1%) for the six months ended June 30, 2017 compared to the same period in the prior year for the reasons discussed above.

Net income per unit - basic increased by \$0.048 (15.7%) for the three months ended June 30, 2017 compared to the same period in the prior year primarily due to increased net income, as discussed above, partially offset by an increased number of weighted average units outstanding - basic. For the six months ended June 30, 2017 the net income per unit - basic increased by \$0.090 (14.4%) compared to the same period in the prior year primarily due to increased net income as discussed above, partially offset by an increased number of weighted average units outstanding - basic.

Net income per unit - diluted increased by \$0.036 (14.1%) for the three months ended June 30, 2017 compared to the same period in the prior year primarily due to increased net income, as discussed above, and a decrease in the dilutive effect of settling Class C LP Units with Class B LP Units, partially offset by an increase in the weighted average units outstanding - basic. For the six months ended June 30, 2017 net income per unit - diluted increased by \$0.070 (13.5%) compared to the same period in the prior year. The increase is primarily due to increased net income, as discussed above, and a decrease in the dilutive effect of settling Class C LP Units with Class B LP Units, partially offset by an increase in the weighted average units outstanding - basic.

5.2 Non-GAAP Measures

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

(in thousands of Canadian dollars, except per unit amounts)						
For the periods ended June 30,	Three Months Ended			Six Months Ended		
	2017	2016	Change	2017	2016	Change
Net operating income	\$ 80,246	\$ 71,471	12.3 %	\$ 159,417	\$ 140,602	13.4 %
Same store NOI	\$ 71,206	\$ 69,786	2.0 %	\$ 140,667	\$ 137,661	2.2 %
Same property NOI	\$ 71,341	\$ 69,786	2.2 %	\$ 140,893	\$ 137,674	2.3 %
Funds from operations	\$ 59,422	\$ 52,000	14.3 %	\$ 117,485	\$ 101,626	15.6 %
FFO per unit - basic	\$ 0.283	\$ 0.264	7.2 %	\$ 0.562	\$ 0.524	7.3 %
FFO per unit - diluted (non-GAAP)	\$ 0.283	\$ 0.263	7.6 %	\$ 0.562	\$ 0.524	7.3 %
Adjusted funds from operations	\$ 48,630	\$ 41,517	17.1 %	\$ 95,851	\$ 80,899	18.5 %
AFFO per unit - basic	\$ 0.231	\$ 0.210	10.0 %	\$ 0.459	\$ 0.417	10.1 %
AFFO per unit - diluted (non-GAAP)	\$ 0.231	\$ 0.210	10.0 %	\$ 0.458	\$ 0.417	9.8 %
AFFO payout ratio	76%	81%	(6.2)%	76%	82%	(7.3)%
ACFO ¹	\$ 49,656	\$ 40,782	21.8 %	\$ 94,196	\$ 82,790	13.8 %
EBITFV	\$ 83,440	\$ 74,712	11.7 %	\$ 165,225	\$ 146,493	12.8 %

¹New non-GAAP measure adopted for 2017. Refer to section 10.0 for further information.

Net Operating Income

NOI for the three months ended June 30, 2017 increased \$8,775 (12.3%) compared to the same period in the prior year primarily due to the acquisition of income-producing properties and properties under development completed in 2017 and 2016, which contributed \$7,220 to NOI growth. NOI for properties under development for the three months ended June 30, 2017 was \$809.

Same store NOI and same property NOI for the three months ended June 30, 2017 increased \$1,420 (2.0%) and \$1,555 (2.2%), respectively, when compared to the prior year primarily due to the following reasons:

- contractual rent escalations of approximately 1.5% per year, on average, contained within the Canadian Tire store and CTC's DC leases, which are generally effective January 1st, contributed \$1,023 to NOI growth;
- recovery of capital expenditures and interest earned on the unrecovered balance contributed \$554 to NOI growth; and
- intensifications completed in 2017 and 2016 contributed \$135 to NOI growth.

NOI for the six months ended June 30, 2017 increased \$18,815 (13.4%) compared to the same period in the prior year primarily due to the acquisition of income-producing properties and properties under development completed in 2017 and 2016, which contributed \$15,596 to NOI growth. NOI for properties under development during the six months ended June 30, 2017 was \$1,450.

Same store NOI and same property NOI for the six months ended June 30, 2017 increased \$3,006 (2.2%) and \$3,219 (2.3%), respectively, when compared to the prior year for the following reasons:

- contractual rent escalations of approximately 1.5% per year, on average, contained within the Canadian Tire store and CTC's DC leases, which are generally effective January 1st, contributed \$1,945 to NOI growth;
- recovery of capital expenditures and interest earned on the unrecovered balance contributed \$1,015 to NOI growth; and
- intensifications completed in 2017 and 2016 contributed \$213 to NOI growth.

Funds From Operations

FFO for the three months ended June 30, 2017 amounted to \$59,422 or \$0.283 per unit (diluted non-GAAP) which was \$7,422 (14.3%) and \$0.020 (7.6%), respectively, higher than the same period in 2016 primarily due to the impact of NOI variances, partially offset by higher interest expense, discussed earlier.

FFO for the six months ended June 30, 2017 amounted to \$117,485 or \$0.562 per unit (diluted non-GAAP) which was \$15,859 (15.6%) and \$0.038 (7.3%), respectively, higher than the same period in 2016 primarily due to the impact of NOI variances, partially offset by higher interest expense, discussed earlier.

Adjusted Funds From Operations

AFFO for the three months ended June 30, 2017 amounted to \$48,630 or \$0.231 per unit (diluted non-GAAP) which was \$7,113 (17.1%) and \$0.021 (10.0%), respectively, higher than the same period in 2016 primarily due to the impact of NOI variances, partially offset by higher interest expense, discussed earlier.

AFFO for the six months ended June 30, 2017 amounted to \$95,851 or \$0.458 per unit (diluted non-GAAP) which was \$14,952 (18.5%) and \$0.041 (9.8%), respectively, higher than the same period in 2016 primarily due to the impact of NOI variances, as discussed earlier, partially offset by higher interest expense and an increase in the normalized capital expenditure reserve.

Adjusted Funds From Operations Payout Ratio

The AFFO payout ratio for the three months ended June 30, 2017 decreased by 6.2% compared to the same period in 2016 primarily due to an increase in AFFO per unit diluted (non-GAAP) resulting from NOI variances, discussed earlier, partially offset by an increase in the monthly distribution rate which commenced January 1, 2017.

The AFFO payout ratio for the six months ended June 30, 2017 decreased by 7.3% compared to the same period in 2016 primarily due to an increase in AFFO per unit diluted (non-GAAP) resulting from NOI variances, discussed earlier, partially offset by an increase in the monthly distribution rate which commenced January 1, 2017.

Adjusted Cashflow From Operations

ACFO for the three months ended June 30, 2017 increased by \$8,874 or 21.8% over the same period in 2016 primarily due to the impact of NOI variances, discussed earlier, partially offset by the change in operating working capital balances due to the timing of payments.

ACFO for the six months ended June 30, 2017 increased by \$11,406 or 13.8% over the same period in 2016 primarily due to the impact of NOI variances, discussed earlier, partially offset by the change in operating working capital balances due to the timing of payments.

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

EBITFV for the three months ended June 30, 2017 increased by \$8,728 or 11.7% over the same period in 2016 primarily due to the impact of NOI variances, discussed earlier.

EBITFV for the six months ended June 30, 2017 increased by \$18,732 or 12.8% over the same period in 2016 primarily due to the impact of NOI variances, discussed earlier.

6.0 Liquidity and Financial Condition

The following section contains forward-looking information and users 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 Bank Credit Facility, (iv) assumption of existing debt, and/or (v) new public debt or equity financings.

(in thousands of Canadian dollars)			
As at	June 30, 2017		December 31, 2016
Cash and cash equivalents	\$	35,329	\$ 6,369
Unused portion of Bank Credit Facility ¹		298,454	188,949
Liquidity	\$	333,783	\$ 195,318

¹See section 6.10 for Bank Credit Facility details.

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			Six Months Ended		
For the periods ended June 30,		2017	2016	Change ¹	2017	2016	Change ¹
Cash generated from operating activities	\$	77,293	\$ 66,449	16.3 %	\$ 159,455	\$ 136,108	17.2 %
Cash used for investing activities		(24,415)	(398,929)	(93.9)%	(57,930)	(410,593)	(85.9)%
Cash (used for)/generated from financing activities		(29,081)	302,646	NM	(72,565)	250,900	NM
Cash generated from/(used for) the period	\$	23,797	\$ (29,834)	NM	\$ 28,960	\$ (23,585)	NM

¹NM - not meaningful.

6.2 Discussion of Cash Flows

Cash generated for the three and six months ended June 30, 2017 of \$23,797 and \$28,960, respectively, is primarily the result of cash generated from operating activities and cash generated from the issuance of debentures partially offset by repayment of borrowings drawn on the Bank Credit Facility, distributions and cash used in investing activities.

6.3 Credit Ratings

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

These ratings are related to and currently equivalent to those of CTC, as CTC holds a significant ownership position in CT REIT and has a strategic relationship with CT REIT. CTC is expected to continue to be CT REIT's most significant tenant for the foreseeable future.

The following table sets out the current credit ratings of CT REIT's senior unsecured debt:

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

6.4 Debt and Capital Structure

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

(in thousands of Canadian dollars)			
As at		June 30, 2017	December 31, 2016
Class C LP Units	\$	1,451,550	\$ 1,521,968
Mortgages payable		61,341	55,995
Debentures		869,004	695,336
Bank Credit Facility		—	109,824
Total indebtedness	\$	2,381,895	\$ 2,383,123
Unitholders' equity		1,128,419	1,094,207
Non-controlling interests		1,635,302	1,496,377
Total capital under management	\$	5,145,616	\$ 4,973,707

CT REIT's total indebtedness at June 30, 2017 is lower than at December 31, 2016 primarily due to the repayment of borrowings drawn on the Bank Credit Facility and the redemption of Series 10-15 Class C LP Units, partially offset by the issuance of Series E debentures in June 2017 and an increase in CT REIT's mortgages payable.

CT REIT's Unitholders' equity and non-controlling interests at June 30, 2017 increased as compared to December 31, 2016 primarily as a result of net income exceeding distributions and due to the issuance of Class B LP Units during the period.

Future payments in respect of CT REIT's indebtedness are as follows:

(in thousands of Canadian dollars)	Mortgages payable		Class C LP Units	Debentures	Bank Credit Facility	Total
	Principal amortization	Maturities				
For the period ending June 30:						
2017	\$ 625	\$ —	\$ —	\$ —	\$ —	\$ 625
2018	493	16,590	—	—	—	17,083
2019	36	43,590	—	—	—	43,626
2020	—	—	251,550	—	—	251,550
2021	—	—	—	150,000	—	150,000
2022 and thereafter	—	—	1,200,000	725,000	—	1,925,000
Total contractual obligation	\$ 1,154	\$ 60,180	\$ 1,451,550	\$ 875,000	\$ —	\$ 2,387,884
Unamortized portion of mark to market on mortgages payable assumed in connection with the acquisition of properties	—	93	—	—	—	93
Unamortized transaction costs	—	(86)	—	(5,996)	—	(6,082)
	\$ 1,154	\$ 60,187	\$ 1,451,550	\$ 869,004	\$ —	\$ 2,381,895

Interest rates on CT REIT's indebtedness range from 1.65% to 5.00%. The maturity dates on the indebtedness range from January 1, 2018 to May 31, 2038. Total indebtedness at June 30, 2017 has a weighted average interest rate of 4.08% and a weighted average term to maturity of 10.4 years which is consistent with the rate and term as at December 31, 2016. At June 30, 2017, floating rate and fixed rate indebtedness were \$37,133 and \$2,344,762, respectively.

As at	June 30, 2017	December 31, 2016
Variable rate debt	\$ 37,133	\$ 140,957
Total indebtedness	2,381,895	2,383,123
Variable rate debt / total indebtedness	1.56%	5.91%

CT REIT's variable rate debt to total indebtedness ratio at June 30, 2017 decreased as compared to December 31, 2016 primarily due to the repayment of borrowings drawn on the Bank Credit Facility in 2017.

The table below presents CT REIT's interest in assets at fair value that are available to it to finance and/or refinance its debt as at June 30, 2017:

(in thousands of Canadian dollars, except percentage amounts)	Number of Properties	Fair Value of Investment Properties	Percentage of Total Assets	Mortgages Payable	Loan to Value Ratio
Unencumbered assets	306	\$ 5,021,797	96.3%	\$ —	—
Encumbered assets	5	133,188	2.6%	61,341	46.1%
Total	311	\$ 5,154,985	98.9%	\$ 61,341	1.2%

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

(in thousands of Canadian dollars)	June 30, 2017	December 31, 2016
As at		
Secured debt	\$ 61,341	\$ 55,995
Total indebtedness	2,381,895	2,383,123
Secured debt / total indebtedness	2.58%	2.35%

CT REIT's secured debt to total indebtedness ratio at June 30, 2017 increased as compared to December 31, 2016, primarily due to the increase in CT REIT's mortgages payable in 2017.

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

(in thousands of Canadian dollars)	June 30, 2017	December 31, 2016
As at		
Total indebtedness	\$ 2,381,895	\$ 2,383,123
EBITFV ¹	330,450	300,275
Total indebtedness / EBITFV	7.21	7.94

¹ Non-GAAP measure. Refer to section 10.0 for further information. 2017 EBITFV is annualized based on EBITFV for the six months ended June 30, 2017.

CT REIT's indebtedness to EBITFV ratio at June 30, 2017 decreased compared to the indebtedness to EBITFV ratio at December 31, 2016 primarily due to increased NOI, as discussed earlier.

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		Six Months Ended	
For the periods ended June 30,	2017	2016	2017	2016
EBITFV¹ (A)	\$ 83,440	\$ 74,712	\$ 165,225	\$ 146,493
Interest and other financing charges (B)	\$ 23,846	\$ 22,830	\$ 47,662	\$ 45,242
Interest coverage ratio (A)/(B)	3.50	3.27	3.47	3.24

¹ Non-GAAP measure. Refer to section 10.0 for further information.

The interest coverage ratios for the three and six months ended June 30, 2017 increased compared to the same periods in the prior year due to higher EBITFV partially offset by an increase in interest and other financing charges in 2017.

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 financing provided by debt. CT REIT's Declaration of Trust limits its indebtedness (plus the aggregate par value of the Class C LP Units) to a maximum of 60% of the gross book value, excluding convertible debentures, and 65% including convertible debentures. Gross book value is defined as total assets as reported on the latest consolidated balance sheet.

CT REIT calculates its indebtedness ratio as follows:

(in thousands of Canadian dollars)			
As at		June 30, 2017	December 31, 2016
Total assets (A)	\$	5,213,930	\$ 5,014,601
Total indebtedness¹ (B)	\$	2,381,895	\$ 2,383,123
Indebtedness ratio (B)/(A)		45.7%	47.5%

¹ Total indebtedness reflects the value of the Class C LP Units, mortgages payable, debentures and draws on the Bank Credit Facility.

The indebtedness ratio at June 30, 2017 decreased compared to the indebtedness ratio at December 31, 2016 primarily due to CT REIT's 2017 acquisition, intensification and development activities, fair value adjustments made to its investment property portfolio and an increase in cash and cash equivalents and other assets in 2017.

6.7 Class C LP Units

At June 30, 2017 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 initial fixed rate period for each Series of Class C LP Units (the "Initial Fixed Rate Period") equal to a weighted average, of 4.70% of the aggregate capital amount ascribed to the Class C LP Units, in priority to distributions made to holders of Class B LP Units and GP Units (subject to certain exceptions), if, as and when declared by the Board of Directors of the GP, 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.

On expiry of the Initial 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 further has the ability to settle any of the Class C LP Units at any time after January 1, 2019 at a price equal to the greater of par and a price to provide a yield equal to the then equivalent Government of Canada bond yield plus a spread, so long as such redemption is in connection with a sale of properties.

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

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 floating rate option.

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

Series of Class C LP Units	Initial subscription price (\$000)	Annual distribution rate during initial fixed rate period	Expiry of initial fixed rate period	% of Total Class C LP Units
Series 3	\$ 200,000	4.50%	May 31, 2020 (2.9 years)	13.78%
Series 4	200,000	4.50%	May 31, 2024 (6.9 years)	13.78%
Series 5	200,000	4.50%	May 31, 2028 (10.9 years)	13.78%
Series 6	200,000	5.00%	May 31, 2031 (13.9 years)	13.78%
Series 7	200,000	5.00%	May 31, 2034 (16.9 years)	13.78%
Series 8	200,000	5.00%	May 31, 2035 (17.9 years)	13.78%
Series 9	200,000	5.00%	May 31, 2038 (20.9 years)	13.78%
Series 16	16,550	2.42%	May 31, 2020 (2.9 years)	1.14%
Series 17	18,500	2.39%	May 31, 2020 (2.9 years)	1.27%
Series 18	4,900	2.28%	May 31, 2020 (2.9 years)	0.34%
Series 19	11,600	2.28%	May 31, 2020 (2.9 years)	0.80%
Total / weighted average	\$ 1,451,550	4.70%	12.6 years	100.0%
Current	\$ —			
Non-current	1,451,550			
Total	\$ 1,451,550			

On May 31, 2017, Series 10-15 Class C LP Units were redeemed through the issuance to CTC of \$47,279 of Class B LP Units and the payment of \$23,139 of cash.

6.8 Debentures

Series	June 30, 2017		December 31, 2016	
	Face value	Carrying amount	Face value	Carrying amount
A, 2.85%, June 9, 2022	\$ 150,000	\$ 149,200	\$ 150,000	\$ 149,123
B, 3.53%, June 9, 2025	200,000	198,663	200,000	198,588
C, 2.16%, June 1, 2021	150,000	149,163	150,000	149,058
D, 3.29%, June 1, 2026	200,000	198,641	200,000	198,567
E, 3.47%, June 16, 2027	175,000	173,337	—	—
	\$ 875,000	\$ 869,004	\$ 700,000	\$ 695,336

On June 16, 2017, CT REIT issued \$175,000 aggregate principal amount of senior unsecured debentures, with an interest rate of 3.47%, under CT REIT's short form base shelf prospectus dated April 5, 2017. The proceeds, net of issuance costs of \$1,670, were used to pay down certain amounts outstanding under the Bank Credit Facility and the balance of the proceeds was retained for general business purposes.

For the three and six months ended June 30, 2017, amortization of the transaction costs of \$174 (Q2 2016 - \$104) and \$341 (YTD 2016 - \$216) is included in net interest and other financing charges on the interim statement of income and comprehensive income (refer to Note 12 to the interim consolidated financial statements).

The debentures have been rated "BBB+" by S&P and "BBB (high)" by DBRS, both with a stable outlook. The debentures are direct senior unsecured obligations of CT REIT.

6.9 Mortgages Payable

Mortgages payable, secured by certain of CT REIT's investment properties, include the following:

(in thousands of Canadian dollars)					
As at	June 30, 2017		December 31, 2016		
	Face value	Carrying amount	Face value	Carrying amount	
Current	\$ 17,495	\$ 17,537	\$ 1,241	\$ 1,318	
Non-current	43,839	43,804	54,708	54,677	
Total	\$ 61,334	\$ 61,341	\$ 55,949	\$ 55,995	

During the six months ended June 30, 2017, CT REIT increased mortgages payable.

6.10 Bank Credit Facility

CT REIT has a \$300 million unsecured revolving credit facility ("Bank Credit Facility") available until April 2021. The Bank Credit Facility bears interest at a rate based on the bank's prime rate of interest or bankers' acceptances plus a margin. A standby fee is charged on the Bank Credit Facility. As at June 30, 2017, \$nil (December 31, 2016 - \$109,824) of borrowings were drawn on the Bank Credit Facility.

The table below summarizes the details of the Bank Credit Facility as at June 30, 2017:

(in thousands of Canadian dollars)				
Bank credit facility maximum loan mount	Cash advances	Letters of credit	Available to be drawn	
\$ 300,000	\$ —	\$ 1,546	\$ 298,454	

The following section contains forward-looking information and users 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 Bank Credit Facility;
- unsecured public debt; and
- limited use of secured debt.

Management's objectives are to access the lowest cost of capital with the most flexible terms, to have a maturity/redemption schedule (for fixed term obligations) spread over a time horizon so as to manage refinancing risk and to be in a position to finance acquisition and development opportunities when they become available. The Declaration of Trust and the Trust Indenture, dated June 9, 2015, as supplemented by supplemental indentures thereto (the "Trust Indenture") pursuant to which the debentures were issued, limit the REIT's overall indebtedness ratio to 60% of total aggregate assets, excluding convertible debentures, and 65% including convertible debentures.

CT REIT's indebtedness ratio was 45.7% as at June 30, 2017. Refer to section 6.6 for the definition and calculation of CT REIT's indebtedness ratio.

At June 30, 2017, CT REIT was in compliance with the financial and non-financial covenants contained in the Declaration of Trust, the Trust Indenture, the Bank Credit Facility and the mortgages payable agreements.

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

CT REIT will generally operate its affairs and manage its capital structure so that its interest coverage ratio is in a range of 2.4 to 3.8 times. For the three months ended June 30, 2017, CT REIT's interest coverage ratio was 3.5 times. Refer to section 6.5 for the definition and calculation of CT REIT's interest coverage ratio.

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

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

6.12 Commitments and Contingencies

As at June 30, 2017, CT REIT had obligations of \$34,992 (December 31, 2016 - \$30,470) in future payments for the completion of developments, which are expected to be incurred by 2018, as described in section 4.6. Included in the commitment is \$26,714 due to CTC.

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

6.13 Base Shelf Prospectus

During Q2 2017, CT REIT renewed its short form base shelf prospectus under which it may raise up to \$2.0 billion of debt and equity capital over the 25 month period ending May 3, 2019 (the "Base Shelf Prospectus"). The Base Shelf Prospectus also qualifies the sale of Units by CTC. In Q2 2017, the REIT issued \$175,000 of senior unsecured debentures, as described in section 6.8.

7.0 Equity

7.1 Authorized Capital and Outstanding Units

CT REIT is authorized to issue an unlimited number of Units. As of June 30, 2017, CT REIT had a total of 90,560,022 Units outstanding, 59,711,094 of which were held by CTC and 122,803,413 Class B LP Units outstanding (together with a corresponding number of Special Voting Units), all of which were held by CTC.

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

The following tables summarize the total number of Units issued:

As at June 30, 2017			
	Units ¹	Class B LP Units	Total
Total outstanding at beginning of year	90,479,102	116,367,697	206,846,799
Issued	80,920	6,435,716	6,516,636
Total outstanding at end of period	90,560,022	122,803,413	213,363,435

¹ 80,920 issued pursuant to the REIT's distribution reinvestment plan.

As at December 31, 2016			
	Units ¹	Class B LP Units	Total
Total outstanding at beginning of year	90,337,358	99,263,329	189,600,687
Issued	141,744	17,104,368	17,246,112
Total outstanding at end of year	90,479,102	116,367,697	206,846,799

¹ 141,744 issued pursuant to the REIT's distribution reinvestment plan.

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

Special Voting Units are only issued in tandem with Class B LP Units or in limited circumstances, to holders of the Class C LP Units and are not transferable separately from the Class B LP Units or Class C LP Units to which they relate. Each Special Voting Unit entitles the holder thereof to one vote at all meetings of Unitholders or with respect to any written resolution of 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:

Three months ended June 30, 2017				
(in thousands of Canadian dollars, except unit amounts)		Units	Class B LP Units	Total
Net income attributable to Unitholders - basic	\$	31,941	\$ 42,358	\$ 74,299
Income effect of settling Class C LP Units with Class B LP Units				17,297
Net income attributable to Unitholders - diluted				\$ 91,596

Weighted average units outstanding - basic		90,539,628	119,532,795	210,072,423
Dilutive effect of other Unit plans				147,988
Dilutive effect of settling Class C LP Units with Class B LP Units				103,262,405
Weighted average units outstanding - diluted				313,482,816

Six months ended June 30, 2017				
(in thousands of Canadian dollars, except unit amounts)		Units	Class B LP Units	Total
Net income attributable to Unitholders - basic	\$	64,721	\$ 84,900	\$ 149,621
Income effect of settling Class C LP Units with Class B LP Units				34,716
Net income attributable to Unitholders - diluted				\$ 184,337

Weighted average units outstanding - basic		90,519,751	118,427,476	208,947,227
Dilutive effect of other Unit plans				134,202
Dilutive effect of settling Class C LP Units with Class B LP Units				104,057,721
Weighted average units outstanding - diluted				313,139,150

Three months ended June 30, 2016			
(in thousands of Canadian dollars, except unit amounts)	Units	Class B LP Units	Total
Net income attributable to Unitholders - basic	\$ 26,975	\$ 33,372	\$ 60,347
Income effect of settling Class C LP Units with Class B LP Units			18,518
Net income attributable to Unitholders - diluted			\$ 78,865
Weighted average units outstanding - basic	90,392,489	106,902,647	197,295,136
Dilutive effect of other Unit plans			123,322
Dilutive effect of settling Class C LP Units with Class B LP Units			110,675,681
Weighted average units outstanding - diluted			308,094,139

Six months ended June 30, 2016			
(in thousands of Canadian dollars, except unit amounts)	Units	Class B LP Units	Total
Net income attributable to Unitholders - basic	\$ 55,898	\$ 65,602	\$ 121,500
Income effect of settling Class C LP Units with Class B LP Units			37,562
Net income attributable to Unitholders - diluted			\$ 159,062
Weighted average units outstanding - basic	90,374,632	103,623,888	193,998,520
Dilutive effect of other Unit plans			110,554
Dilutive effect of settling Class C LP Units with Class B LP Units			112,501,953
Weighted average units outstanding - diluted			306,611,027

7.2 Equity

(in thousands of Canadian dollars)		
As at	June 30, 2017	December 31, 2016
Equity - beginning of the year	\$ 2,590,584	\$ 2,213,363
Net income and comprehensive income for the year	149,621	259,079
Issuance of Class B LP Units, net of issue costs	95,546	252,799
Distributions to non-controlling interests	(41,521)	(75,030)
Distributions to Unitholders	(31,682)	(61,636)
Issuance of Units under distribution reinvestment plan	1,173	2,009
Equity - end of the period	\$ 2,763,721	\$ 2,590,584

The following section contains forward-looking information and users 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, and 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.

On June 15, 2017, CT REIT's Board declared a distribution of \$0.05833 per Unit paid on July 17, 2017 to holders of Units and Class B LP Units of record as of June 30, 2017.

On July 14, 2017, CT REIT's Board declared a distribution of \$0.05833 per Unit payable on August 15, 2017 to holders of Units and Class B LP Units of record as of July 31, 2017.

CT REIT is focused on increasing distributions to its Unitholders on a regular and prudent basis. The distribution increases since December 31, 2014 as follows:

	2017	December 31, 2016	December 31, 2015	December 31, 2014
Monthly distribution per Unit ¹	\$ 0.05833	\$ 0.05667	\$ 0.05525	\$ 0.05417
% increase	2.9%	2.6%	2.0%	—
Annualized distribution per Unit	\$ 0.700	\$ 0.680	\$ 0.663	\$ 0.650
Annualized increase per Unit	\$ 0.020	\$ 0.017	\$ 0.013	—

¹The Board has discretion over the determination of monthly and annual distributions.

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 establishing distributions to Unitholders.

(in thousands of Canadian dollars, except per unit amounts)	Three Months Ended		Six Months Ended	
For the periods ended June 30,	2017	2016	2017	2016
Distributions before distribution reinvestment - paid	\$ 36,534	\$ 32,679	\$ 72,823	\$ 65,027
Distribution reinvestment	594	489	1,173	983
Distributions net of distribution reinvestment - paid	\$ 35,940	\$ 32,190	\$ 71,650	\$ 64,044
Distributions per unit - paid	\$ 0.175	\$ 0.170	\$ 0.350	\$ 0.340

Distributions for the three and six months ended June 30, 2017 are higher than the same period in the prior year due to the increase in the annual rate of distributions, effective with the first distribution paid in 2017, and higher weighted average number of units outstanding in 2017.

CT REIT's distributions for the three and six months ended June 30, 2017 are less than the REIT's cash generated from operating activities, cash generated from operating activities reduced by interest expense, and less than AFFO, a non-GAAP measure, which is an indicator of CT REIT's distribution capacity.

(in thousands of Canadian dollars, except per unit amounts)	Three Months Ended		Six Months Ended	
For the periods ended June 30,	2017	2016	2017	2016
AFFO ¹	\$ 48,630	\$ 41,517	\$ 95,851	\$ 80,899
Distributions before distribution reinvestment - paid	\$ 36,534	\$ 32,679	\$ 72,823	\$ 65,027
Excess of AFFO over distributions paid (A)	\$ 12,096	\$ 8,838	\$ 23,028	\$ 15,872
Weighted average units outstanding - diluted (non-GAAP) ¹ (B)	210,220,411	197,418,458	209,081,429	194,109,074
Excess of AFFO over distributions paid per unit (A)/(B)¹	\$ 0.058	\$ 0.045	\$ 0.110	\$ 0.082

¹Non-GAAP measure. Refer to section 10.0 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		June 30, 2017	December 31, 2016
Total equity (A)	\$	2,763,721	\$ 2,590,584
Period-end Units and Class B LP Units outstanding (B)		213,363,435	206,846,799
Book value per unit (A)/(B)	\$	12.95	\$ 12.52

CT REIT's book value per unit at June 30, 2017 increased from the book value per unit at December 31, 2016 primarily due to net income exceeding distributions and the issuance of new equity at a price exceeding the book value per unit.

8.0 Related Party Transactions

Related Party Transactions

CT REIT's controlling Unitholder is CTC, which, on June 30, 2017, held an 85.5% effective interest in the REIT, through the ownership of 59,711,094 Units and all of the issued and outstanding Class B LP Units.

In addition to its ownership interest, CTC is CT REIT's largest tenant representing approximately 93.7% of the annualized base minimum rent earned by CT REIT and occupying 94.1% of its GLA as at June 30, 2017.

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 interim financial statements. Investment property transactions with CTC amounted to \$90,363 (2016 - \$376,509) for the six months ended June 30, 2017. Refer to Note 3 to the interim financial statements for additional information.

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 which are described below.

Services Agreement

Under the Services Agreement, CTC provides the REIT with certain administrative, financial, 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 term of the Services Agreement expires on December 31 of each year and is automatically renewable for further one year terms thereafter, unless otherwise terminated. The Services Agreement was renewed for 2017 and CTC will continue to provide such services on a cost recovery basis.

Property Management Agreement

Under the Property Management Agreement, CTC provides the REIT with certain customary property management services (the "Property Management Services"). CTC provides 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 term of the Property Management Agreement expires on December 31 of each year and is automatically renewable for further one year terms thereafter, unless otherwise terminated. The Property Management Agreement was renewed for 2017 and CTC will continue to provide such services on a cost recovery basis.

Refer to CT REIT's 2016 AIF available on SEDAR at www.sedar.com for additional information on related party agreements and arrangements with CTC.

CT REIT's policy is to conduct all transactions and settle all balances, with related parties, on market terms and conditions. The following table summarizes CT REIT's related party transactions as of June 30, 2017, excluding acquisition, intensification and development activities which are contained in section 4.7:

(in thousands of Canadian dollars)	Three Months Ended		Six Months Ended	
For the periods ended June 30,	2017	2016	2017	2016
Rental revenue	\$ 103,152	\$ 95,284	\$ 205,937	\$ 189,378
Property Management and Services Agreements expense	\$ 1,415	\$ 1,322	\$ 2,827	\$ 2,642
Distributions on Units	\$ 10,449	\$ 10,151	\$ 20,898	\$ 20,302
Distributions on Class B LP Units ¹	\$ 20,958	\$ 18,170	\$ 41,521	\$ 35,269
Interest expense on Class C LP Units	\$ 17,297	\$ 18,518	\$ 34,716	\$ 37,562

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)	June 30, 2017		December 31, 2016	
As at				
Tenant and other receivables	\$	(4,926)	\$	(404)
Class C LP Units		1,451,550		1,521,968
Amounts payable on Class C LP Units		34,232		71,613
Loans receivable in lieu of payments on Class C LP Units		(28,547)		(65,807)
Other liabilities		20,003		5,199
Distributions payable on Units and Class B LP Units ¹		16,847		18,581
Loans receivable in lieu of distributions on Class B LP Units		(6,201)		(8,311)
Net balance due to CTC	\$	1,482,958	\$	1,542,839

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 interim 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 in applying significant accounting policies are described in Note 2 of the annual consolidated financial statements contained in CT REIT's 2016 Annual Report, the most significant of which is the fair value of investment properties.

Fair Value of Investment Properties

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

Properties under development are recorded at acquisition 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

Disclosure initiative (IAS 7)

In January 2016, the IASB issued Disclosure Initiative Amendments to IAS 7 - *Statement of Cash Flows* as part of the IASB's Disclosure Initiative. These amendments require entities to provide additional disclosures that will enable financial statements users to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes.

These amendments were effective for annual periods beginning on or after January 1, 2017. The implementation of these amendments has not had a significant impact on CT REIT other than increased disclosure in the annual financial statements.

9.3 Standards, Amendments and Interpretations Issued and Not Yet Adopted

Details of the standards, amendments and interpretations issued but not yet adopted are described in Note 2 to the annual consolidated financial statements contained in CT REIT's 2016 Annual Report.

10.0 Non-GAAP Measures

CT REIT uses non-GAAP measures including NOI, same store NOI, same property NOI, FFO, FFO per unit - basic, FFO per unit - diluted (non-GAAP), AFFO, AFFO per unit - basic, AFFO per unit - diluted (non-GAAP), AFFO payout ratio, ACFO and EBITFV. CT REIT believes these non-GAAP measures and ratios provide useful supplemental information to both management and investors in measuring the financial performance of CT REIT in meeting its principle objective of the creation of Unitholder value by generating reliable, durable and growing monthly distributions. 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 entities, and should not be construed as an alternative to other financial measures determined in accordance with GAAP.

10.1 Net Operating Income

CT REIT defines NOI as property revenue less property expense and is adjusted further for straight-line rent and land lease adjustments. 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 value of the portfolio.

(in thousands of Canadian dollars)	Three Months Ended			Six Months Ended		
For the periods ended June 30,	2017	2016	Change	2017	2016	Change
Property revenue	\$ 111,609	\$ 101,507	10.0 %	\$ 222,749	\$ 200,003	11.4 %
Less:						
Property expense	(25,680)	(24,134)	6.4 %	(51,872)	(47,662)	8.8 %
Property straight-line rent revenue	(5,699)	(5,924)	(3.8)%	(11,491)	(11,784)	(2.5)%
Add:						
Straight-line ground lease expense	16	22	(27.3)%	31	45	(31.1)%
Net operating income	\$ 80,246	\$ 71,471	12.3 %	\$ 159,417	\$ 140,602	13.4 %

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 gross leasable area in both periods. To calculate same store NOI growth, NOI is further adjusted to remove the impact of lease cancellation fees and other non-recurring items. CT REIT management uses this measure to gauge the change in asset productivity and asset value.

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. CT REIT management uses the 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 following table summarizes the same store and same property components of NOI:

(in thousands of Canadian dollars)						
For the periods ended June 30,						
	Three Months Ended			Six Months Ended		
	2017	2016	Change ¹	2017	2016	Change ¹
Same store	\$ 71,206	\$ 69,786	2.0%	\$ 140,667	\$ 137,661	2.2%
Intensifications						
2017	57	—	NM	57	—	NM
2016	78	—	NM	169	13	NM
Same property	\$ 71,341	\$ 69,786	2.2%	\$ 140,893	\$ 137,674	2.3%
Acquisitions and developments						
2017	814	—	—%	1,175	—	—%
2016	8,091	1,685	NM	17,349	2,928	NM
Net operating income	\$ 80,246	\$ 71,471	12.3%	\$ 159,417	\$ 140,602	13.4%

¹ NM - not meaningful.

10.2 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, except per unit amounts)						
For the periods ended June 30,						
	Three Months Ended			Six Months Ended		
	2017	2016	Change ¹	2017	2016	Change ¹
Net income and comprehensive income	\$ 74,299	\$ 60,347	23.1 %	\$ 149,621	\$ 121,500	23.1 %
Fair value adjustment of investment property	(14,592)	(8,155)	78.9 %	(32,518)	(20,101)	61.8 %
Deferred taxes	(113)	(310)	(63.5)%	460	(148)	NM
Fair value adjustment of unit based compensation	(172)	118	NM	(78)	375	NM
Funds from operations	\$ 59,422	\$ 52,000	14.3 %	\$ 117,485	\$ 101,626	15.6 %
Property straight-line rent revenue	(5,699)	(5,924)	(3.8)%	(11,491)	(11,784)	(2.5)%
Straight-line ground lease expense	16	22	(27.3)%	31	45	(31.1)%
Normalized capital expenditure reserve	(5,109)	(4,581)	11.5 %	(10,174)	(8,988)	13.2 %
Adjusted funds from operations	\$ 48,630	\$ 41,517	17.1 %	\$ 95,851	\$ 80,899	18.5 %
FFO per unit - basic	\$ 0.283	\$ 0.264	7.2%	\$ 0.562	\$ 0.524	7.3%
FFO per unit - diluted (non-GAAP) ²	\$ 0.283	\$ 0.263	7.6%	\$ 0.562	\$ 0.524	7.3%
AFFO per unit - basic	\$ 0.231	\$ 0.210	10.0%	\$ 0.459	\$ 0.417	10.1%
AFFO per unit - diluted (non-GAAP) ²	\$ 0.231	\$ 0.210	10.0%	\$ 0.458	\$ 0.417	9.8%
Weighted average units outstanding - basic	210,072,424	197,295,136	6.5%	208,947,227	193,998,520	7.7%
Weighted average units outstanding - diluted (non-GAAP)	210,220,411	197,418,458	6.5%	209,081,429	194,109,074	7.7%
Number of units outstanding, end of period	213,363,435	206,776,425	3.2%	213,363,435	206,776,425	3.2%

¹ NM - not meaningful.

² For the purposes of calculating diluted per unit amounts, 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.

10.2(i) 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. 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 *Real Property Association of Canada's* ("REALPAC") "White Paper on Funds From Operations for IFRS & Adjusted Funds From Operations for IFRS" ("White Paper on FFO & AFFO") issued in February 2017 which replaced REALPAC's "White Paper on FFO" issued in April 2014. The White Paper on FFO & AFFO did not impact the calculation of FFO for CT REIT. The purpose of the White Paper on FFO & AFFO is to provide reporting issuers and investors with greater guidance on the definition of FFO and to help promote more consistent disclosure amongst reporting issuers. 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 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 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.

10.2(ii) Adjusted Funds From Operations

AFFO is a non-GAAP measure of recurring economic earnings used in the real estate industry to assess an entity's distribution capacity. 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's White Paper on FFO & AFFO. The White Paper on FFO & AFFO did not impact the calculation of AFFO for CT REIT.

CT REIT calculates AFFO by adjusting FFO for non-cash income and expense items such as amortization of straight-line rents. 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. As property capital expenditures do not occur evenly during the fiscal year or from year to year, the property capital reserve in the AFFO calculation is intended to reflect an average annual spending level. The reserve is primarily based on a 15-year average expenditure as initially determined by building condition reports prepared during 2013 by an independent consultant for Canadian Tire stores and Other CTC Banners.

The following table compares capital expenditures during the period 2014-2017 to the normalized capital expenditure reserve used in the calculation of AFFO:

(in thousands of Canadian dollars)	Normalized capital expenditure reserve		Capital expenditures		Variance
For the quarter ended and year to date					
2014					
Q1	\$	3,661	\$	110	\$ 3,551
Q2		3,703		866	2,837
Q3		3,989		9,888	(5,899)
Q4		4,112		6,188	(2,076)
YTD	\$	15,465	\$	17,052	\$ (1,587)
2015					
Q1	\$	4,168	\$	1,025	\$ 3,143
Q2		4,230		2,834	1,396
Q3		4,327		7,384	(3,057)
Q4		4,352		3,591	761
YTD	\$	17,077	\$	14,834	\$ 2,243
2016					
Q1	\$	4,407	\$	259	\$ 4,148
Q2		4,581		4,898	(317)
Q3		4,666		8,551	(3,885)
Q4		4,741		1,862	2,879
YTD	\$	18,395	\$	15,570	\$ 2,825
2017					
Q1		5,065	\$	348	\$ 4,717
Q2		5,109	\$	5,445	(336)
YTD	\$	10,174	\$	5,793	\$ 4,381

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

10.3 AFFO Payout Ratio

The AFFO payout ratio is a non-GAAP measure of the sustainability of the REIT's distribution payout. CT REIT uses this metric to provide transparency on performance and the overall management of the existing portfolio assets. Management considers the AFFO payout ratio the best measure of the REIT's distribution capacity.

For the periods ended June 30,	Three Months Ended			Six Months Ended		
	2017	2016	Change	2017	2016	Change
Distribution per unit - paid (A)	\$ 0.175	\$ 0.170	2.9 %	\$ 0.350	\$ 0.340	2.9 %
AFFO per unit - diluted (non-GAAP) ¹ (B)	\$ 0.231	\$ 0.210	10.0 %	\$ 0.458	\$ 0.417	9.8 %
AFFO payout ratio (A)/(B)	76%	81%	(6.2)%	76%	82%	(7.3)%

¹For the purposes of calculating diluted per unit amounts, 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.

10.4 Diluted Non-GAAP per Unit Calculations

Management views the diluted non-GAAP per unit measure as a meaningful measure as the full conversion of the Class C LP Units with Class B LP Units is not considered a likely scenario. As such, management calculates the REIT's fully diluted per unit FFO and AFFO amounts excluding the effects of settling the Class C LP Units with Class B LP Units.

The following table reconciles the calculation of the weighted average diluted units non-GAAP:

For the periods ended June 30,	Three Months Ended		Six Months Ended	
	2017	2016	2017	2016
Weighted average Units outstanding - diluted (non-GAAP)	210,220,411	197,418,458	209,081,429	194,109,074
Dilutive effect of settling Class C LP Units with Class B LP Units	103,262,405	110,675,681	104,057,721	112,501,953
Weighted average units outstanding - diluted	313,482,816	308,094,139	313,139,150	306,611,027

10.5 Adjusted Cashflow From Operations

ACFO is a new 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's "White Paper on Adjusted Cashflow from Operations for IFRS" issued in February 2017. The purpose of this white paper is to provide guidance on the definition of ACFO to promote consistent disclosure amongst reporting issuers. The use of ACFO, combined with the required IFRS presentations, has been included for the purpose of improving the understanding of operating cash flow of CT REIT.

Management believes that ACFO is a sustainable economic cash flow metric that, when compared period-over-period, reflects the impact on cash flow generated from operating activities after providing for net interest and other financing charges and operating capital requirements.

A reconciliation from the IFRS term "Cash Generated from Operating Activities" (refer to the consolidated statements of cash flow for the three and six months ended June 30, 2017 and June 30, 2016) to ACFO is as follows:

(in thousands of Canadian dollars)	Three Months Ended			Six Months Ended		
For the periods ended June 30,	2017	2016	Change ¹	2017	2016	Change ¹
Cash generated from operating activities	\$ 77,293	\$ 66,449	16.3 %	\$ 159,455	\$ 136,108	17.2%
Non-operating adjustments to changes in working capital and other	1,288	1,620	(20.5)%	(7,467)	730	NM
Net interest and other financing charges	(23,816)	(22,706)	4.9 %	(47,618)	(45,060)	5.7%
Normalized capital expenditure reserve	(5,109)	(4,581)	11.5 %	(10,174)	(8,988)	13.2%
Adjusted cashflow from operations	\$ 49,656	\$ 40,782	21.8 %	\$ 94,196	\$ 82,790	13.8%

¹ NM - not meaningful.

The non-operating adjustments to changes in working capital for three months ended June 30, 2017 is primarily due to the payment of the accrued statutory payroll taxes. The non-operating adjustments to changes in working capital for the six months ended June 30, 2017 consist primarily of the recognition of commodity taxes payable.

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

EBITFV is a non-GAAP 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 on investment properties), 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. EBITFV should not be considered as an alternative to net 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 the REIT's ability to satisfy its obligations, including servicing its debt.

For the three and six months ended June 30, 2017, EBITFV was calculated as follows:

(in thousands of Canadian dollars)	Three Months Ended			Six Months Ended		
For the periods ended June 30,	2017	2016	Change ¹	2017	2016	Change ¹
Net income and comprehensive income	\$ 74,299	\$ 60,347	23.1 %	\$ 149,621	\$ 121,500	23.1%
Fair value adjustment on investment properties	(14,592)	(8,155)	78.9 %	(32,518)	(20,101)	61.8%
Interest expense and other financing charges	23,846	22,830	4.5 %	47,662	45,242	5.3%
Income taxes	(113)	(310)	(63.5)%	460	(148)	NM
EBITFV	\$ 83,440	\$ 74,712	11.7 %	\$ 165,225	\$ 146,493	12.8%

¹NM - Not meaningful

10.7 Selected Quarterly Consolidated Information

(in thousands of Canadian dollars, except per unit amounts)	2017		2016				2015	
As at and for the quarter ended	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Property revenue	\$ 111,609	\$ 111,140	\$ 104,230	\$ 102,932	\$ 101,507	\$ 98,496	\$ 96,599	\$ 95,916
Net income	\$ 74,299	\$ 75,322	\$ 65,455	\$ 72,124	\$ 60,347	\$ 61,153	\$ 62,824	\$ 58,885
Net income per unit								
- basic	\$ 0.354	\$ 0.362	\$ 0.317	\$ 0.349	\$ 0.306	\$ 0.321	\$ 0.331	\$ 0.311
- diluted	\$ 0.292	\$ 0.300	\$ 0.269	\$ 0.290	\$ 0.256	\$ 0.260	\$ 0.257	\$ 0.242
FFO per unit- diluted, non-GAAP ¹	\$ 0.283	\$ 0.279	\$ 0.274	\$ 0.273	\$ 0.263	\$ 0.260	\$ 0.264	\$ 0.260
AFFO per unit - diluted, non-GAAP ¹	\$ 0.231	\$ 0.227	\$ 0.222	\$ 0.222	\$ 0.210	\$ 0.206	\$ 0.206	\$ 0.203
Total assets	\$ 5,213,930	\$ 5,109,718	\$ 5,014,601	\$ 4,915,172	\$ 4,874,626	\$ 4,433,104	\$ 4,350,903	\$ 4,324,229
Total indebtedness	\$ 2,381,895	\$ 2,393,983	\$ 2,383,123	\$ 2,290,422	\$ 2,288,626	\$ 2,112,726	\$ 2,095,045	\$ 2,078,826
Total distributions, net of distribution reinvestment, to Unitholders - paid	\$ 35,940	\$ 35,710	\$ 34,635	\$ 34,657	\$ 32,190	\$ 31,854	\$ 30,947	\$ 30,946
Total distributions per unit - paid	\$ 0.175	\$ 0.175	\$ 0.170	\$ 0.170	\$ 0.170	\$ 0.170	\$ 0.166	\$ 0.166
Book value per unit	\$ 12.95	\$ 12.73	\$ 12.52	\$ 12.38	\$ 12.20	\$ 11.84	\$ 11.67	\$ 11.51
Market price per unit								
- high	\$ 15.19	\$ 15.60	\$ 15.65	\$ 15.76	\$ 15.60	\$ 14.76	\$ 13.45	\$ 13.40
- low	\$ 14.01	\$ 14.55	\$ 14.54	\$ 14.55	\$ 14.17	\$ 12.46	\$ 12.50	\$ 11.26
- close (end of period)	\$ 14.38	\$ 15.04	\$ 15.00	\$ 15.40	\$ 14.80	\$ 14.45	\$ 13.00	\$ 12.86

¹Non-GAAP measure. Refer to 10.0 section for further information.

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

11.0 Enterprise Risk Management

To preserve and enhance Unitholder value over the long term, CT REIT approaches the management of risk strategically through its ERM Program.

The ERM Program provides an integrated approach to the management of risks, supporting the REIT's strategies and objectives, and is described in detail in section 11.0 in the MD&A contained in the REIT's 2016 Annual Report.

The REIT continues to further develop and refine processes and tools underlying the ERM Program.

12.0 Internal Control and Procedures

Details related to disclosure controls and procedures and internal control over financial reporting are disclosed in section 12.0 of the MD&A contained in CT REIT's 2016 Annual Report.

Changes in Internal Control Over Financial Reporting

During the three months ended June 30, 2017, there have been no changes in CT REIT's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, CT REIT's internal control over financial reporting.

13.0 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 results of operations. Forward-looking statements are provided for the purposes of providing information about CT REIT's future outlook and anticipated events or results and may include statements regarding known and unknown risks and uncertainties and other factors that may cause the actual results to differ materially from those indicated. Such factors include, but are not limited to, general economic conditions, financial position, business strategy, availability of acquisition opportunities, budgets, capital expenditures, financial results including fair value adjustments and cash flow assumptions upon which they are based, cash, taxes, plans and objectives of or involving CT REIT. Particularly, statements regarding future acquisitions, developments, distributions, 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", "resolved to", or the negative thereof or other similar expressions concerning matters that are not historical facts.

Some of the specific forward-looking statements in this document include, but are not limited to, statements with respect to the following:

- CT REIT's growth strategy and objectives under section 2.0;
- CT REIT's fair value of property portfolio under section 4.4;
- CT REIT's development activities under section 4.6;
- CT REIT's leasing activities under section 4.10;
- CT REIT's fair value adjustment on investment properties under section 5.1;
- CT REIT's capital expenditures to fund acquisitions and development activities under section 6.1;
- CT REIT's capital strategy under section 6.11;
- CT REIT's 2017 Investment Activities - Commitments as at June 30, 2017 under section 6.12;
- CT REIT's distributions under section 7.3;
- CT REIT's access to available sources of debt and/or equity financing;
- CT REIT's principal risks under section 11.0;
- the expected tax treatment of CT REIT and its distributions to Unitholders;
- CT REIT's 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
- the ability of CT REIT to qualify as a "mutual fund trust", as defined in the ITA, and as a "real estate investment trust", as defined in the rules applicable to SIFT Trusts and SIFT Partnerships under 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, 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 2016 AIF.

Although the forward-looking statements contained in this MD&A are based upon assumptions that management of CT REIT believes are reasonable, based on information currently available to management, there can be no assurance that actual results will be consistent with these forward-looking statements. Forward-looking statements necessarily involve known and unknown risks and uncertainties, many of which are beyond the REIT's control, that may cause CT REIT's, or the industry's, actual results, performance, achievements, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, the factors discussed under the "Risk Factors" section of the 2016 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.sedar.com 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 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 MD&A is based on certain factors and assumptions made as of the date hereof or the date of the relevant document incorporated herein by reference, as applicable. CT REIT does not undertake to update the forward-looking information, whether written or oral, that may be made from time to time by it or on its behalf, to reflect new information, future events or otherwise, except as required by applicable securities laws.

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

Commitment to disclosure and investor communication

The Investors section of the REIT's website by a link at www.ctreit.com includes the following documents and information of interest to investors:

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

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

If you would like to contact the Investor Relations department directly, call Marina Davies (416) 544-6134 or email investor.relations@ctreit.com.

August 2, 2017

SECOND QUARTER 2017

**CT REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

Condensed Consolidated Balance Sheets (Unaudited)

(Canadian dollars, in thousands)

As at	Note	June 30, 2017	December 31, 2016
Assets			
Non-current assets			
Investment properties	3	\$ 5,154,985	\$ 5,000,355
Other assets		2,478	3,101
		5,157,463	5,003,456
Current assets			
Tenant and other receivables		5,900	2,407
Other assets		15,238	2,369
Cash and cash equivalents		35,329	6,369
		56,467	11,145
Total assets		\$ 5,213,930	\$ 5,014,601
Liabilities			
Non-current liabilities			
Class C LP Units	4	\$ 1,451,550	\$ 1,451,550
Mortgages payable	5	43,804	54,677
Debentures	6	869,004	695,336
Other liabilities		2,732	3,198
		2,367,090	2,204,761
Current liabilities			
Class C LP Units	4	—	70,418
Mortgages payable	5	17,537	1,318
Bank Credit Facility	7	—	109,824
Other liabilities		53,137	25,631
Distributions payable	8	12,445	12,065
		83,119	219,256
Total liabilities		2,450,209	2,424,017
Equity			
Unitholders' equity	8	1,128,419	1,094,207
Non-controlling interests	8, 9	1,635,302	1,496,377
Total equity		2,763,721	2,590,584
Total liabilities and equity		\$ 5,213,930	\$ 5,014,601

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

Condensed Consolidated Statements of Income and Comprehensive Income (Unaudited)

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

For the periods ended June 30,	Note	Three months ended		Six months ended	
		2017	2016	2017	2016
Property revenue	10	\$ 111,609	\$ 101,507	\$ 222,749	\$ 200,003
Property expense	10	(25,680)	(24,134)	(51,872)	(47,662)
General and administrative expense	11	(2,406)	(2,475)	(6,156)	(5,882)
Net interest and other financing charges	12	(23,816)	\$ (22,706)	(47,618)	(45,060)
Fair value adjustment on investment properties	3	14,592	8,155	32,518	20,101
Net income and comprehensive income		\$ 74,299	\$ 60,347	\$ 149,621	\$ 121,500
Net income and comprehensive income attributable to:					
Unitholders		\$ 31,941	\$ 26,975	\$ 64,721	\$ 55,898
Non-controlling interests		42,358	33,372	84,900	65,602
		\$ 74,299	\$ 60,347	\$ 149,621	\$ 121,500
Net income per unit - basic	8	\$ 0.354	\$ 0.306	\$ 0.716	\$ 0.626
Net income per unit - diluted	8	\$ 0.292	\$ 0.256	\$ 0.589	\$ 0.519

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

Condensed Consolidated Statements of Changes in Equity (Unaudited)

(Canadian dollars, in thousands)

	Note	Units	Retained Earnings	Unitholders' Equity	Non-controlling interests	Total Equity
Balance at December 31, 2016		\$ 881,736	\$ 212,471	\$ 1,094,207	\$ 1,496,377	\$ 2,590,584
Net income and comprehensive income for the period		—	64,721	64,721	84,900	149,621
Issuance of Class B LP Units, net of issue costs	3,4	—	—	—	95,546	95,546
Distributions	8	—	(31,682)	(31,682)	(41,521)	(73,203)
Issuance of Units under Distribution Reinvestment Plan	8	1,173	—	1,173	—	1,173
Balance at June 30, 2017		\$ 882,909	\$ 245,510	\$ 1,128,419	\$ 1,635,302	\$ 2,763,721

	Note	Units	Retained Earnings	Unitholders' Equity	Non-controlling interests	Total Equity
Balance at December 31, 2015		\$ 879,727	\$ 157,482	\$ 1,037,209	\$ 1,176,154	\$ 2,213,363
Net income and comprehensive income for the period		—	55,898	55,898	65,602	121,500
Issuance of Class B LP Units, net of issue costs	3	—	—	—	252,799	252,799
Distributions	8	—	(30,731)	(30,731)	(35,269)	(66,000)
Issuance of Units under Distribution Reinvestment Plan	8	983	—	983	—	983
Balance at June 30, 2016		\$ 880,710	\$ 182,649	\$ 1,063,359	\$ 1,459,286	\$ 2,522,645

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

Condensed Consolidated Statements of Cash Flows (Unaudited)

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

		Three months ended		Six months ended	
For the periods ended June 30,	Note	2017	2016	2017	2016
Cash generated from (used for):					
Operating activities					
Net income		\$ 74,299	\$ 60,347	\$ 149,621	\$ 121,500
Add/(deduct):					
Fair value adjustment on investment properties		(14,592)	(8,155)	(32,518)	(20,101)
Property straight-line rent revenue		(5,699)	(5,924)	(11,491)	(11,784)
Deferred income tax		(113)	(310)	460	(148)
Straight-line ground lease expense		16	22	31	45
Net interest and other financing charges		23,816	22,706	47,618	45,060
Changes in working capital and other	13	(434)	(2,237)	5,734	1,536
Cash generated from operating activities		\$ 77,293	\$ 66,449	\$ 159,455	\$ 136,108
Investing activities					
Income-producing property		(12,985)	(103,257)	(34,083)	(105,941)
Development activities and land investments		(9,536)	(294,517)	(20,121)	(298,626)
Capital expenditures recoverable from tenants		(1,899)	(1,191)	(3,732)	(6,062)
Proceeds of disposition		5	36	6	36
Cash used for investing activities		\$ (24,415)	\$ (398,929)	\$ (57,930)	\$ (410,593)
Financing activities					
Proceeds from issuance of debentures	6	175,000	350,000	175,000	350,000
Debenture issuance costs		(700)	(1,326)	(706)	(1,326)
Redemption of Class C LP Units	4	(23,139)	—	(23,139)	—
Unit distributions		(15,249)	(14,877)	(30,504)	(29,744)
Class B LP Unit distributions paid or loaned		(20,691)	(17,313)	(41,146)	(34,300)
Payments on Class C LP Units paid or loaned	4	(17,418)	(19,116)	(34,837)	(38,066)
Bank Credit Facility draws (repayments), net	7	(114,846)	14,995	(109,824)	14,995
Mortgage principal repayments	5	(309)	(3,103)	(615)	(3,469)
Mortgage borrowing	5	—	—	6,000	—
Net interest paid		(11,588)	(6,574)	(12,653)	(7,109)
Class B LP Unit issue costs		(141)	(40)	(141)	(81)
Cash (used for)/generated from financing activities		\$ (29,081)	\$ 302,646	\$ (72,565)	\$ 250,900
Cash generated from/(used for) the period		\$ 23,797	\$ (29,834)	\$ 28,960	\$ (23,585)
Cash and cash equivalents, beginning of period		11,532	30,929	6,369	24,680
Cash and cash equivalents, end of period		\$ 35,329	\$ 1,095	\$ 35,329	\$ 1,095

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and six months ended June 30, 2017 and 2016
(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 unaudited condensed consolidated financial interim 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 an 85.5% effective interest in CT REIT as of June 30, 2017, consisting of 59,711,094 of the issued and outstanding units of CT REIT (“Units”) and all of the issued and outstanding Class B limited partnership units (“Class B LP Units”) of CT REIT Limited Partnership (the “Partnership”), which are economically equivalent to and exchangeable for Units. CTC also owns all of the issued and outstanding Class C limited partnership units (“Class C LP Units”) of the Partnership (see Note 4). The Units are listed on the Toronto Stock Exchange (the “TSX”) under the symbol CRT.UN.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These unaudited condensed consolidated interim financial statements (“interim financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). CT REIT prepared these interim financial statements for the three and six months ended June 30, 2017 in accordance with International Accounting Standard (“IAS”) 34 – *Interim Financial Reporting*. These interim financial statements should be read in conjunction with the annual consolidated financial statements contained in CT REIT’s 2016 Annual Report. They have been prepared using the same accounting policies that were described in Note 3 to the annual consolidated financial statements contained in CT REIT’s 2016 Annual Report other than standards, amendments and interpretations adopted as disclosed in Note 2(d).

These interim financial statements were authorized for issuance by CT REIT’s Board of Trustees (the “Board”) on August 2, 2017.

(b) Basis of presentation

These interim 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 interim financial statements are presented in Canadian dollars (“C\$”), which is CT REIT’s functional currency, rounded to the nearest thousand, except per unit amounts.

(c) Judgments and estimates

The preparation of these interim 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 these interim financial statements and the reported amounts of revenue and expenses during the reporting periods presented. Actual results may differ from estimates made in these interim financial statements.

Judgments are made in the selection and assessment of CT REIT’s accounting policies. Estimates are used mainly in determining the measurement of recognized transactions and balances. Estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Judgment and estimates are often interrelated. CT REIT’s judgments and estimates are continually re-evaluated to ensure they remain appropriate. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and six months ended June 30, 2017 and 2016
(All dollar amounts are in thousands, except unit and per unit amounts)

Details of the accounting policies subject to judgments and estimates that CT REIT believes could have the most significant impact on the amounts recognized in these interim financial statements are described in Note 2 to the annual consolidated financial statements contained in CT REIT's 2016 Annual Report.

(d) Standards, amendments and interpretations issued and adopted

Disclosure initiative (IAS 7)

In January 2016, the IASB issued Disclosure Initiative Amendments to IAS 7 - *Statement of Cash Flows* as part of the IASB's Disclosure Initiative. These amendments require entities to provide additional disclosures that will enable financial statements users to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes.

These amendments were effective for annual periods beginning on or after January 1, 2017. The implementation of these amendments has not had a significant impact on CT REIT other than increased disclosure in the annual financial statements.

(e) Standards, amendments and interpretations issued and not yet adopted

Details of the standards, amendments and interpretations issued but not yet adopted are described in Note 2 to the annual consolidated financial statements contained in CT REIT's 2016 Annual Report.

3. INVESTMENT PROPERTIES

The following table summarizes CT REIT's investment property portfolio holdings:

	June 30, 2017			December 31, 2016		
	Income-producing properties	Properties under development	Total investment properties	Income-producing properties	Properties under development	Total investment properties
Balance, beginning of period	\$ 4,979,231	\$ 21,124	\$ 5,000,355	\$ 4,304,838	\$ 14,223	\$ 4,319,061
Property acquisitions (including transaction costs)	71,028	—	71,028	214,225	—	214,225
Intensifications	—	6,350	6,350	—	10,852	10,852
Developments	—	26,644	26,644	—	356,943	356,943
Development land	—	257	257	—	8,744	8,744
Capitalized interest and property taxes	—	555	555	—	6,895	6,895
Transfers	15,122	(15,122)	—	376,533	(376,533)	—
Fair value adjustment on investment properties	32,518	—	32,518	44,549	—	44,549
Straight-line rent	11,491	—	11,491	23,774	—	23,774
Recoverable capital expenditures	5,793	—	5,793	15,570	—	15,570
Dispositions	(6)	—	(6)	(258)	—	(258)
Balance, end of period¹	\$ 5,115,177	\$ 39,808	\$ 5,154,985	\$ 4,979,231	\$ 21,124	\$ 5,000,355

¹ Includes purchased land of \$6,915 (December 31, 2016 - \$6,505) held for development.

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

As at June 30, 2017, management's determination of fair value was updated for current market assumptions, utilizing market capitalization rates provided by independent valuation professionals.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and six months ended June 30, 2017 and 2016
(All dollar amounts are in thousands, except unit and per unit amounts)

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

The fair value of investment properties is based on Level 3 inputs (see Note 20.(a) to the annual consolidated financial statements contained in CT REIT's 2016 Annual Report for definition of levels). There have been no transfers during the period between levels.

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

	Properties valued by the OCR method	Properties valued by the DCF method
Number of properties	266	42
Value at June 30, 2017	\$ 4,046,592	\$ 1,020,932
Discount rate	—%	6.93%
Terminal capitalization rate	—%	6.52%
Overall capitalization rate	6.22%	—%
Hold period (years)	—	10

Valuations determined by the OCR method are most sensitive to changes in capitalization rates. Valuations determined by the DCF method are most sensitive to changes in discount rates.

The following table summarizes the sensitivity of the fair value of investment properties to changes in the capitalization rate and discount rate, respectively:

Rate sensitivity	OCR Sensitivity			DCF Sensitivity		
	Fair value	Change in fair value		Fair value	Change in fair value	
+ 75 basis points	\$ 3,613,603	\$ (432,988)	\$	\$ 923,635	\$ (97,297)	
+ 50 basis points	3,747,109	(299,483)		953,643	(67,290)	
+ 25 basis points	3,891,105	(155,487)		986,031	(34,901)	
Base rate	\$ 4,046,592	\$ —	\$	\$ 1,020,932	\$ —	
- 25 basis points	4,215,549	168,957		1,058,721	37,788	
- 50 basis points	4,399,257	352,665		1,099,843	78,910	
- 75 basis points	\$ 4,600,005	\$ 553,414	\$	\$ 1,144,678	\$ 123,745	

2017 Investment and Development Activity

Funding of investment and development activities for the three and six months ended June 30, 2017 was as follows:

Q2 2017 Investment and Development Activity						
(in thousands of Canadian dollars)	Property investments	Development land	Developments	Intensifications	Total	
Funded with working capital to CTC	\$ 9,100	\$ —	\$ 6,480	\$ 5,857	\$	21,437
Funded with working capital to third parties	3,487	—	1,048	362		4,897
Capitalized interest and property taxes	—	—	374	—		374
Issuance of Class B LP Units to CTC	9,908	—	10,820	—		20,728
Mortgages payable	—	—	—	—		—
Total costs	\$ 22,495	\$ —	\$ 18,722	\$ 6,219	\$	47,436

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and six months ended June 30, 2017 and 2016
(All dollar amounts are in thousands, except unit and per unit amounts)

YTD 2017 Investment and Development Activity

	Property investments	Development land	Developments	Intensifications	Total
Funded with working capital to CTC	\$ 28,800	\$ —	\$ 7,298	\$ 5,857	\$ 41,955
Funded with working capital to third parties	4,640	257	2,526	493	7,916
Capitalized interest and property taxes	—	—	555	—	555
Issuance of Class B LP Units to CTC	37,588	—	10,820	—	48,408
Mortgages payable	—	—	6,000	—	6,000
Total costs	\$ 71,028	\$ 257	\$ 27,199	\$ 6,350	\$ 104,834

2016 Investment and Development Activity

Funding of investment and development activities for the year ended December 31, 2016 was as follows:

2016 Investment and Development Activity

	Property investments	Development land	Developments	Intensifications	Total
Funded with working capital to CTC	\$ 5,790	\$ 1,184	\$ 328,039	\$ 6,442	\$ 341,455
Funded with working capital to third parties	135,265	2,660	18,904	4,410	161,239
Capitalized interest and property taxes	—	—	6,895	—	6,895
Issuance of Class B LP Units to CTC	53,070	—	—	—	53,070
Issuance of Class C LP Units to CTC	20,100	4,900	10,000	—	35,000
Total costs	\$ 214,225	\$ 8,744	\$ 363,838	\$ 10,852	\$ 597,659

Included in CT REIT's investment properties are eight buildings which are situated on ground leases with remaining initial terms of between 2 and 39 years, and an average initial term of 18 years.

4. CLASS C LP UNITS

The Class C LP Units entitle the holder to a fixed cumulative monthly payment, during the initial fixed rate period for each Series of Class C LP Units (the "Initial Fixed Rate Period") equal to a weighted average, of 4.70% of the aggregate capital amount ascribed to the Class C LP Units, in priority to distributions made to holders of the Class B LP Units and CT REIT GP Corp. (the "GP") Units, subject to certain exceptions.

On expiry of the Initial 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 further has the ability to settle any of the Class C LP Units at any time after January 1, 2019 at a price equal to the greater of par and a price to provide a yield equal to the then equivalent Government of Canada bond yield plus a spread, so long as such redemption is in connection with a sale of properties.

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

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 floating rate option.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and six months ended June 30, 2017 and 2016
(All dollar amounts are in thousands, except unit and per unit amounts)

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

Series	Expiry of initial fixed rate period	Annual distribution rate during initial fixed rate period	Carrying amount at June 30, 2017	Carrying amount at December 31, 2016
Series 3	May 31, 2020	4.50%	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 10	May 31, 2017	2.38%	—	7,130
Series 11	May 31, 2017	2.20%	—	20,685
Series 12	May 31, 2017	2.23%	—	19,464
Series 13	May 31, 2017	1.65%	—	3,789
Series 14	May 31, 2017	1.71%	—	15,000
Series 15	May 31, 2017	1.77%	—	4,350
Series 16	May 31, 2020	2.42%	16,550	16,550
Series 17	May 31, 2020	2.39%	18,500	18,500
Series 18	May 31, 2020	2.28%	4,900	4,900
Series 19	May 31, 2020	2.28%	11,600	11,600
Weighted average / Total		4.70%	\$ 1,451,550	\$ 1,521,968
Current			\$ —	\$ 70,418
Non-current			1,451,550	1,451,550
Total			\$ 1,451,550	\$ 1,521,968

For the three and six months ended June 30, 2017, interest expense of \$17,297 (Q2 2016 – \$18,518) and \$34,716 (YTD 2016 - \$37,562), respectively, was recognized in respect of the Class C LP Units (see Note 12). The holders of the Class C LP Units may elect to defer receipt of all or a portion of payments 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 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 three and six months ended June 30, 2017 of \$17,093 (Q2 2016 – \$18,865) and \$28,547 (YTD 2016 – \$31,461), respectively, 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 in lieu thereof. The net amount of payments due in respect of the Class C LP Units at June 30, 2017 of \$5,685 (December 31, 2016 – \$5,806) is included in other liabilities on the interim balance sheets.

On May 31, 2017, Series 10-15 Class C LP Units were redeemed through the issuance to CTC of \$47,279 of Class B LP Units and the payment of \$23,139 of cash.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and six months ended June 30, 2017 and 2016
(All dollar amounts are in thousands, except unit and per unit amounts)

5. MORTGAGES PAYABLE

Mortgages payable, secured by certain of CT REIT's investment properties, include the following:

	June 30, 2017		December 31, 2016	
	Face value	Carrying amount	Face value	Carrying amount
Current	\$ 17,495	\$ 17,537	\$ 1,241	\$ 1,318
Non-current	43,839	43,804	54,708	54,677
Total	\$ 61,334	\$ 61,341	\$ 55,949	\$ 55,995

Future repayments are as follows:		Principal amortization	Maturities	Total
	2017	\$ 625	\$ —	\$ 625
	2018	493	16,590	17,083
	2019	36	43,590	43,626
	2020	—	—	—
	2021	—	—	—
	2022 and thereafter	—	—	—
Total contractual obligation	\$	1,154	\$ 60,180	\$ 61,334
Unamortized portion of mark to market on mortgages payable assumed at the acquisition of properties				93
Unamortized transaction costs				(86)
			\$	61,341

Mortgages payable have interest rates that range from 2.51% to 3.60%, and have maturity dates that range from January 2018 to December 2019. Mortgages payable at June 30, 2017 had a weighted average interest rate of 2.88% (December 31, 2016 – 3.16%). At June 30, 2017, floating rate and fixed rate mortgages were \$37,133 (December 31, 2016 – \$31,133) and \$24,201 (December 31, 2016 – \$24,816), respectively.

Investment properties having a fair value of \$133,188 (December 31, 2016 – \$126,300) have been pledged as security for mortgages payable.

6. DEBENTURES

	June 30, 2017		December 31, 2016	
Series	Face value	Carrying amount	Face value	Carrying amount
A, 2.85%, June 9, 2022	\$ 150,000	\$ 149,200	\$ 150,000	\$ 149,123
B, 3.53%, June 9, 2025	200,000	198,663	200,000	198,588
C, 2.16%, June 1, 2021	150,000	149,163	150,000	149,058
D, 3.29%, June 1, 2026	200,000	198,641	200,000	198,567
E, 3.47%, June 16, 2027	175,000	173,337	—	—
	\$ 875,000	\$ 869,004	\$ 700,000	\$ 695,336

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and six months ended June 30, 2017 and 2016
(All dollar amounts are in thousands, except unit and per unit amounts)

On June 16, 2017, CT REIT issued \$175,000 aggregate principal amount of senior unsecured debentures, with an interest rate of 3.47%, under CT REIT's short form base shelf prospectus dated April 5, 2017. The proceeds, net of issuance costs of \$1,670, were used to pay down certain amounts outstanding under the Bank Credit Facility and the balance of the proceeds was retained for general business purposes.

For the three and six months ended June 30, 2017, amortization of the transaction costs of \$174 (Q2 2016 - \$104) and \$341 (YTD 2016 - \$216) are included in interest and other financing charges on the interim statements of income and comprehensive income (see Note 12).

7. BANK CREDIT FACILITY

CT REIT has a \$300 million unsecured revolving credit facility ("Bank Credit Facility") available until April 2021. The Bank Credit Facility bears interest at a rate based on the bank's prime rate of interest or bankers' acceptances plus a margin. A standby fee is charged on the Bank Credit Facility.

As at June 30, 2017, \$nil (December 31, 2016 - \$109,824) of borrowings were drawn on the Bank Credit Facility and \$1,546 (December 31, 2016 - \$1,227) of letters of credit were outstanding under the Bank Credit Facility.

8. 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 June 30, 2017		
	Units	Class B LP Units	Total
Total outstanding at beginning of year	90,479,102	116,367,697	206,846,799
Issued	80,920	6,435,716	6,516,636
Total outstanding at end of period	90,560,022	122,803,413	213,363,435

	As at December 31, 2016		
	Units	Class B LP Units	Total
Total outstanding at beginning of year	90,337,358	99,263,329	189,600,687
Issued	141,744	17,104,368	17,246,112
Total outstanding at end of year	90,479,102	116,367,697	206,846,799

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and six months ended June 30, 2017 and 2016
(All dollar amounts are in thousands, except unit and per unit amounts)

Net income attributable to Unitholders and weighted average units outstanding used in determining basic and diluted net income per unit for the three and six months ended June 30, 2017 and 2016, are calculated as follows, respectively:

Three months ended June 30, 2017			
	Units	Class B LP Units	Total
Net income attributable to Unitholders - basic	\$ 31,941	\$ 42,358	\$ 74,299
Income effect of settling Class C LP Units with Class B LP Units			17,297
Net income attributable to Unitholders - diluted			\$ 91,596
Weighted average units outstanding - basic	90,539,628	119,532,795	210,072,423
Dilutive effect of other Unit plans			147,988
Dilutive effect of settling Class C LP Units with Class B LP Units			103,262,405
Weighted average units outstanding - diluted			313,482,816

For the six months ended June 30, 2017			
	Units	Class B LP Units	Total
Net income attributable to Unitholders - basic	\$ 64,721	\$ 84,900	\$ 149,621
Income effect of settling Class C LP Units with Class B LP Units			34,716
Net income attributable to Unitholders - diluted			\$ 184,337
Weighted average units outstanding - basic	90,519,751	118,427,476	208,947,227
Dilutive effect of other Unit plans			134,202
Dilutive effect of settling Class C LP Units with Class B LP Units			104,057,721
Weighted average units outstanding - diluted			313,139,150

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and six months ended June 30, 2017 and 2016
(All dollar amounts are in thousands, except unit and per unit amounts)

	For the three months ended June 30, 2016		
	Units	Class B LP Units	Total
Net income attributable to Unitholders - basic	\$ 26,975	\$ 33,372	\$ 60,347
Income effect of settling Class C LP Units with Class B LP Units			18,518
Net income attributable to Unitholders - diluted			\$ 78,865
Weighted average units outstanding - basic	90,392,489	106,902,647	197,295,136
Dilutive effect of other Unit plans			123,322
Dilutive effect of settling Class C LP Units with Class B LP Units			110,675,681
Weighted average units outstanding - diluted			308,094,139

	For the six months ended June 30, 2016		
	Units	Class B LP Units	Total
Net income attributable to Unitholders - basic	\$ 55,898	\$ 65,602	\$ 121,500
Income effect of settling Class C LP Units with Class B LP Units			37,562
Net income attributable to Unitholders - diluted			\$ 159,062
Weighted average units outstanding - basic	90,374,632	103,623,888	193,998,520
Dilutive effect of other Unit plans			110,554
Dilutive effect of settling Class C LP Units with Class B LP Units			112,501,953
Weighted average units outstanding - diluted			306,611,027

Distributions on Units and Class B LP Units

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

For the periods ended June 30,	2017		2016
	Distributions per unit		Distributions per unit
Units	\$ 0.350	\$	0.340
Class B LP Unit	\$ 0.350	\$	0.340

On June 15, 2017, CT REIT's Board declared a distribution of \$0.05833 per Unit paid on July 17, 2017 to holders of Units and Class B LP Units of record as of June 30, 2017.

On July 14, 2017, CT REIT's Board declared a distribution of \$0.05833 per Unit payable on August 15, 2017 to holders of Units and Class B LP Units of record as of July 31, 2017.

Details and descriptions of the Units, and Class B LP Units are available in Note 10 to the annual consolidated financial statements contained in the CT REIT's 2016 Annual Report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and six months ended June 30, 2017 and 2016
(All dollar amounts are in thousands, except unit and per unit amounts)

9. NON-CONTROLLING INTERESTS

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

Name of Subsidiary	Proportion of ownership interests held by non-controlling interests		Net income and comprehensive income allocated to non-controlling interests			
	As at June 30, 2017	As at December 31, 2016	For the three months ended June 30, 2017	For the three months ended June 30, 2016	For the six months ended June 30, 2017	For the six months ended June 30, 2016
CT REIT Limited Partnership	57.56%	56.26%	\$ 42,358	\$ 33,372	\$ 84,900	\$ 65,602

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.

10. REVENUE AND EXPENSES

(a) Property revenue

CT REIT leases income-producing commercial properties to tenants under operating leases. The CTC leases have staggered initial terms ranging from 1 to 20 years, with a weighted average remaining initial term of approximately 12.2 years. Annual base minimum rent for CTC leases have weighted average annual rent escalations of approximately 1.5% per year.

The components of property revenue are as follows:

	CTC	Other	For the three months ended June 30, 2017
Base minimum rent	\$ 75,026	\$ 5,624	\$ 80,650
Straight-line rent	5,488	211	5,699
Subtotal base rent	\$ 80,514	\$ 5,835	\$ 86,349
Property operating expense recoveries	21,304	2,459	23,763
Capital expenditure and interest recovery charge	1,334	19	1,353
Other revenues	—	144	144
Property revenue	\$ 103,152	\$ 8,457	\$ 111,609

	CTC	Other	For the six months ended June 30, 2017
Base minimum rent	\$ 149,526	\$ 11,092	\$ 160,618
Straight-line rent	10,948	543	11,491
Subtotal base rent	\$ 160,474	\$ 11,635	\$ 172,109
Property operating expense recoveries	42,900	4,863	47,763
Capital expenditure and interest recovery charge	2,561	38	2,599
Other revenues	2	276	278
Property revenue	\$ 205,937	\$ 16,812	\$ 222,749

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and six months ended June 30, 2017 and 2016
(All dollar amounts are in thousands, except unit and per unit amounts)

	CTC	Other	For the three months ended June 30, 2016
Base minimum rent	\$ 68,090	\$ 4,057	\$ 72,147
Straight-line rent	5,761	163	5,924
Subtotal base rent	\$ 73,851	\$ 4,220	\$ 78,071
Property operating expense recoveries	20,652	1,856	22,508
Capital expenditure and interest recovery charge	779	18	797
Other revenues	2	129	131
Property revenue	\$ 95,284	\$ 6,223	\$ 101,507

	CTC	Other	For the six months ended June 30, 2016
Base minimum rent	\$ 135,456	\$ 6,738	\$ 142,194
Straight-line rent	11,513	271	11,784
Subtotal base rent	\$ 146,969	\$ 7,009	\$ 153,978
Property operating expense recoveries	40,862	3,324	44,186
Capital expenditure and interest recovery charge	1,545	37	1,582
Other revenues	2	255	257
Property revenue	\$ 189,378	\$ 10,625	\$ 200,003

(b) Property expense

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

	Three months ended		Six months ended	
For the periods ended June 30,	2017	2016	2017	2016
Property taxes	\$ 21,193	\$ 20,384	\$ 42,512	\$ 40,279
Other recoverable operating costs	2,324	1,769	5,061	3,460
Property management ¹	1,111	934	2,194	1,852
Ground rent	1,009	1,009	2,018	2,010
Property insurance	43	38	87	61
Property expense	\$ 25,680	\$ 24,134	\$ 51,872	\$ 47,662

¹ Includes \$665 (Q2 2016 - \$614) and \$1,327 (YTD 2016 - \$1,227), respectively, with CTC. See Note 16.

11. GENERAL AND ADMINISTRATIVE EXPENSE

General and administrative expense is comprised of the following:

	Three months ended		Six months ended	
For the periods ended June 30,	2017	2016	2017	2016
Personnel expense ¹	1,083	1,268	\$ 2,751	\$ 2,578
Public entity and other ¹	573	499	1,905	1,889
Services Agreement with CTC ²	\$ 750	\$ 708	1,500	1,415
General and administrative expense	\$ 2,406	\$ 2,475	\$ 6,156	\$ 5,882

¹ Includes unit-based awards including (gain) loss adjustments as a result of the change in the fair market value of the Units of \$(172) (Q2 2016 - \$118) and \$(78) (YTD 2016 - \$375) for the three and six months ended June 30, 2017.

² See note 16.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and six months ended June 30, 2017 and 2016
(All dollar amounts are in thousands, except unit and per unit amounts)

12. NET INTEREST AND OTHER FINANCING CHARGES

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

	Three months ended		Six months ended	
For the periods ended June 30,	2017	2016	2017	2016
Interest on Class C LP Units ¹	\$ 17,297	\$ 18,518	\$ 34,716	\$ 37,562
Interest and financing costs - debentures	5,711	3,782	11,165	6,727
Interest and financing costs - Bank Credit Facility	656	361	1,378	509
Interest on mortgages payable	426	401	816	804
	\$ 24,090	\$ 23,062	\$ 48,075	\$ 45,602
Less: capitalized interest	(244)	(232)	(413)	(360)
Interest and other financing charges less capitalized interest	\$ 23,846	\$ 22,830	\$ 47,662	\$ 45,242
Less: interest income	(30)	(124)	(44)	(182)
Net interest and other financing charges	\$ 23,816	\$ 22,706	\$ 47,618	\$ 45,060

¹ Paid or payable to CTC.

13. CHANGES IN WORKING CAPITAL AND OTHER

Changes in working capital are comprised of the following:

	Three months ended		Six months ended	
For the periods ended June 30,	2017	2016	2017	2016
Changes in working capital and other				
Tenant and other receivables	\$ 937	\$ 2,120	\$ (3,493)	\$ (1,354)
Other assets	(7,843)	(12,726)	(12,247)	(17,854)
Other liabilities	6,473	8,378	21,472	20,709
Other	(1)	(9)	2	35
Changes in working capital and other	\$ (434)	\$ (2,237)	\$ 5,734	\$ 1,536

14. SEGMENTED INFORMATION

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

15. COMMITMENTS AND CONTINGENCIES

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

As at June 30, 2017, CT REIT had obligations of \$34,992 (December 31, 2016 – \$30,470) in future payments for the completion of developments, which are expected to be incurred by 2018. Included in the commitments is \$26,714 due to CTC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and six months ended June 30, 2017 and 2016
(All dollar amounts are in thousands, except unit and per unit amounts)

16. 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, CTC provides the REIT with certain administrative, financial, 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 term of the Services Agreement expires on December 31 of each year and is automatically renewable for further one year terms thereafter, unless otherwise terminated. The Services Agreement was renewed for 2017 and CTC will continue to provide such services on a cost recovery basis.

Property Management Agreement

Under the Property Management Agreement, CTC provides the REIT with certain customary property management services (the "Property Management Services"). CTC provides 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 term of the Property Management Agreement expires on December 31 of each year and is automatically renewable for further one year terms thereafter, unless otherwise terminated. The Property Management Agreement was renewed for 2017 and CTC will continue to provide such services on a cost recovery basis.

(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 3:

For the periods ended June 30,	Note	Three months ended		Six months ended	
		2017	2016	2017	2016
Rental revenue	10	\$ 103,152	\$ 95,284	\$ 205,937	\$ 189,378
Property Management and Services Agreement expense		\$ 1,415	\$ 1,322	\$ 2,827	\$ 2,642
Distributions on Units		\$ 10,449	\$ 10,151	\$ 20,898	\$ 20,302
Distributions on Class B LP Units ¹		\$ 20,958	\$ 18,170	\$ 41,521	\$ 35,269
Interest expense on Class C LP Units	12	\$ 17,297	\$ 18,518	\$ 34,716	\$ 37,562

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	June 30, 2017	December 31, 2016
Tenant and other receivables	\$ (4,926)	\$ (404)
Class C LP Units	1,451,550	1,521,968
Amounts payable on Class C LP Units	34,232	71,613
Loans receivable in lieu of payments on Class C LP Units	(28,547)	(65,807)
Other liabilities	20,003	5,199
Distributions payable on Units and Class B LP Units ¹	16,847	18,581
Loans receivable in lieu of distributions on Class B LP Units	(6,201)	(8,311)
Net balance due to CTC	\$ 1,482,958	\$ 1,542,839

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and six months ended June 30, 2017 and 2016
(All dollar amounts are in thousands, except unit and per unit amounts)

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

The fair value of the Class C LP Units, debentures and mortgages payable at June 30, 2017, is \$1,575,327, \$875,499 and \$62,167 respectively. The fair value measurement of the Class C LP Units, debentures and mortgages payable is based on Level 2 inputs. The significant inputs used to determine the fair value of the Class C LP Units, debentures and mortgages payable are interest rates, interest rate volatility, and credit spreads. There have been no transfers during the period between levels.

Financial assets consist of cash and cash equivalents, tenant and other receivables and deposits, which are classified as loans and receivables and carried at amortized cost. Financial liabilities, other than those discussed in the preceding paragraph, consist of other liabilities, Bank Credit Facility and distributions payable, which are classified as other liabilities and 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. The carrying amounts of the liabilities for the unit based compensation plans approximate their fair value due to their short-term nature.

18. CAPITAL MANAGEMENT AND LIQUIDITY

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

The definition of capital varies from entity to entity, industry to industry and for different purposes. CT REIT's strategy and process for managing capital is driven by requirements established under its Declaration of Trust and the Trust Indenture dated June 9, 2015, as supplemented by supplemental indentures, pursuant to which the debentures were issued, and the Bank Credit Facility.

As at June 30, 2017, 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.

19. COMPARATIVE FIGURES

Certain of the prior period figures have been aligned to management's current view of CT REIT's operations.

CORPORATE INFORMATION

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