CT REAL ESTATE INVESTMENT TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
SECOND QUARTER 2015

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, (unless the context requires otherwise referred to herein as "CT REIT", the "Trust" or the "REIT") 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 12.0 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, 2015 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, 2015 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 12.0 of this MD&A. Information about CT REIT, including the 2014 Annual Information Form ("AIF"), 2014 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 ctreit.com.
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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 2014 Annual Report.

1.3 Accounting Estimates and Assumptions

The preparation of the interim financial statements in accordance with IFRS requires management to make judgements 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 8.0 in this MD&A for further information.

Financial data included in this MD&A includes material information as of August 11, 2015. 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 2015 (three months ended June 30, 2015) are against results for Q2 2014 (three months ended June 30, 2014) and comparisons of YTD 2015 results (six months ended June 30, 2015) are against YTD 2014 results (six months ended June 30, 2014).

1.5 Non-GAAP and Operational Key Performance Indicators

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

Further, the key performance indicators used by management may not be comparable to similar measures presented by other real estate investment trusts or enterprises. Net income prepared in accordance with IFRS is 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.

For further information on the non-GAAP and operational key performance indicators used by management and for reconciliations to the nearest GAAP measures, refer to section 9.0.

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 11, 2015.

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 owns an 83.9% effective interest in CT REIT as of June 30, 2015, 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 ("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 focusing on expanding the REIT's asset base while also increasing its AFFO 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 1.5% per year, on average, over the initial term of the leases and have a weighted average remaining lease term of 14.1 years;
2. CT REIT has contractual arrangements with CTC whereby CT REIT has a right of first offer ("ROFO") on all current and future CTC properties which meet the REIT's investment criteria and preferential rights, subject to certain exceptions, to participate in the development of, and to acquire, certain new retail properties; and
3. CT REIT 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.

3.0 Overview of the Property Portfolio

3.1 Property Profile

The property portfolio as at June 30, 2015 consists of 279 retail properties, two distribution centres, one mixed-use commercial property and three development properties acquired for future development. These investment properties (the "Properties") are located in each of the provinces and in two territories across Canada, and the retail properties, distribution centres and mixed-use commercial property contain approximately 21.3 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, 2015, CTC represented 98.0% of total GLA (December 31, 2014 - 97.9%) and 96.5% of annualized base minimum rent (December 31, 2014 - 96.4%).

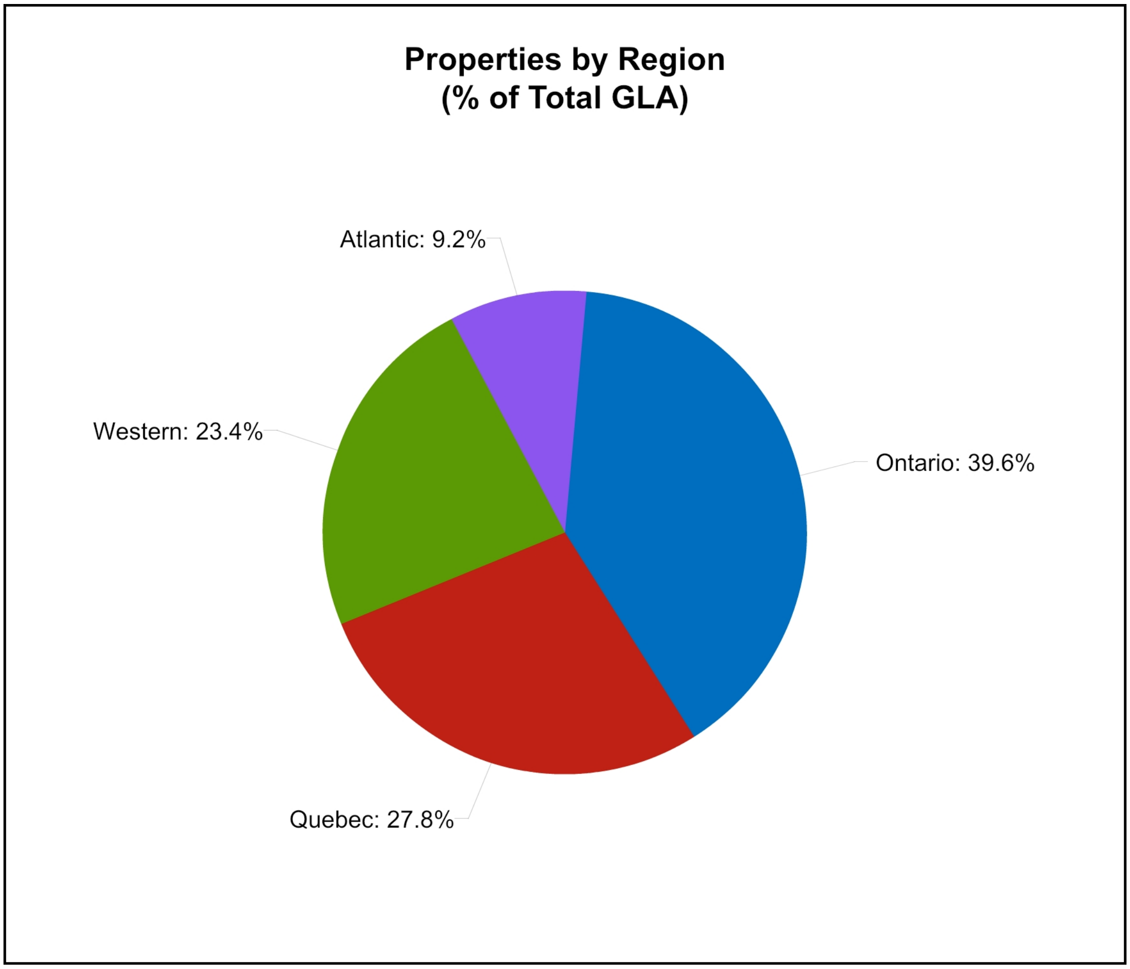
			As at June 30, 2015
(in square feet)	**GLA**	**Occupied GLA**	**Occupancy**
Canadian Tire stores	18,536,321	18,536,321	100.0%
Distribution centres	1,859,580	1,859,580	100.0%
Mixed-use property	281,304	271,412	96.5%
Third party tenants	295,682	287,014	97.1%
Other CTC banners	293,550	293,550	100.0%
Total	**21,266,437**	**21,247,877**	**99.9%**

			As at December 31, 2014
(in square feet)	GLA	Occupied GLA	Occupancy
Canadian Tire stores	17,642,796	17,642,796	100%
Distribution centres	1,859,580	1,859,580	100%
Mixed-use property	281,304	270,594	96.2%
Third party tenants	293,956	281,513	95.8%
Other CTC banners	280,484	280,484	100%
Total	20,358,120	20,334,967	99.9%

As at	**June 30, 2015**	December 31, 2014
Standalone properties	**247**	238
Multi-tenant properties anchored by Canadian Tire store	**29**	27
Multi-tenant properties not anchored by Canadian Tire store	**3**	3
Distribution centres	**2**	2
Mixed-use property	**1**	1
Total operating properties	**282**	271
Development properties	**3**	2
Total properties	**285**	273

As at	**June 30, 2015**	December 31, 2014
Gas bars at retail properties	90	87

CT REIT's properties by region, as a percentage of total GLA as at June 30, 2015 are as follows:

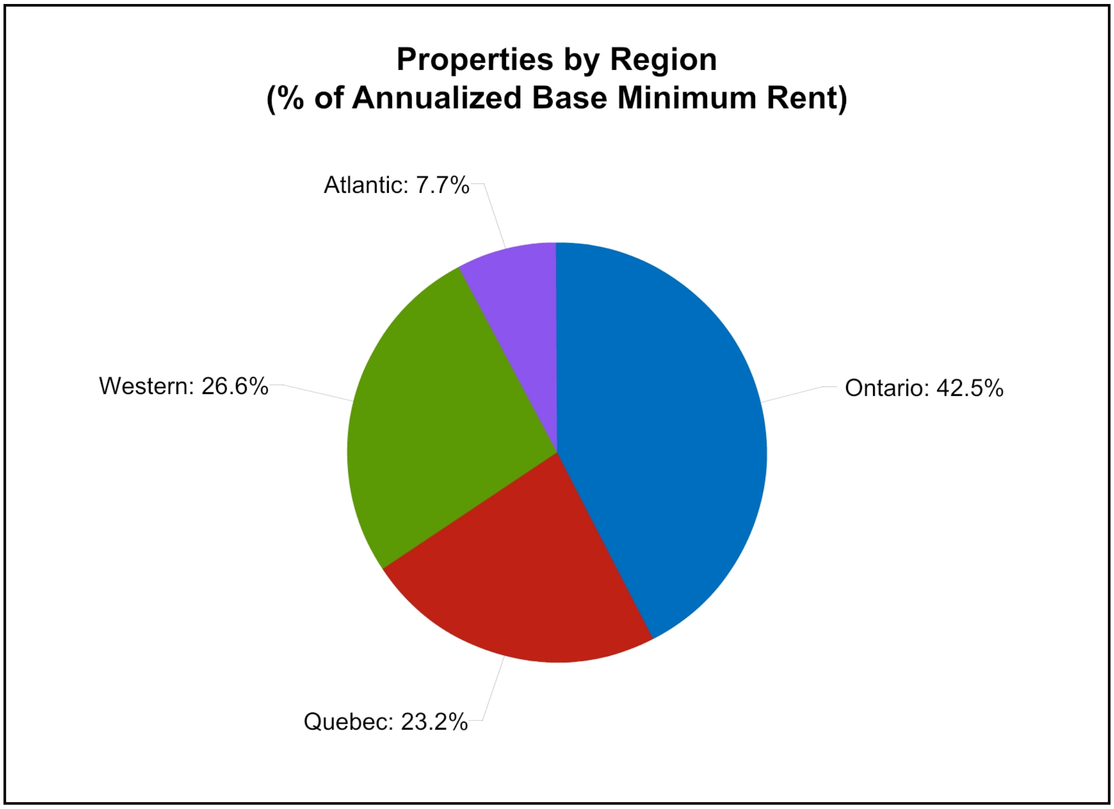


3.2 Six Largest Urban Markets
As at June 30, 2015, a significant portion of CT REIT's properties reside in the following large urban markets:

As at	**June 30, 2015**	December 31, 2014
Toronto	**18.8%**	19.1%
Montreal	**13.5%**	13.0%
Vancouver	**3.9%**	4.1%
Ottawa	**5.1%**	5.3%
Calgary	**1.6%**	1.7%
Edmonton	**4.8%**	3.9%
Percentage of Annualized Base Minimum Rent	**47.7%**	47.1%

3.3 Revenue by Region

CT REIT's portfolio is located across Canada with approximately 65.7% of annualized base minimum rent received in respect of properties in Ontario and Quebec.



3.4 Fair Value of Property Portfolio

The fair value of the property portfolio represents 98.2% of the total assets of CT REIT as at June 30, 2015.

	June 30, 2015			December 31, 2014		
	Income producing properties	**Properties under development**	**Total investment properties**	Income producing properties	Properties under development	Total investment properties
Balance at beginning of period	**$ 3,995,860**	**$ 3,984**	**$ 3,999,844**	$ 3,538,853	$ 9,011	$ 3,547,864
Property investments (including transaction costs)	**149,399**	**—**	**149,399**	228,684	—	228,684
Development land investments	**—**	**3,808**	**3,808**	—	3,982	3,982
Developments	**—**	**10,866**	**10,866**	—	19,963	19,963
Intensifications	**13,555**	**—**	**13,555**	11,951	—	11,951
Recoverable capital expenditures	**3,859**	**—**	**3,859**	17,052	—	17,052
Capitalized interest and property taxes	**—**	**133**	**133**	—	442	442
Transfers	**—**	**—**	**—**	29,414	(29,414)	—
Straight-line rent	**12,890**	**—**	**12,890**	28,685	—	28,685
Fair value adjustment on investment properties	**17,787**	**—**	**17,787**	141,221	—	141,221
Balance at end of the period	**$ 4,193,350**	**$ 18,791**	**$ 4,212,141**	$ 3,995,860	$ 3,984	$ 3,999,844

Income producing properties include intensification activities consisting of modifications to existing stores.

Properties under development include:
- the development of vacant land and building construction, and
- the construction of additional buildings on existing assets.

At June 30, 2015, 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. In 2015, independent appraisals were completed on 34 properties having a fair value of $535,840 effective June 30, 2015.

Included in CT REIT's property portfolio are eight buildings with a fair value of approximately $166,482 (December 31, 2014; seven buildings - $127,926) that are situated on leased land. Assuming all extension periods are exercised, the land leases have terms between 27 and 52 years with an average remaining lease term of 38 years.

3.5 2015 Investment Activities

(in thousands of Canadian dollars, except for GLA amounts)	Transaction Date	GLA	Total Investment Cost
Property Location			
London, ON [1]	Feb 13, 2015	105,075	
Prescott, ON [1]	Feb 13, 2015	37,731	
Val D'or, QC [1]	Feb 13, 2015	90,225	
Chambly, QC [1]	Feb 13, 2015	51,322	
Strathmore, AB [1]	Feb 13, 2015	39,271	
Dawson Creek, BC [2]	Mar 8, 2015	21,487	
Edmonton, AB [2]	Mar 31, 2015	20,464	
Kamloops, BC [2]	Mar 31, 2015	10,529	
Aylmer, ON [2]	Apr 10, 2015	3,132	
Miramichi, NB [2]	Apr 17, 2015	5,173	
St. Paul, AB [2]	Apr 30, 2015	5,436	
Hawkesbury, ON [1]	Jun 17, 2015	65,848	
Montreal (Lasalle), QC [1]	Jun 17, 2015	88,382	
Montreal (Pointe Aux Trembles), QC [1]	Jun 17, 2015	78,464	
South Edmonton Common, AB [1]	Jun 17, 2015	185,997	
Wallaceburg, ON [1]	Jun 17, 2015	27,852	
Yarmouth, NS [1]	Jun 17, 2015	54,236	
Dryden, ON [2]	Jun 24, 2015	2,783	
Kemptville, ON [2]	Jun 24, 2015	5,030	
Peace River, AB [2]	Jun 24, 2015	1,452	
Roberval, QC [2]	Jun 24, 2015	3,003	
St. John, NB [2]	Jun 24, 2015	3,699	
Total		**906,591**	**$ 162,954**

[1] Property investment

[2] Intensification of existing asset

3.6 Development Activities

The following table provides details on the REIT's developments as at June 30, 2015:

		Building Area (in square feet)			Total investment (in thousands of Canadian dollars)			
Property	**Anticipated Date of Completion**	**Committed to Lease**	**Not Committed to Lease**	**Total**	**Incurred To-date [1]**	**Committed Additional Investment**	**Potential Future Investment**	**Total**
Martensville, SK [2]	Q3 2015	48,611	19,156	**67,767**				
High River, AB [2]	Q4 2015	54,142	10,080	**64,222**				
Swift Current, SK [2]	Q4 2015	22,504	—	**22,504**				
Selkirk, MB [3]	Q4 2015	16,003	—	**16,003**				
Waterdown, ON [3]	Q4 2015	22,000	—	**22,000**				
TOTAL		**163,260**	**29,236**	**192,496**	**$ 18,791**	**$ 20,739**	**$ 8,334**	**$ 47,864**

[1] Includes land investment of $3,982 and $3,808 for 2014 and 2015, respectively.
[2] Development of vacant land
[3] Intensification of an existing income producing property

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. For example, the REIT has single tenant pad locations at each of the High River and Swift Current developments that are not yet subject to a commitment and are not under construction. The "Committed Additional Investment" column represents the 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.

As at June 30, 2015 CT REIT had five investment properties under development representing 163,260 square feet, of which 100% has been leased to CTC. A total of $18,791 has been expended on these developments and CT REIT anticipates investing an additional $20,739 to complete the development of the 163,260 square feet.

3.7 Investment Activities

Funding for the Q2 2015 investment and development activities was as follows:

	Q2 2015 Investment and Development Activity				
(in thousands of Canadian dollars)	**Property investments**	**Development land investment**	**Developments**	**Intensifications**	**Total**
Funded with working capital to CTC	$ 33,956	$ —	$ —	$ 3,953	**$ 37,909**
Funded with working capital to third parties	330	—	10,866	—	**11,196**
Issuance of Class B LP Units to CTC	37,830	—	—	—	**37,830**
Issuance of Class C LP Units to CTC	15,000	—	—	—	**15,000**
Total costs	**$ 87,116**	**$ —**	**$ 10,866**	**$ 3,953**	**$ 101,935**

Funding for the six months ended June 30, 2015 of investment and development activities was as follows:

	YTD 2015 Investment and Development Activity				
(in thousands of Canadian dollars)	**Property investments**	**Development land investment**	**Developments**	**Intensifications**	**Total**
Funded with working capital to CTC	$ 33,956	$ 1	$ —	$ 13,555	**$ 47,512**
Funded with working capital to third parties	613	18	10,866	—	**11,497**
Issuance of Class B LP Units to CTC	99,830	—	—	—	**99,830**
Issuance of Class C LP Units to CTC	15,000	3,789	—	—	**18,789**
Total costs	**$ 149,399**	**$ 3,808**	**$ 10,866**	**$ 13,555**	**$ 177,628**

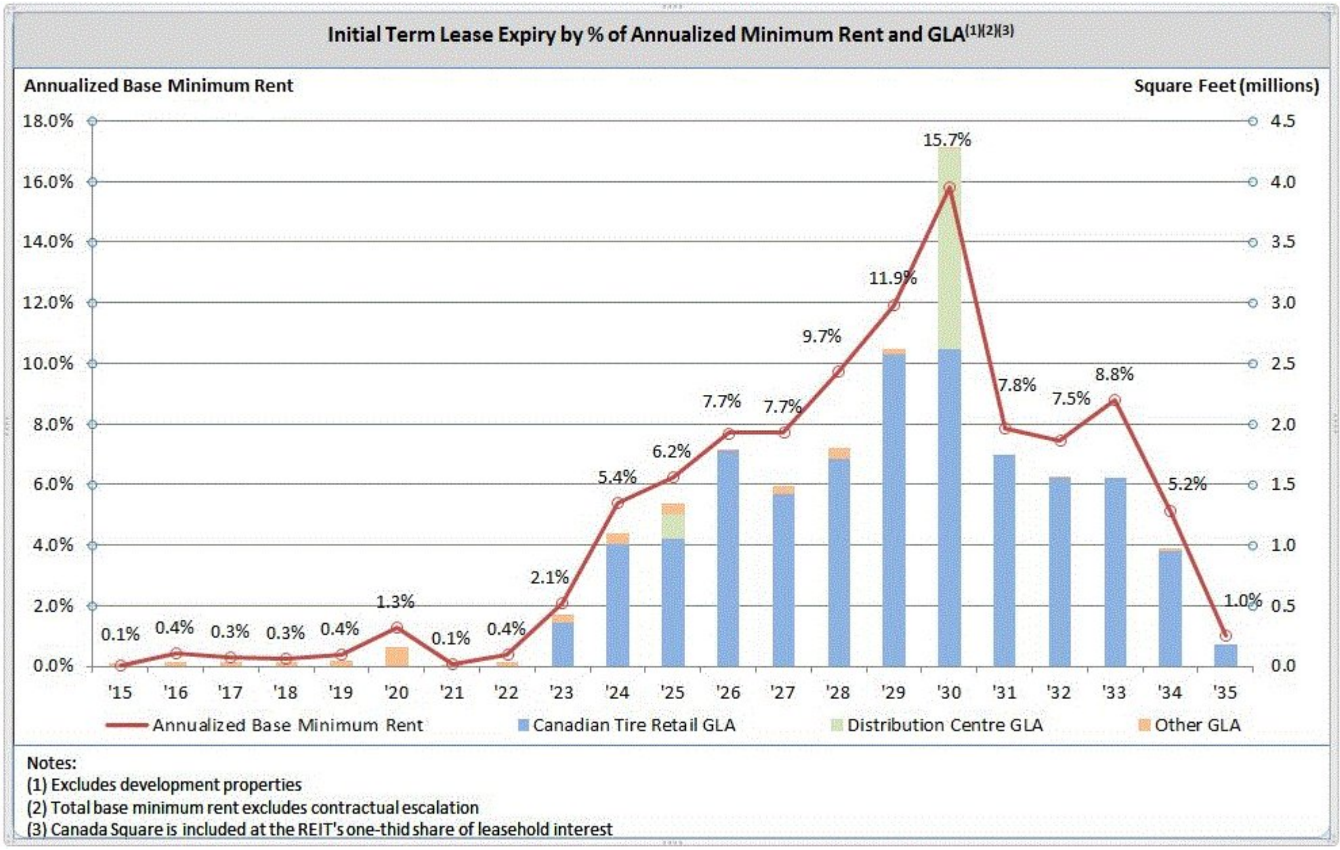
Funding for the year ended December 31, 2014 of investment activities was as follows:

	2014 Investment and Development Activity				
(in thousands of Canadian dollars)	Property investments	Development land investment	Developments	Intensifications	Total
Funded with working capital to CTC	$ 31,479	$ —	$ 19,929	$ 11,951	$ 63,359
Funded with working capital to third parties	71,267	3,982	34	—	75,283
Issuance of Class B LP Units to CTC	19,464	—	—	—	19,464
Issuance of Class C LP Units to CTC	47,279	—	—	—	47,279
Mortgages assumed	59,195	—	—	—	59,195
Total costs	$ 228,684	$ 3,982	$ 19,963	$ 11,951	$ 264,580

3.8 Lease Maturities

CTC is CT REIT's largest tenant. As at June 30, 2015 CTC, including all CTC banners, had leased over 20.8 million square feet of GLA, with approximately 90% and 9% of the GLA attributable to retail and distribution properties, respectively. The weighted average term of the retail leases with CTC, including all CTC banners, is 14.1 years, excluding the exercise of any renewals. The weighted average term of the Canadian Tire store leases is 14.1 years, with a weighted average rental rate of $13.01 per square foot. The weighted average lease term of the distribution centres, which are both leased by CTC, is 14.7 years. The weighted average lease term of the total portfolio, including all tenants, is 13.9 years.

The following graph sets out as of June 30, 2015 the lease maturity profile from 2015 to 2035 (assuming tenants do not exercise renewal options or termination rights) as a percentage of total base minimum rent and GLA as of the time of expiry.



3.9 Top 10 Tenants Excluding CTC Banners

As at June 30, 2015, CT REIT's 10 largest tenants, excluding CTC banners, as represented by the percentage of total annualized base rental revenue, are:

Rank	Tenant Name	Percentage of Total Annualized Base Rental Revenue
1	Overwaitea Foods	0.34%
2	Best Buy	0.29%
3	Precise Parklink	0.25%
4	Marshalls	0.24%
5	RBC Royal Bank	0.21%
6	Shoppers Drug Mart	0.19%
7	PetSmart	0.17%
8	GoodLife Fitness	0.17%
9	TV Ontario	0.16%
10	TD Canada Trust	0.14%
		2.16%

4.0 Results of Operations

4.1 Summary of Selected Financial and Operational Information

Readers are reminded that certain key performance indicators may not have standardized meanings under GAAP. For further information on the REIT's operating measures and non-GAAP financial measures, refer to sections 1.0 and 9.0.

(in thousands of Canadian dollars, except per Unit, Unit and square footage amounts)	Three Months Ended			Six Months Ended		
For the periods ended June 30,	**2015**	2014	Change	**2015**	2014	Change
Property revenue	**$ 93,217**	$ 83,364	11.8 %	**$ 185,665**	$ 166,044	11.8 %
Income before interest and other financing charges, taxes and fair value adjustments [1]	**$ 69,513**	$ 63,213	10.0 %	**$ 137,938**	$ 126,288	9.2 %
Income before interest and other financing charges, taxes and fair value adjustments/unit (basic) [1, 2]	**$ 0.372**	$ 0.351	6.0 %	**$ 0.744**	$ 0.702	6.0 %
Income before interest and other financing charges, taxes and fair value adjustments/unit (diluted, non-GAAP) [1, 3]	**$ 0.372**	$ 0.351	6.0 %	**$ 0.744**	$ 0.702	6.0 %
Net operating income [1]	**$ 65,258**	$ 58,681	11.2 %	**$ 129,742**	$ 116,730	11.1 %
Net income	**$ 57,205**	$ 45,689	25.2 %	**$ 112,771**	$ 215,353	(47.6)%
Net income/Unit (basic) [2]	**$ 0.306**	$ 0.264	15.9 %	**$ 0.608**	$ 1.198	(49.2)%
Net income/Unit (diluted) [4]	**$ 0.233**	$ 0.200	16.5 %	**$ 0.464**	$ 0.751	(38.2)%
Funds from operations [1]	**$ 47,867**	$ 42,829	11.8 %	**$ 95,315**	$ 85,534	11.4 %
Funds from operations/Unit (diluted, non-GAAP) [1,2,3]	**$ 0.256**	$ 0.238	7.6 %	**$ 0.514**	$ 0.476	8.0 %
Adjusted funds from operations [1]	**$ 37,241**	$ 32,228	15.6 %	**$ 74,117**	$ 64,546	14.8 %
Adjusted funds from operations/Unit (diluted, non-GAAP) [1,2,3]	**$ 0.199**	$ 0.179	11.2 %	**$ 0.400**	$ 0.359	11.4 %
Distributions/Unit - paid [2,7]	**$ 0.166**	$ 0.163	2.0 %	**$ 0.332**	$ 0.325	2.0 %
AFFO payout ratio [1]	**83%**	91%	(8.8)%	**83%**	91%	(8.8)%
Excess of AFFO over distributions:						
Cash retained from operations before distribution reinvestment [6]	**$ 6,356**	$ 2,938	116.3 %	**$ 12,884**	$ 6,070	112.3 %
Per Unit (diluted, non-GAAP) [1,2,3]	**$ 0.034**	$ 0.016	112.5 %	**$ 0.069**	$ 0.034	102.9 %
Weighted average number of Units outstanding [2]						
Basic	**186,826,727**	179,863,455	3.9 %	**185,426,795**	179,734,189	3.2 %
Diluted [4]	**334,434,146**	342,001,032	(2.2)%	**335,491,246**	340,944,721	(1.6)%
Diluted (non-GAAP) [1,3]	**186,907,810**	179,904,380	3.9 %	**185,498,850**	179,771,050	3.2 %
Period-end Units outstanding [2]	**189,523,893**	181,413,111	4.5 %	**189,523,893**	181,413,111	4.5 %
Total assets at June 30, 2015	**$ 4,291,153**	$ 3,842,218	11.7 %	**$ 4,291,153**	$ 3,842,218	11.7 %
Total indebtedness as at June 30, 2015	**$ 2,071,737**	$ 1,847,279	12.2 %	**$ 2,071,737**	$ 1,847,279	12.2 %
Book value per Unit as at June 30, 2015 [1,2]	**$ 11.36**	$ 10.79	5.3 %	**$ 11.36**	$ 10.79	5.3 %
OTHER DATA						
Weighted average interest rate	**4.22%**	4.44%	(5.0)%	**4.22%**	4.44%	(5.0)%
Indebtedness ratio [1]	**48.3%**	48.1%	0.4 %	**48.3%**	48.1%	0.4 %
Interest coverage (times) [1]	**3.23**	3.10	4.2 %	**3.21**	3.10	3.5 %
Debt / enterprise value ratio [1]	**47.5%**	47.2%	0.6 %	**47.5%**	47.2%	0.6 %
Gross leaseable area [5]	**21,266,437**	19,447,099	9.4 %	**21,266,437**	19,447,099	9.4 %
Occupancy rate [5]	**99.9%**	99.9%	— %	**99.9%**	99.9%	— %

[1] Non-GAAP key performance indicators. Refer to section 9.0 for further information.
[2] Total Units consists of REIT Units and Class B LP Units outstanding.
[3] Diluted Units used in calculating non-GAAP measures include restricted and deferred units issued under various plans and exclude the effect of assuming that all of the Class C LP Units will be settled with Class B LP Units.
[4] Diluted Units determined in accordance with IFRS includes restricted and deferred units issued under various plans and the effect of assuming that all of the Class C LP Units will be settled with Class B LP Units. Refer to section 6.0.
[5] Refers to retail, mixed-use and distribution properties and excludes development lands.
[6] Refer to section 6.0 for further information.
[7] Period-over-period percentage change is calculated based on exact fractional amounts rather than rounded fractional amounts.

4.2 Financial Results for the Three and Six Months Ended June 30, 2015

(in thousands of Canadian dollars)	Three Months Ended			Six Months Ended		
For the periods ended June 30,	**2015**	2014	Change	**2015**	2014	Change
Property revenue	**$ 93,217**	$ 83,364	11.8 %	**$ 185,665**	$ 166,044	11.8 %
Property expense	**(21,563)**	(17,785)	21.2 %	**(43,123)**	(35,690)	20.8 %
General and administrative expense	**(2,177)**	(2,499)	(12.9)%	**(4,661)**	(4,357)	7.0 %
Interest income	**36**	133	(72.9)%	**57**	291	(80.4)%
Interest and other financing charges	**(21,503)**	(20,384)	5.5 %	**(42,954)**	(40,754)	5.4 %
Fair value adjustment on investment properties	**9,195**	2,860	221.5 %	**17,787**	129,819	(86.3)%
Net income and comprehensive income	**$ 57,205**	$ 45,689	25.2 %	**$ 112,771**	$ 215,353	(47.6)%

4.3 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 of vacancies.

Total revenue for the three months ended June 30, 2015 increased $9,853 (11.8%) compared to the same period in the prior year primarily due to base rent related to properties acquired and intensification activities completed during 2015 and 2014. Total revenue included expense recoveries in the amount of $20,035 (Q2 2014 - $16,833).

Total revenue for the six months ended June 30, 2014 was $185,665 which was $19,621 (11.8%) higher compared to the same period in the prior year primarily due to base rent related to properties acquired and intensification activities completed during 2015 and 2014. Total revenue included expense recoveries in the amount of $40,185 (YTD 2014 - $33,756).

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, 2015, straight-line rent of $6,441 (Q2 2014 - $6,936) was included in total property revenue. For the six months ended June 30, 2015, straight-line rent was $12,890 (YTD 2014 - $13,714).

4.4 Property Expense

The major components of property expense consist of property taxes and costs associated with the Property Management Agreement, as well as other costs, the majority of which are recoverable from tenants, with CT REIT absorbing these expenses to the extent of vacancies. Refer to section 7.0 for additional information on the Property Management Agreement.

Property expenses for the three months ended June 30, 2015 increased $3,778 (21.2%) compared to the same period in the prior year primarily due to property acquisitions.

Property expenses for the six months ended June 30, 2015 increased $7,433 (20.8%) compared to the same period in the prior year primarily due to property acquisitions.

4.5 Net Operating Income

CT REIT defines NOI as property revenue less property expense, adjusted further for straight-line rent and land lease adjustments. Management believes that NOI is a useful key indicator of performance as it represents a measure 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,	**2015**	2014	Change	**2015**	2014	Change
Property revenue	**$ 93,217**	$ 83,364	11.8 %	**$ 185,665**	$ 166,044	11.8 %
Less:						
Property expense	**(21,563)**	(17,785)	21.2 %	**(43,123)**	(35,690)	20.8 %
Straight-line rent adjustment	**(6,441)**	(6,936)	(7.1)%	**(12,890)**	(13,714)	(6.0)%
Add:						
Straight-line land lease expense	**45**	38	18.4 %	**90**	90	— %
Net operating income[1]	**$ 65,258**	$ 58,681	11.2 %	**$ 129,742**	$ 116,730	11.1 %

[1] Non-GAAP key performance measure. Refer to section 9.1 in this MD&A for further information.

(in thousands of Canadian dollars)	Three Months Ended			Six Months Ended		
For the periods ended June 30,	**2015**	2014	Change	**2015**	2014	Change
Same store	**$ 58,905**	$ 57,963	1.6%	**$ 118,325**	$ 115,942	2.1%
Intensifications						
2015	**190**	—	NM	**210**	—	NM
2014	**241**	—	NM	**482**	—	NM
Same property	**$ 59,336**	$ 57,963	2.4%	**$ 119,017**	$ 115,942	2.7%
Acquisitions						
2015	**1,224**	$ —	NM	**1,744**	$ —	NM
2014	**4,698**	718	NM	**8,981**	788	NM
Net operating income[1]	**$ 65,258**	58,681	11.2%	**$ 129,742**	$ 116,730	11.1%

[1] Non-GAAP key performance measure. Refer to section 9.1 in this MD&A for further information

[2] NM - not meaningful

NOI for the three months ended June 30, 2015 increased $6,577 (11.2%) compared to the same period in the prior year primarily due to acquisitions completed in 2015 and 2014, which contributed $5,922 to NOI.

Same store NOI and same property NOI for the three months ended June 30, 2015 increased $942 (1.6%) and $1,373 (2.4%), respectively, when compared to the prior year for the following reasons:

- Contractual rent escalations of 1.5% per year, on average, contained within the Canadian Tire store leases, which are generally effective January 1st, contributed $808 to NOI.
- Recovery of capital expenditures and interest earned on the unrecovered balance contributed $488 to NOI.
- Intensifications completed in 2015 and 2014 contributed $431 to NOI; partially offset by:
- Reduction of operating expenses recovered which lowered NOI by $304.

NOI for the six months ended June 30, 2015 increased $13,012 (11.1%) compared to the same period in the prior year primarily due to acquisitions completed in 2015 and 2014, which contributed $10,725 to NOI.

Same store NOI and same property NOI for the six months ended June 30, 2015 increased $2,383 (2.1%) and $3,075 (2.7%), respectively, when compared to the prior year for the following reasons:

- Contractual rent escalations of 1.5% per year, on average, contained within the Canadian Tire store leases, which are generally effective January 1st, contributed $1,683 to NOI.
- Recovery of capital expenditures and interest earned on the unrecovered balance contributed $1,053 to NOI.
- Intensifications completed in 2015 and 2014 contributed $692 to NOI; partially offset by:
- Reduction of operating expenses recovered which lowered NOI by $304.

4.6 General and Administrative Expense

CT REIT has two broad categories of general and administrative expenses: i) public entity costs, and ii) outsourced costs. The public entity costs reflect the expenses related to ongoing operations of CT REIT which will fluctuate depending on when such expenses are incurred. The outsourced costs are largely related to the services provided by CTC pursuant to the Services Agreement. The Services Agreement provides for services to the REIT to be on a cost-recovery basis with a fixed maximum fee for the first two calendar years. As such, costs did not fluctuate materially from quarter to quarter during 2014 and are not expected to materially fluctuate in 2015. Refer to section 7.0 for additional information on the Services Agreement.

(in thousands of Canadian dollars)	Three Months Ended			Six Months Ended		
For the periods ended June 30,	**2015**	2014	Change	**2015**	2014	Change
Services Agreement	**$ 835**	$ 826	1.1 %	**$ 1,671**	$ 1,648	1.4 %
Public entity costs	**1,342**	1,673	(19.8)%	**2,990**	2,709	10.4 %
General and administrative expense	**$ 2,177**	$ 2,499	(12.9)%	**$ 4,661**	$ 4,357	7.0 %
As a percent of property revenue	**2.3%**	3.0%	(23.3)%	**2.5%**	2.6%	(3.8)%

General and administrative expenses amounted to $2,177 or 2.3% of property revenue for the three months ended June 30, 2015 which is $322 (12.9%) lower compared to the same period in the prior year primarily due to:

- Lower transfer agency and filing fees, and
- Decreased due diligence costs, partially offset by:
- Increased payroll costs

General and administrative expenses amounted to $4,661 or 2.5% of property revenue for the six months ended June 30, 2015 which is $304 (7.0%) higher compared to the same period in the prior year primarily due to:

- Increased payroll costs
- Income tax expense recorded in connection with CT REIT GP Corp's ("GP") activities which resulted in a drawdown of the REIT's deferred tax asset; partially offset by:
- Lower transfer agency and filing fees, and
- Decreased due diligence costs

4.7 Interest Income

Interest income for the three months ended and six months ended June 30, 2015 decreased by $97 (72.9%) and $234 (80.4%), respectively, as compared to the same period in the prior year due to a lower balance of available cash to be invested in short-term marketable securities.

4.8 Interest and Other Financing Charges

The Partnership has issued 1,666,068 Class C LP Units with a face value of $1,666,068 and bearing a weighted average distribution rate of 4.53% per annum. The Class C LP Units are subject to redemption rights. Accordingly, the Class C LP Units are classified as financial liabilities and distributions on the Class C LP Units are presented in interest and other financing charges in the condensed consolidated statements of income and comprehensive income.

(in thousands of Canadian dollars)	Three Months Ended			Six Months Ended		
For the periods ended June 30,	**2015**	2014	Change [2]	**2015**	2014	Change [2]
Interest on Class C LP Units[1]	**$ 20,073**	$ 20,383	(1.5)%	**$ 40,588**	$ 40,612	(0.1)%
Debenture interest	**693**	—	NM	**693**	—	NM
Mortgage interest	**397**	—	NM	**822**	—	NM
Bank Credit Facility interest	**250**	—	NM	**647**	—	NM
Bank Credit Facility costs	**156**	167	(6.6)%	**318**	344	(7.6)%
Debenture financing costs	**19**	—	NM	**19**	—	NM
	21,588	20,550	5.1 %	**43,087**	40,956	5.2 %
Less: capitalized interest	**(85)**	(166)	(48.8)%	**(133)**	(202)	(34.2)%
Interest and other financing charges	**$ 21,503**	$ 20,384	5.5 %	**$ 42,954**	$ 40,754	5.4 %

[1]CTC elected to defer receipt of distributions on the Series 2-12 Class C LP Units for the three and six months ended June 30, 2015 in the amount of $18,765 (Q2 2014 -$18,854) and $31,275 (YTD 2014 - $30,917), respectively, until the first business day following the end of the fiscal year and receive a loan in lieu thereof, which as been netted against interest payable on Class C LP Units and is included under the heading "other liabilities" on the condensed consolidated balance sheets.
[2]NM - not meaningful

Interest and other financing charges for the three months ended June 30, 2015 is $1,119 (5.5%) higher compared to the same quarter in the prior year largely due to the debentures issued in June 2015, mortgages assumed and draws on the bank credit facility (“Bank Credit Facility”), partially offset by the redemption of Series 1 Class C LP units.

Interest and other financing charges for the six months ended June 30, 2015 is $2,200 (5.4%) higher compared to the same quarter in the prior year largely due to the debentures issued in June 2015, mortgages assumed, draws on the Bank Credit Facility, partially offset by the redemption of Series 1 Class C LP units.

4.9 Fair Value Adjustment on Investment Properties

CT REIT recorded a fair value gain of $9,195 and $17,787 for the three and six months ended June 30, 2015, respectively, on the investment properties. The gain was as a result of increased future cash flows, partially offset by the deduction of transaction costs incurred in connection with the acquisition of investment properties.

During the six months ended June 30, 2014, CT REIT recorded a fair value gain of $129,819 on the portfolio of investment properties. Management’s determination of value as at March 31, 2014 incorporated valuation parameters used by the external appraisers, which gave rise to a fair value adjustment of $123,099 in Q1 2014; management had previously placed greater weight on the valuations implied by the initial public offering which closed on October 23, 2013. In addition, in Q2 2014, a fair value gain of $2,860 was recorded as a result of increased cash flows during the time frame of the valuation models.

4.10 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, with the exception of transactions with CT REIT GP Corp.

If CT REIT fails to distribute the required amount of income to Unitholders or if CT REIT fails to qualify as a REIT under the ITA, substantial adverse tax consequences may occur. Refer to section 10.0 for additional information on CT REIT’s Enterprise Risk Management Program (“ERM Program”).

4.11 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. There was no significant leasing activity with tenants not related to CTC during the three months ended June 30, 2015.

4.12 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. From time to time, as a result of specific lease terms which limit the recovery of expenses, CT REIT is unable to recover these costs from certain tenants. Capital expenditures of $2,834 and $3,859 (Q2 2014 - $866 and YTD 2014 - $976) were incurred during the three and six months ended June 30, 2015. Management expects that most of the REIT's recoverable capital expenditures should relate to parking lots, roofs and heating, ventilation and air conditioning activities that are typically seasonal.

5.0 Liquidity and Financial Condition

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

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

(in thousands of Canadian dollars)		
As at	**June 30, 2015**	December 31, 2014
Cash and cash equivalents	**$ 46,703**	$ 2,710
Unused portion of Bank Credit Facility	**199,689**	122,000
Liquidity	**$ 246,392**	$ 124,710

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,	**2015**	2014	Change [1]	**2015**	2014	Change
Cash generated from operating activities	**$ 65,849**	$ 47,372	39.0%	**$ 129,952**	$ 103,196	25.9 %
Cash used for investing activities	**(41,865)**	(35,294)	18.6%	**(52,428)**	(42,441)	23.5 %
Cash generated from/(used for) financing activities	**21,248**	(48,910)	NM	**(33,531)**	(97,990)	(65.8)%
Cash generated/(used) in the period	**$ 45,232**	$ (36,832)	NM	**$ 43,993**	$ (37,235)	NM

[1] not meaningful

5.2 Discussion of Cash Flows During the Quarter
Cash generated during the three and six months ended June 30, 2015 in the amount of $45,232 and $43,993, respectively, is primarily the result of:

- cash generated from operating activities exceeding distributions paid; and

- proceeds from the issuance of debentures payable exceeding the redemption of the Class C LP units, the repayment of the Bank Credit Facility and the funding of investing activities.

5.3 Credit Ratings

CT REIT is rated by two independent credit rating agencies: DBRS Limited ("DBRS") and Standard & Poor's Financial Services LLC ("S&P") 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").

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

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

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

5.4 Debt and Capital Structure

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

(in thousands of Canadian dollars) As at	**June 30, 2015**	December 31, 2014
Class C LP Units	**$ 1,666,068**	$ 1,847,279
Mortgages payable	**57,854**	58,494
Debentures payable	**347,815**	—
Bank Credit Facility	**—**	78,000
Total indebtedness	**$ 2,071,737**	$ 1,983,773
Unitholders' equity	**1,008,349**	982,588
Non-controlling interests	**1,145,537**	1,019,601
Total capital under management	**$ 4,225,623**	$ 3,985,962

CT REIT's total indebtedness at June 30, 2015 is higher than at December 31, 2014 primarily due to the issuance of $350,000 of senior unsecured debentures, partially offset by the repayment of the REIT's Series 1 Class C LP Units of $200,000 and its Bank Credit Facility by $78,000.

CT REIT's Unitholders' equity and non-controlling interest at June 30, 2015 increased as compared to December 31, 2014 primarily as a result of net income exceeding distributions and due to the issuance of Class B LP Units.

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

(in thousands of Canadian dollars)	Mortgages Payable: Principal Amortization	Mortgages Payable: Maturities	Class C LP Units	Debentures	Bank Credit Facility	Total
For the period ending December 31:						
2015	$ 584	$ —	$ —	$ —	$ —	$ 584
2016	1,198	—	200,000	—	—	201,198
2017	1,241	—	66,068	—	—	67,309
2018	422	16,661	—	—	—	17,083
2019	—	37,626	—	—	—	37,626
2020 and thereafter	—	—	1,400,000	350,000	—	1,750,000
Total contractual obligation	$ 3,445	$ 54,287	$ 1,666,068	$ 350,000	$ —	$ 2,073,800
Unamortized portion of mark to market interest rates on liabilities assumed in connection with the acquisition of properties	—	322	—	—	—	322
Unamortized debt financing costs	—	(200)	—	(2,185)	—	(2,385)
	$ 3,445	**$ 54,409**	**$ 1,666,068**	**$ 347,815**	**$ —**	**$ 2,071,737**

Interest rates on CT REIT's indebtedness range from 1.65% to 5.00%. The maturity dates on the indebtedness range from May 31, 2016 to May 31, 2038. Total indebtedness at June 30, 2015 has a weighted average interest rate of 4.22% as compared to 4.27% at March 31, 2015. At June 30, 2015, floating rate and fixed rate indebtedness were $31,133 and $2,040,604, respectively.

As at	June 30, 2015	December 31, 2014
Variable rate debt	**$ 31,133**	$ 109,133
Total indebtedness	**$ 2,071,737**	$ 1,983,773
Variable rate debt / total indebtedness	**1.50%**	5.50%

CT REIT's variable rate debt to total indebtedness ratio at June 30, 2015, decreased as compared to December 31, 2014 as a result of the repayment of its Bank Credit Facility.

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, 2015:

(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 investment property assets	277	$ 4,072,840	94.9%	$ —	—
Unencumbered development property assets	3	17,640	0.4%	—	—
Unencumbered assets	280	$ 4,090,480	95.3%	$ —	—
Encumbered assets	5	121,661	2.8%	57,854	47.6%
Total	**285**	**$ 4,212,141**	**98.1%**	**$ 57,854**	**1.4%**

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

(in thousands of Canadian dollars) As at	**June 30, 2015**	December 31, 2014
Secured debt	**$ 57,854**	$ 58,494
Total indebtedness	**$ 2,071,737**	$ 1,983,773
Secured debt / total indebtedness	**2.79%**	2.95%

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

(in thousands of Canadian dollars) As at	**June 30, 2015**	December 31, 2014
Total indebtedness	**$ 2,071,737**	$ 1,983,773
Annualized EBITFV [1]	**$ 275,876**	$ 260,031
Total indebtedness / EBITFV	**7.51**	7.63

[1] Non-GAAP key performance indicator. Refer to section 9.0 for further information.

5.5 Class C LP Units

At June 30, 2015 there were 1,666,068 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 4.53% of the aggregate capital amount ascribed to the Class C LP Units, in priority to distributions made to holders of the Class A LP Units, Class B LP Units and GP Units (subject to certain exceptions), 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 every five years 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.

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 2	$	200,000	3.50%	May 31, 2016 (0.9 years)	12.0%
Series 3		200,000	4.50%	May 31, 2020 (4.9 years)	12.0%
Series 4		200,000	4.50%	May 31, 2024 (8.9 years)	12.0%
Series 5		200,000	4.50%	May 31, 2028 (12.9 years)	12.0%
Series 6		200,000	5.00%	May 31, 2031 (15.9 years)	12.0%
Series 7		200,000	5.00%	May 31, 2034 (18.9 years)	12.0%
Series 8		200,000	5.00%	May 31, 2035 (19.9 years)	12.0%
Series 9		200,000	5.00%	May 31, 2038 (22.9 years)	12.0%
Series 10		7,130	2.38%	May 31, 2017 (1.9 years)	0.5%
Series 11		20,685	2.20%	May 31, 2017 (1.9 years)	1.2%
Series 12		19,464	2.23%	May 31, 2017 (1.9 years)	1.2%
Series 13		3,789	1.65%	May 31, 2017 (1.9 years)	0.2%
Series 14		15,000	1.71%	May 31, 2017 (1.9 years)	0.9%
Total / weighted average	**$**	**1,666,068**	**4.53%**	**12.6 years**	**100%**
Current	$	200,000			
Non-current		1,466,068			
Total	**$**	**1,666,068**			

On June 1, 2015, Series 1 of the Class C LP Units was redeemed by payment of $200,000. The redemption was indirectly funded by way of proceeds received upon the issuance of unsecured debentures.

5.6 Debentures Payable

		June 30, 2015				December 31, 2014		
Series		**Face Value**		**Carrying Amount**		Face Value		Carrying Amount
Series A, 2.85%, June 9, 2022	**$**	**150,000**	**$**	**149,091**	$	—	$	—
Series B, 3.53%, June 9, 2025		**200,000**		**198,724**		—		—
	$	**350,000**	**$**	**347,815**	$	—	$	—

On June 9, 2015, CT REIT issued $350,000 aggregate principal amount of senior unsecured debentures (the "Debentures") under CT REIT's short form base shelf prospectus dated March 5, 2015. The proceeds, net of issuance costs of $2,204, were used to indirectly redeem the Series 1 Class C LP Units held by CTC, 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, 2015, amortization of the transaction costs of $19 (Q2 2014 and YTD 2014 - $nil) is included in interest and other financing charges on the consolidated statement of income and comprehensive income (see Note 15).

The Debentures have been rated "BBB+" by S&P and "BBB (high)" by DBRS Limited. The Debentures are direct senior unsecured obligations of CT REIT.

5.7 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, 2015**		December 31, 2014	
	Face value	**Carrying amount**	Face value	Carrying amount
Current	**$ 1,178**	**$ 1,258**	$ 1,158	$ 1,275
Non-current	**56,554**	**56,596**	57,148	57,219
Total	**$ 57,732**	**$ 57,854**	$ 58,306	$ 58,494

5.8 Bank Credit Facility

The Partnership has a $200,000, revolving credit facility (the "Bank Credit Facility"), with an option to request an increase by an additional $100,000, which is now available to the Partnership until July 2020. 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 stand-by fee is charged on the Bank Credit Facility. Subsequent to quarter end, the term of the Bank Credit Facility was extended from October 2017 to July 2020.

As at June 30, 2015, $nil (December 31, 2014 - $78,000) of cash advances had been drawn on the Bank Credit Facility. The unamortized balance of transaction costs incurred in connection with the arrangement of the Bank Credit Facility of $358 (December 31, 2014 - $434) is recorded in other assets on the condensed consolidated balance sheets.

The table below summarizes the details of the Bank Credit Facility as at June 30, 2015:

(in thousands of Canadian dollars)			
Bank Credit Facility Maximum Loan Amount	**Cash Advances**	**Letters of Credit**	**Available to be Drawn**
$ 200,000	—	311	$ 199,689

5.9 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 assumed upon acquisition of properties.

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

The Declaration of Trust limits the REIT's overall indebtedness ratio to 60% of total aggregate assets, excluding convertible debentures, and 65% including convertible debentures.

CT REIT's indebtedness ratio was 48.3% as at June 30, 2015. Refer to section 9.0 for the definition and calculation of CT REIT's indebtedness ratio.

At June 30, 2015 CT REIT was in compliance with the financial and non-financial covenants contained in the Declaration of Trust, Trust Indenture dated June 9, 2015 pursuant to which the Series A and B unsecured debentures were issued, the Bank Credit Facility agreement 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, 2015, CT REIT's interest coverage ratio was 3.2 times. Refer to section 9.0 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.

5.10 Commitments and Contingencies

As at June 30, 2015, CT REIT has obligations for approximately $32,499 (December 31, 2014 – $18,530) in future payments including the completion of developments of $20,739 and acquisition obligations of $11,760 which are expected to be incurred in 2015 and 2016. Included in the above commitments, are $25,849 of commitments with 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.

5.11 Base Shelf Prospectus

CT REIT filed a base shelf prospectus in Q1 2015 under which it may raise up to $1.5 billion of debt and equity capital. During the quarter, the REIT issued $350,000 of senior unsecured debentures. The shelf also qualifies the sale of CT REIT Units by CTC.

6.0 Equity

6.1 Authorized Capital and Outstanding Units

CT REIT is authorized to issue an unlimited number of Units. As of June 30, 2015, CT REIT had a total of 90,260,564 Units outstanding, 59,711,094 of which were held by CTC and 99,263,329 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, 2015
	Units	**Class B LP Units**	**Total**
Total outstanding at beginning of year	90,188,210	91,297,572	181,485,782
Issued	72,354	7,965,757	8,038,111
Total outstanding at end of period	**90,260,564**	**99,263,329**	**189,523,893**

			As at December 31, 2014
	Units	Class B LP Units	Total
Total outstanding at beginning of year	90,026,773	89,559,871	179,586,644
Issued	161,437	1,737,701	1,899,138
Total outstanding at end of year	90,188,210	91,297,572	181,485,782

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, 2015
	Units	**Class B LP Units**	**Total**
Net income attributable to Unitholders - basic	$ 27,610	$ 29,595	$ 57,205
Income effect of settling Class C LP Units with Class B LP Units			20,073
Net income attributable to Unitholders - diluted			**$ 77,278**
Weighted average Units outstanding - basic	90,242,506	96,584,221	186,826,727
Dilutive effect of other Unit plans			81,083
Dilutive effect of settling Class C LP Units with Class B LP Units			147,526,336
Weighted average Units outstanding - diluted			**334,434,146**

	Six months ended June 30, 2015		
	Units	**Class B LP Units**	**Total**
Net income attributable to Unitholders - basic	$ 54,796	$ 57,975	$ 112,771
Income effect of settling Class C LP Units with Class B LP Units			40,588
Net income attributable to Unitholders - diluted			**$ 153,359**
Weighted average Units outstanding - basic	90,225,005	95,201,790	185,426,795
Dilutive effect of other Unit plans			72,055
Dilutive effect of settling Class C LP Units with Class B LP Units			149,992,396
Weighted average Units outstanding - diluted			**335,491,246**

	Three months ended June 30, 2014		
	Units	**Class B LP Units**	**Total**
Net income attributable to Unitholders - basic	$ 22,882	22,807	$ 45,689
Income effect of settling Class C LP Units with Class B LP Units			20,383
Net income attributable to Unitholders - diluted			$ 66,072
Weighted average Units outstanding - basic	90,093,532	89,769,923	179,863,455
Dilutive effect of other Unit plans			40,925
Dilutive effect of settling Class C LP Units with Class B LP Units			162,096,652
Weighted average Units outstanding - diluted			342,001,032

	Six months ended June 30, 2014		
	Units	**Class B LP Units**	**Total**
Net income attributable to Unitholders - basic	$ 108,153	107,200	$ 215,353
Income effect of settling Class C LP Units with Class B LP Units			40,612
Net income attributable to Unitholders - diluted			$ 255,965
Weighted average Units outstanding - basic	90,068,712	89,665,477	179,734,189
Dilutive effect of other Unit plans			36,861
Dilutive effect of settling Class C LP Units with Class B LP Units			161,173,671
Weighted average Units outstanding - diluted			340,944,721

The calculation of diluted per Unit amounts is determined on a combined basis for the Units and the Class B LP Units given that the Class B LP Units are exchangeable into Units on a one for one basis and are entitled to an equivalent amount of net income per Class B LP Unit as the Units, and to reflect the dilutive effect of potentially settling Class C LP Units with Class B LP Units.

6.2 Equity

(in thousands of Canadian dollars) As at	June 30, 2015	December 31, 2014
Equity - beginning of the period	$ 2,002,189	$ 1,780,386
Issuance of Class B LP Units, net of issue costs	99,727	19,406
Net income and comprehensive income for the period	112,771	318,261
Issuance of Units under Distribution Reinvestment Plan	876	1,781
Distributions to non-controlling interests	(31,766)	(58,971)
Distributions to Unitholders	(29,911)	(58,674)
Equity - end of the period	**$ 2,153,886**	$ 2,002,189

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

6.3 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, 2015, CT REIT's Board declared a distribution of $0.05525 per Unit paid on July 15, 2015 to holders of Units and Class B LP Units of record as of June 30, 2015.

On July 15, 2015, CT REIT's Board declared a distribution of $0.05525 per Unit payable on August 14, 2015 to holders of Units and Class B LP Units of record as of July 31, 2015.

Net income prepared in accordance with IFRS recognizes certain revenues and expenses at time intervals that do not match the receipt or payment of cash. Therefore, in applying judgment, consideration is given to AFFO (which is the product of the cash generated from, and required for, financing and operating activities) 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,	2015	2014	2015	2014
Distributions before distribution reinvestment - paid	$ 30,885	$ 29,290	$ 61,233	$ 58,476
Distribution reinvestment	435	616	876	971
Distributions net of distribution reinvestment - paid	**$ 30,450**	$ 28,674	**$ 60,357**	$ 57,505
Distributions per Unit - paid	**$ 0.166**	$ 0.163	**$ 0.332**	$ 0.325

The distributions per Unit for the three and six months ended June 30, 2015 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 2015.

CT REIT's distributions for the three and six months ended June 30, 2015 are less than the REIT's cash generated from operating activities, cash generated from operations reduced by interest expense and AFFO for the same periods.

(in thousands of Canadian dollars)		Three Months Ended			Six Months Ended		
For the periods ended June 30,		**2015**		2014		**2015**	2014
AFFO [1]	**$**	**37,241**	$	32,228	**$**	**74,117**	$ 64,546
Distributions before distribution reinvestment - paid		**30,885**		29,290		**61,233**	58,476
Excess of AFFO over distributions paid	**$**	**6,356**	$	2,938	**$**	**12,884**	$ 6,070

[1] Non-GAAP key performance indicator. Refer to section 9.0 for further information.

7.0 Related Party Transactions

Related Party Transactions

CT REIT's controlling Unitholder is CTC, which, on June 30, 2015, held an approximate 83.9% effective interest in the REIT, through ownership of 59,711,094 Units and all of the issued and outstanding Class B LP Units and Class C LP Units.

In addition to its ownership interest, CTC is CT REIT's largest tenant representing approximately 96.5% of the annualized base minimum rent earned by CT REIT and approximately 98.0% of its GLA as at June 30, 2015.

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 $90,739 (Q2 2014 - $93,530) for the three months ended June 30, 2015 and $166,131 (YTD 2014 - $102,160) for the six months ended June 30, 2015. Refer to note 3 to the interim financial statements for additional information.

Services Agreement

Under the Services Agreement, CTC provides the REIT with certain administrative, legal, 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. There is a fixed maximum fee not to exceed $3,334 for the year ended December 31, 2015. The Services Agreement's initial term ends on December 31, 2015 and is renewable for further one year terms thereafter, unless otherwise terminated. The Services Agreement has been renewed for 2016.

Property Management Agreement

Under the Property Management Agreement, CTC provides the Partnership with customary property management services (the "Property Management Services"). CTC agreed to provide Property Management Services to the Partnership on a cost recovery basis pursuant to which the Partnership reimburses CTC for all costs and expenses incurred by CTC in connection with providing the Property Management Services, plus applicable taxes. There is a fixed maximum fee not to exceed $2,336 for the year ended December 31, 2015. The Property Management Agreement's initial term ends on December 31, 2015 and is renewable for further one year terms thereafter, unless otherwise terminated. The Property Management Agreement has been renewed for 2016.

Development Agreement

CT REIT, the Partnership and CTC entered into the Development Agreement for a term expiring on the later of (i) 10 years from the closing of the REIT's Initial Public Offering, Acquisition and other related transactions on October 23, 2013; and, (ii) such time when CTC ceases to hold, directly or indirectly, a majority of the Voting Units comprising any combination of Units and Special Voting Units. Pursuant to the Development Agreement, CT REIT has a preferential right to participate in property developments, subject to certain exceptions, that meet CT REIT's

investment and other criteria, an option to purchase development properties and an option to provide mezzanine financing for developments. The Agreement requires CTC to present, in certain circumstances, new shopping centre acquisition opportunities in Canada to CT REIT.
Refer to CT REIT's 2014 AIF for additional information on related party agreements and arrangements with CTC.

CT REIT's policy is to conduct all transactions and settle all balances with related parties on market terms and conditions. The following table summarizes CT REIT's related party transactions as at June 30, 2015:

(in thousands of Canadian dollars)	Three Months Ended		Six Months Ended	
For the periods ended June 30,	**2015** [1]	2014 [1]	**2015** [1]	2014 [1]
Rental revenue	**$ 89,331**	$ 81,048	**$ 177,750**	$ 161,359
Property Management and Services Agreement expense	**$ 1,374**	$ 1,359	**$ 2,749**	$ 2,711
Distributions on Units	**$ 9,897**	$ 9,703	**$ 19,794**	$ 19,406
Distributions on Class B LP Units	**$ 16,103**	$ 14,648	**$ 31,766**	$ 29,201
Interest expense on Class C LP Units	**$ 20,073**	$ 20,383	**$ 40,588**	$ 40,612

[1] Excludes acquisition activity. See Note 3 of the interim financial statements.

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

(in thousands of Canadian dollars) As at	**June 30, 2015**	December 31, 2014
Tenant and other receivables	**$ (10,884)**	$ (8,505)
Class C LP Units	**1,666,068**	1,847,279
Interest payable on Class C LP Units	**37,535**	75,263
Loans receivable in lieu of distributions on Class C LP Units	**(31,275)**	(68,425)
Other liabilities	**19,326**	6,023
Distributions payable on Units and Class B LP Units	**9,359**	8,908
Loans receivable in lieu of distributions on Class B LP Units	**(576)**	(565)
Net due to CTC	**$ 1,689,553**	$ 1,859,978

On June 1, 2015, Series 1 of the Class C LP Units was redeemed by payment of $200,000.

8.0 Accounting Policies and Estimates

8.1 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 2014 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 overall capitalization rate ("OCR") method, whereby the net operating income is capitalized at the requisite OCR, or the discounted cash flow ("DCF") method, in which the cash flows are projected over the anticipated term of the investment plus a terminal value discounted using an appropriate discount rate.

Properties under development are recorded at acquisition cost and are adjusted to fair value at each balance sheet date with the fair value adjustment recognized in earnings.

8.2 New Standards Implemented

There were no new standards implemented for the three months ended June 30, 2015.

8.3 Standards, Amendments and Interpretations Issued and Not Yet Adopted

Refer to Note 2 of the annual consolidated financial statements for the year ended December 31, 2014 for details on 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 2014 Annual Report, except for IFRS 15 - *Revenue from Contracts with Customers* ("IFRS 15"), which is to be applied retrospectively for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

9.0 Non-GAAP and Operational Key Performance Indicators

CT REIT uses non-GAAP key performance indicators including NOI, same store NOI, same property NOI, FFO, FFO per Unit, AFFO, AFFO per Unit, EBITFV, interest coverage ratio, indebtedness ratio, debt to enterprise value ratio and book value per Unit. 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.

9.1 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 over which management of property operations has control. NOI is also a key input in determining the value of the portfolio. Refer to section 4.0 for the calculation of NOI.

9.1.1 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 leaseable 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. Refer to section 4.0 for the calculation of same store NOI.

9.1.2 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. Refer to section 4.0 for the calculation of same property NOI.

9.2 Funds From Operations

FFO is a non-GAAP financial measure of operating performance widely 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 the Real Property Association of Canada White Paper on FFO for IFRS issued in April 2014. The purpose of the White Paper was to provide reporting issuers and investors with greater guidance on the definition of FFO and to help promote more consistent disclosure amongst reporting issuers. The use of FFO, combined 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.

9.3 Adjusted Funds From Operations

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

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

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

A reconciliation of 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, 2015 to AFFO is as follows:

(in thousands of Canadian dollars)	Three Months Ended			Six Months Ended		
For the periods ended June 30,	**2015**	2014	Change [1]	**2015**	2014	Change [1]
Cash generated from operating activities	**$ 65,849**	$ 47,372	39.0 %	**$ 129,952**	$ 103,196	25.9 %
Changes in working capital and other	**(2,732)**	8,943	(130.5)%	**(4,814)**	9,468	(150.8)%
Deferred taxes	**29**	—	NM	**354**	—	NM
Fair value adjustment of unit based compensation	**(172)**	—	NM	**(23)**	—	NM
Interest and other financing charges	**(21,503)**	(20,384)	5.5 %	**(42,954)**	(40,754)	5.4 %
Normalized capital expenditure reserve	**(4,230)**	(3,703)	14.2 %	**(8,398)**	(7,364)	14.0 %
AFFO	**$ 37,241**	$ 32,228	15.6 %	**$ 74,117**	$ 64,546	14.8 %

[1] NM - not meaningful.

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)	Three Months Ended			Six Months Ended		
For the periods ended June 30,	**2015**	2014	Change [3]	**2015**	2014	Change [3]
Net Income and comprehensive income	**57,205**	$ 45,689	25.2 %	**112,771**	$ 215,353	(47.6)%
Fair value adjustment of investment property	**(9,195)**	(2,860)	221.5 %	**(17,787)**	(129,819)	(86.3)%
Deferred taxes	**29**	—	NM	**354**	—	NM
Fair value adjustment of unit based compensation	**(172)**	—	NM	**(23)**	—	NM
Funds from operations	**47,867**	$ 42,829	11.8 %	**95,315**	85,534	11.4 %
Properties straight-line rent	**(6,441)**	(6,936)	(7.1)%	**(12,890)**	(13,714)	(6.0)%
Straight-line land lease expense	**45**	38	18.4 %	**90**	90	— %
Normalized capital expenditure reserve	**(4,230)**	(3,703)	14.2 %	**(8,398)**	(7,364)	14.0 %
Adjusted funds from operations	**37,241**	$ 32,228	15.6 %	**74,117**	64,546	14.8 %
FFO per Unit - basic	**$ 0.256**	$ 0.238	7.6 %	**$ 0.514**	$ 0.476	8.0 %
FFO per Unit - diluted (non-GAAP) [1]	**$ 0.256**	$ 0.238	7.6 %	**$ 0.514**	$ 0.476	8.0 %
AFFO per Unit - basic	**$ 0.199**	$ 0.179	11.2 %	**$ 0.400**	$ 0.359	11.4 %
AFFO per Unit - diluted (non-GAAP) [1]	**$ 0.199**	$ 0.179	11.2 %	**$ 0.400**	$ 0.359	11.4 %
AFFO payout ratio [2]	**83%**	91%	(8.8)%	**83%**	91%	(8.8)%
Distribution per Unit - paid	**$ 0.166**	$ 0.163	2.0 %	**$ 0.332**	$ 0.325	2.0 %
Weighted average units outstanding - basic	**186,826,727**	179,863,445	3.9 %	**185,426,795**	179,734,189	3.2 %
Weighted average units outstanding - diluted (non-GAAP) [1]	**186,907,810**	179,904,380	3.9 %	**185,498,850**	179,771,050	3.2 %
Number of units outstanding, end of period	**189,523,893**	181,413,111	4.5 %	**189,523,893**	181,413,111	4.5 %

[1] For the purposes of calculating diluted FFO and AFFO per Unit, diluted Units includes restricted and deferred units issued under various plans and excludes the effects of settling the Class C LP Units with Class B LP Units.
[2] Calculated as Distributions per Unit divided by AFFO per Unit - diluted (non-GAAP).
[3] NM - not meaningful.

FFO for the three months ended June 30, 2015 amounted to $47,867 or $0.256 per Unit (diluted non-GAAP) and was $5,038 (11.8%) higher than the same period in 2014 largely due to the impact of NOI variances discussed earlier.

FFO for the six months ended June 30, 2015 amounted to $95,315 or $0.514 per Unit (diluted non-GAAP) and was $9,781 (11.4%) higher than the same period in 2014 largely due to the impact of NOI variances discussed earlier.

AFFO for the three months ended June 30, 2015 amounted to $37,241 or $0.199 per Unit (diluted non-GAAP) and was $5,013 (15.6%) higher than the same period in 2014 largely due to the impact of NOI variances discussed earlier.

AFFO for the six months ended June 30, 2015 amounted to $74,117 or $0.400 per Unit (diluted non-GAAP) and was $9,571 (14.8%) higher than the same period in 2014 largely due to the impact of NOI variances discussed earlier.

9.4 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 place of 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, 2015, EBITFV was calculated as follows:

(in thousands of Canadian dollars)	Three Months Ended			Six Months Ended		
For the periods ended June 30,	**2015**	2014	Change	**2015**	2014	Change
Net Income and comprehensive income	**$ 57,205**	$ 45,689	25.2%	**$ 112,771**	$ 215,353	(47.6)%
Fair value adjustment on investment properties	**(9,195)**	(2,860)	221.5%	**(17,787)**	(129,819)	(86.3)%
Interest expense and other financing charges	**21,503**	20,384	5.5%	**42,954**	40,754	5.4 %
EBITFV	**$ 69,513**	$ 63,213	10.0%	**$ 137,938**	$ 126,288	9.2 %

9.5 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. EBITFV is a generally accepted proxy for operating cash flow. The ratio is calculated as follows:

(in thousands of Canadian dollars)	Three Months Ended		Six Months Ended	
For the periods ended June 30,	**2015**	2014	**2015**	2014
EBITFV (A)	**$ 69,513**	$ 63,213	**$ 137,938**	$ 126,288
Interest and other financing charges (B)	**$ 21,503**	$ 20,384	**$ 42,954**	$ 40,754
Interest coverage ratio (A)/(B)	**3.23**	3.10	**3.21**	3.10

The interest coverage ratio for the three and six months ended June 30, 2015 increased compared to the same periods in the prior due to higher EBITFV in 2015 partially offset by increased interest and other financing charges. Both EBITFV and interest and other financing charges increased due to acquisition and intensification activities completed during 2015 and 2014.

9.6 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, 2015**	December 31, 2014
Total assets (A)	**$ 4,291,153**	$ 4,017,420
Total indebtedness [1] (B)	**$ 2,071,737**	$ 1,983,773
Indebtedness ratio (B)/(A)	**48.3%**	49.4%

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

The indebtedness ratio at June 30, 2015 has decreased compared to the indebtedness ratio at December 31, 2014 primarily due to the funding mix for the investment activities completed during 2015 being more weighted towards equity than the opening capital structure.

9.7 Debt to Enterprise Value Ratio

CT REIT's debt to enterprise value ratio is a non-GAAP measure and is calculated as total debt divided by enterprise value which is the sum of: i) total debt and ii) period-end Units and Class B LP Units outstanding multiplied by the period end Unit closing price ("Equity Value"). Enterprise value is an economic measure reflecting the market value of an entity. CT REIT's debt to enterprise value ratio is an indicator of how indebted it is relative to its enterprise value.

(in thousands of Canadian dollars, except for per Unit amounts) As at	**June 30, 2015**	December 31, 2014
Total indebtedness (A)	**$ 2,071,737**	$ 1,983,773
Equity value		
Period-end Units and Class B LP Units outstanding	**189,523,893**	181,485,782
Unit closing price	**$ 12.10**	$ 12.31
Equity value (B)	**$ 2,293,239**	$ 2,234,090
Enterprise value (A + B)	**$ 4,364,976**	$ 4,217,863
Debt / Enterprise value (A / (A + B))	**47.5%**	47.0%

CT REIT's debt to enterprise value ratio at June 30, 2015 increased compared to the debt to enterprise value ratio at December 31, 2014 as a result of an increase in indebtedness and a decreased closing Unit price, partially offset by an increase in equity value due to additional Units and Class B LP Units issued.

9.8 Book Value per Unit

Book value per Unit is a non-GAAP measure and 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 assess a premium or discount.

(in thousands of Canadian dollars, except for per Unit amounts) As at	**June 30, 2015**	December 31, 2014
Total Equity (A)	**$ 2,153,886**	$ 2,002,189
Period-end Units and Class B LP Units outstanding (B)	**189,523,893**	181,485,782
Book value per Unit (A / B)	**$ 11.36**	$ 11.03

CT REIT's book value per Unit at June 30, 2015 increased from the book value per Unit at December 31, 2014 primarily due to net income exceeding distributions.

9.9 Selected Quarterly Consolidated Information

(in thousands of Canadian dollars, except per Unit amounts)	2015		2014				2013
As at and for the quarter ended	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4 [1]
Property revenue	**$ 93,217**	$ 92,448	$ 89,212	$ 89,535	$ 83,364	$ 82,680	$ 63,026
Net income	**$ 57,205**	$ 55,566	$ 53,711	$ 49,197	$ 45,689	$ 169,664	$ 30,996
Net income per Unit							
- basic	**$ 0.306**	$ 0.302	$ 0.296	$ 0.271	$ 0.254	$ 0.944	$ 0.173
- diluted	**$ 0.233**	$ 0.226	$ 0.222	$ 0.202	$ 0.200	$ 0.550	$ 0.134
FFO - diluted, non-GAAP [2]	**$ 0.256**	$ 0.258	$ 0.256	$ 0.247	$ 0.238	$ 0.238	$ 0.176
AFFO - diluted, non-GAAP [2]	**$ 0.199**	$ 0.200	$ 0.191	$ 0.185	$ 0.179	$ 0.180	$ 0.131
Total assets [3]	**$ 4,291,153**	$ 4,113,322	$ 4,017,420	$ 3,974,736	$ 3,842,218	$ 3,757,682	$ 3,603,252
Total indebtedness	**$ 2,071,737**	$ 1,984,131	$ 1,983,773	$ 1,950,346	$ 1,847,279	$ 1,807,130	$ 1,800,000
Total distributions to unitholders - paid	**$ 30,450**	$ 29,907	$ 29,078	$ 29,081	$ 28,576	$ 28,830	$ 22,197
Total distributions to unitholders per Unit - paid	**$ 0.166**	$ 0.166	$ 0.163	$ 0.162	$ 0.163	$ 0.162	$ 0.124
Book value per Unit [2]	**$ 11.36**	$ 11.21	$ 11.03	$ 10.90	$ 10.79	$ 10.70	$ 11.03
Market price per Unit							
- high	**$ 12.96**	$ 13.50	$ 12.55	$ 11.96	$ 11.63	$ 11.58	$ 11.10
- low	**$ 11.75**	$ 11.70	$ 10.50	$ 11.00	$ 10.81	$ 10.61	$ 10.00
- close (end of period)	**$ 12.10**	$ 12.90	$ 12.31	$ 11.02	$ 11.40	$ 11.16	$ 10.92

[1] Based on operations beginning October 23, 2013.
[2] Non-GAAP key performance indicators. Refer to section 9.0 for further information.
[3] Prior year figures have been restated. Refer to note 25 of the annual consolidated financial statements contained in CT REIT's 2014 Annual Report.

10.0 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 Part X in the MD&A contained in the REIT's 2014 Annual Report.

The REIT's ERM Program continues to further enhance risk reporting through developing and refining underlying processes and tools aimed at supporting risk identification and risk monitoring.

11.0 Internal Controls and Procedures

Details related to disclosure controls and procedures and internal controls over financial reporting are disclosed in Part XI of the MD&A contained in CT REIT's 2014 Annual Report.

Changes in Internal Control over Financial Reporting
During the three months ended June 30, 2015, 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.

12.0 Forward-looking Information

This MD&A, and the documents incorporated by reference herein, contain forward-looking statements that involve a number of risk and uncertainties, including statements regarding the outlook for CT REIT's business results of operations. Forward-looking statements are provided for the purposes of providing information about CT REIT's future outlook and anticipated events or results and may include statements regarding known and unknown risks and uncertainties and other factors that may cause the actual results to differ materially from those indicated. Such factors include, but are not limited to, general economic conditions, financial position, business strategy, 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 3.4;
- CT REIT's results of operations under section 4.0;
- CT REIT's ability to refinance a redemption under section 5.0;
- CT REIT's debt capital structure under section 5.4;
- CT REIT's capital strategy under section 5.9; and
- CT REIT's commitments and contingencies under section 5.10;
- CT REIT's access to available sources of debt and/or equity financing;
- 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 property 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 Tax Act, and as a "real estate investment trust", as defined in the SIFT Rules.

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 2014 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 2014 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 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 Investor Relations section of the REIT's website by a link at ctreit.com includes the following documents and information of interest to investors:

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

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

If you would like to contact the Investor Relations department directly, call Andrea Orzech at (416) 480-3195 or email investor.relations@ctreit.com.

August 11, 2015

SECOND QUARTER 2015

CT REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

Condensed Consolidated Balance Sheets (Unaudited)

(Canadian dollars, in thousands)

As at	Note	**June 30, 2015**	December 31, 2014
Assets			
Non-current assets			
Investment properties	3	**$ 4,212,141**	$ 3,999,844
Other assets		**2,113**	2,526
		4,214,254	4,002,370
Current assets			
Tenant and other receivables		**12,028**	10,349
Other assets		**18,168**	1,991
Cash and cash equivalents		**46,703**	2,710
		76,899	15,050
Total assets		**$ 4,291,153**	$ 4,017,420
Liabilities			
Non-current liabilities			
Class C LP Units	4	**$ 1,466,068**	$ 1,647,279
Mortgages payable	5	**56,596**	57,219
Debentures payable	6	**347,815**	—
Other liabilities	8	**967**	560
		1,871,446	1,705,058
Current liabilities			
Class C LP Units	4	**200,000**	200,000
Mortgages payable	5	**1,258**	1,275
Bank credit facility	7	**—**	78,000
Other liabilities	8	**53,516**	20,871
Distributions payable	9	**11,047**	10,027
		265,821	310,173
Total liabilities		**2,137,267**	2,015,231
Equity			
Unitholders' equity	10	**1,008,349**	982,588
Non-controlling interests	10, 12	**1,145,537**	1,019,601
Total equity		**2,153,886**	2,002,189
Total liabilities and equity		**$ 4,291,153**	$ 4,017,420

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 **2015**	Three months ended 2014	Six months ended **2015**	Six months ended 2014
Property revenue	13	**$ 93,217**	$ 83,364	**$ 185,665**	$ 166,044
Property expense	13	**(21,563)**	(17,785)	**(43,123)**	(35,690)
General and administrative expense	14	**(2,177)**	(2,499)	**(4,661)**	(4,357)
Interest income		**36**	133	**57**	291
Interest and other financing charges	15	**(21,503)**	(20,384)	**(42,954)**	(40,754)
Fair value adjustment on investment properties	3	**9,195**	2,860	**17,787**	129,819
Net income and comprehensive income		**$ 57,205**	$ 45,689	**$ 112,771**	$ 215,353
Net income and comprehensive income attributable to:					
Unitholders		**$ 27,610**	$ 22,882	**$ 54,796**	$ 108,153
Non-controlling interests		**29,595**	22,807	**57,975**	107,200
		$ 57,205	$ 45,689	**$ 112,771**	$ 215,353
Net income per unit – basic	10	**$ 0.31**	$ 0.26	**$ 0.61**	$ 1.20
Net income per unit – diluted	10	**$ 0.23**	$ 0.20	**$ 0.46**	$ 0.75

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

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, 2014		**$ 877,905**	**$ 104,683**	**$ 982,588**	**$ 1,019,601**	**$ 2,002,189**
Net income and comprehensive income for the period		—	54,796	54,796	57,975	112,771
Issuance of Class B LP Units, net of issue costs	3	—	—	—	99,727	99,727
Distributions	9	—	(29,911)	(29,911)	(31,766)	(61,677)
Issuance of Units under Distribution Reinvestment Plan	9	876	—	876	—	876
Balance at June 30, 2015		**$ 878,781**	**$ 129,568**	**$ 1,008,349**	**$ 1,145,537**	**$ 2,153,886**

	Note	Units	Retained Earnings	Unitholders' Equity	Non-controlling interests	Total Equity
Balance at December 31, 2013		**$ 876,124**	**$ 4,075**	**$ 880,199**	**$ 900,187**	**$ 1,780,386**
Net income and comprehensive income for the period		—	108,153	108,153	107,200	215,353
Issuance of Class B LP Units, net of issue costs		—	—	—	19,464	19,464
Distributions	9	—	(29,275)	(29,275)	(29,201)	(58,476)
Issuance of Units under Distribution Reinvestment Plan	9	971	—	971	—	971
Balance at June 30, 2014		**$ 877,095**	**$ 82,953**	**$ 960,048**	**$ 997,650**	**$ 1,957,698**

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	**2015**	2014	**2015**	2014
Cash generated from (used for):					
Operating activities					
Net income		**$ 57,205**	$ 45,689	**$ 112,771**	$ 215,353
Add (deduct):					
Fair value adjustment on investment properties		**(9,195)**	(2,860)	**(17,787)**	(129,819)
Straight-line rental income		**(6,441)**	(6,936)	**(12,890)**	(13,714)
Straight-line land lease expense		**45**	38	**90**	90
Interest and other financing charges		**21,503**	20,384	**42,954**	40,754
Changes in working capital and other	16	**2,732**	(8,943)	**4,814**	(9,468)
Cash generated from operating activities		**65,849**	47,372	**129,952**	103,196
Investing activities					
Property investments		**(37,492)**	(34,428)	**(47,682)**	(41,465)
Land investments and development activities		**(3,898)**	—	**(3,917)**	—
Capital expenditures recoverable from tenants		**(475)**	(866)	**(829)**	(976)
Cash used for investing activities		**(41,865)**	(35,294)	**(52,428)**	(42,441)
Financing activities					
Proceeds from issuance of Debentures payable	6	**350,000**	—	**350,000**	—
Debenture issue costs	6	**(1,684)**	—	**(1,684)**	—
Redemption of Class C LP units	4	**(200,000)**	—	**(200,000)**	—
Unit distributions	9	**(14,522)**	(14,022)	**(29,031)**	(28,299)
Class B LP Unit distributions paid or loaned	9	**(15,928)**	(14,554)	**(31,326)**	(29,107)
Payments on Class C LP Units paid or loaned	4	**(20,068)**	(20,334)	**(40,583)**	(40,584)
Bank Credit Facility repayments	7	**(74,890)**	—	**(78,000)**	—
Mortgage principal repayments	5	**(288)**	—	**(574)**	—
Interest paid		**(1,372)**	—	**(2,229)**	—
Class B LP Unit issue costs		**—**	—	**(104)**	—
Cash generated from/(used for) financing activities		**21,248**	(48,910)	**(33,531)**	(97,990)
Cash generated/(used) in the period		**45,232**	(36,832)	**43,993**	(37,235)
Cash and cash equivalents, beginning of period		**1,471**	46,596	**2,710**	46,999
Cash and cash equivalents, end of period		**$ 46,703**	$ 9,764	**$ 46,703**	$ 9,764

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, 2015
(All dollar amounts are in thousands, except 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 interim consolidated financial statements as “CT 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”) owns an 83.9% effective interest in CT REIT as of June 30, 2015, consisting of 59,711,094 of the issued and outstanding units of CT REIT (“Units”), 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, and 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 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, 2015 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 2014 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 2014 Annual Report.

These interim financial statements were authorized for issuance by CT REIT’s Board of Trustees (the “Board”) on August 11, 2015.

(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$”) rounded to the nearest thousand, except per unit amounts.

(c) Judgements 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.

(All dollar amounts are in thousands, except 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 2014 Annual Report.

(d) Standards, amendments and interpretations issued but 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 2014 Annual Report, except for IFRS 15 - *Revenue from Contracts with Customers* ("IFRS 15"), which is to be applied retrospectively for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

3. INVESTMENT PROPERTIES

	June 30, 2015			December 31, 2014		
	Income producing properties	**Properties under development**	**Total investment properties**	Income producing properties	Properties under development	Total investment properties
Balance at beginning of period	**$ 3,995,860**	**$ 3,984**	**$ 3,999,844**	$ 3,538,853	$ 9,011	$ 3,547,864
Property investments (including transaction costs)	**149,399**	**—**	**149,399**	228,684	—	228,684
Development land investments	**—**	**3,808**	**3,808**	—	3,982	3,982
Developments	**—**	**10,866**	**10,866**	—	19,963	19,963
Intensifications	**13,555**	**—**	**13,555**	11,951	—	11,951
Recoverable capital expenditures	**3,859**	**—**	**3,859**	17,052	—	17,052
Capitalized interest and property taxes	**—**	**133**	**133**	—	442	442
Transfers	**—**	**—**	**—**	29,414	(29,414)	—
Straight-line rent	**12,890**	**—**	**12,890**	28,685	—	28,685
Fair value adjustment on investment properties	**17,787**	**—**	**17,787**	141,221	—	141,221
Balance at end of the period	**$ 4,193,350**	**$ 18,791**	**$ 4,212,141**	$ 3,995,860	$ 3,984	$ 3,999,844

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

Properties under development are recorded at acquisition cost and are adjusted to fair value at each balance sheet date with the fair value adjustment recognized in earnings.

As at June 30, 2015, 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. In 2015, independent appraisals were completed on 34 properties having a fair value of $535,840 effective June 30, 2015.

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

The fair value of investment properties is based on Level 3 inputs (see Note 23(a) to the annual consolidated financial statements contained in CT REIT's 2014 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 investment properties are as follows:

	Properties valued by the OCR method	Properties valued by the DCF method
Number of properties	237	45
Value at June 30, 2015	3,286,428	886,664
Discount rate	—%	6.93%
Terminal capitalization rate	—%	6.51%
Overall capitalization rate	6.36%	—%
Hold period (years)	—	11

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:

	OCR Sensitivity		DCF Sensitivity	
Rate sensitivity	**Fair value**	**Change in fair value**	**Fair value**	**Change in fair value**
+ 75 basis points	$ 2,969,200	$ (317,228)	$ 843,628	$ (43,036)
+ 50 basis points	$ 3,067,397	$ (219,031)	$ 857,639	$ (29,025)
+ 25 basis points	$ 3,172,805	$ (113,623)	$ 872,060	$ (14,604)
Base rate	$ 3,286,428	$ —	$ 886,664	$ —
- 25 basis points	$ 3,409,213	$ 122,785	$ 901,803	$ 15,139
- 50 basis points	$ 3,542,383	$ 255,955	$ 917,304	$ 30,640
- 75 basis points	$ 3,687,064	$ 400,636	$ 933,125	$ 46,461

2015 Investment and Development Activity

Funding for the three months ended June 30, 2015 of investment and development activities was as follows:

	Q2 2015 Investment and Development Activity			
	Property investments	**Development land investment**	**Developments**	**Intensifications**
Funded with working capital to CTC	$ 33,956	$ —	$ —	$ 3,953
Funded with working capital to third parties	330	—	10,866	—
Issuance of Class B LP Units to CTC	37,830	—	—	—
Issuance of Class C LP Units to CTC	15,000	—	—	—
Total costs	**$ 87,116**	**$ —**	**$ 10,866**	**$ 3,953**

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

Funding for the six months ended June 30, 2015 of investment and development activities was as follows:

	YTD 2015 Investment and Development Activity			
	Property investments	Development land investment	Developments	Intensifications
Funded with working capital to CTC	$ 33,956	$ 1	$ —	$ 13,555
Funded with working capital to third parties	613	18	10,866	—
Issuance of Class B LP Units to CTC	99,830	—	—	—
Issuance of Class C LP Units to CTC	15,000	3,789	—	—
Total costs	**$ 149,399**	**$ 3,808**	**$ 10,866**	**$ 13,555**

2014 Investment and Development Activity

Funding for the year ended December 31, 2014 of investment and development activities were as follows:

	2014 Investment and Development Activity			
	Property investments	Development land investment	Developments	Intensifications
Funded with working capital to CTC [1]	$ 31,479	$ —	$ 19,929	$ 11,951
Funded with working capital to third parties	71,267	3,982	34	—
Issuance of Class B LP Units to CTC	19,464	—	—	—
Issuance of Class C LP Units to CTC	47,279	—	—	—
Mortgages assumed	59,195	—	—	—
Total costs	$ 228,684	$ 3,982	$ 19,963	$ 11,951

[1] Net of post-closing adjustments.

Investment properties with a fair value of approximately $166,482 (December 31, 2014 – $127,926) are situated on land held under leases with remaining initial terms of between 4 and 41 years, and an average initial term of 17 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 4.53% of the aggregate capital amount ascribed to the Class C LP Units, in priority to distributions made to holders of the Class A LP Units, Class B LP Units and 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 every five years 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.

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

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	**Expiry of initial fixed rate period**	**Annual distribution rate during initial fixed par value**		**Carrying amount at June 30, 2015**		Carrying amount at December 31, 2014
Series 1	May 31, 2015	3.50%	**$**	**—**	$	200,000
Series 2	May 31, 2016	3.50%		**200,000**		200,000
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**		7,130
Series 11	May 31, 2017	2.20%		**20,685**		20,685
Series 12	May 31, 2017	2.23%		**19,464**		19,464
Series 13	May 31, 2017	1.65%		**3,789**		—
Series 14	May 31, 2017	1.71%		**15,000**		—
Weighted average / Total		**4.53%**	**$**	**1,666,068**	$	1,847,279
Current			**$**	**200,000**	$	200,000
Non-current				**1,466,068**		1,647,279
Total			**$**	**1,666,068**	$	1,847,279

For the three and six months ended June 30, 2015, interest expense of $20,073 (Q2 2014 – $20,383) and $40,588 (YTD 2014 - $40,612), respectively, was recognized in respect of the Class C LP Units (see Note 15). 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 day following the end of the fiscal year. If the holder so elects to defer receipt of payments, CT REIT will loan the holder the 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, 2015 of $18,765 (Q2 2014 – $18,584) and $31,275 (YTD 2014 – $30,917), respectively, were deferred until the first 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, 2015 of $6,260 (December 31, 2014 – $6,838) is included in other liabilities on the consolidated balance sheet (see Note 8).

On June 1, 2015, Series 1 of the Class C LP Units was redeemed by payment of $200,000.

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

5. MORTGAGES PAYABLE

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

	June 30, 2015		December 31, 2014	
	Face value	**Carrying amount**	Face value	Carrying amount
Current	**$ 1,178**	**1,258**	$ 1,158	$ 1,275
Non-current	**56,554**	**56,596**	57,148	57,219
Total	**$ 57,732**	**$ 57,854**	$ 58,306	$ 58,494

Future repayments are as follows:		Principal Amortization	Maturities	Total
For the remainder of:				
	2015	$ 584	$ —	$ 584
	2016	1,198	—	1,198
	2017	1,241	—	1,241
	2018	422	16,661	17,083
	2019	—	37,626	37,626
	2020 and thereafter	—	—	—
Total contractual obligation		$ 3,445	$ 54,287	$ 57,732
Unamortized portion of mark to market interest rates on liabilities assumed at the acquisition of properties				322
Unamortized debt financing cost				(200)
				$ 57,854

Mortgages payable have interest rates that range from 2.93% to 3.60%, and have maturity dates that range from January 2018 to December 2019. Mortgages payable at June 30, 2015 had a weighted average interest rate of 3.18%(December 31, 2014 – 3.19%). At June 30, 2015, floating rate and fixed rate mortgages were $31,133 (December 31, 2014 – $31,133) and $26,599 (December 31, 2014 – $27,173), respectively.

Investment properties having a fair value of $121,657 (December 31, 2014 – $121,489), have been pledged as security for mortgages payable.

6. DEBENTURES PAYABLE

	June 30, 2015		December 31, 2014	
Series	**Face Value**	**Carrying Amount**	Face Value	Carrying Amount
Series A, 2.85%, June 9, 2022	**$ 150,000**	**$ 149,091**	—	—
Series B, 3.53%, June 9, 2025	**200,000**	**198,724**	—	—
	$ 350,000	**$ 347,815**	$ —	$ —

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

On June 9, 2015, CT REIT issued $350,000 aggregate principal amount of senior unsecured debentures (the "Debentures") under CT REIT's short form base shelf prospectus dated March 5, 2015. The proceeds, net of issuance costs of $2,204, were used to indirectly redeem the Series 1 Class C LP Units held by CTC, 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, 2015, amortization of the transaction costs of $19 (Q2 2014 and YTD 2014 - $nil) is included in interest and other financing charges on the consolidated statement of income and comprehensive income (see Note 15).

7. BANK CREDIT FACILITY

The Partnership has a $200,000 revolving credit facility (the "Bank Credit Facility"), with an option to request an increase by an additional $100,000, which is available to the Partnership until July 2020. 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. Subsequent to quarter end, the term of the Bank Credit Facility was extended from October 2017 to July 2020.

As at June 30, 2015, $nil (December 31, 2014 – $78,000) of cash advances and $311 (December 31, 2014 – $nil) of letters of credit had been drawn on the Bank Credit Facility. The unamortized balance of transaction costs incurred in connection with the arrangement of the Bank Credit Facility of $358 (December 31, 2014 – $434) is recorded in other assets on the consolidated balance sheets. For the three and six months ended June 30, 2015, amortization of the transaction costs of $38 (Q2 2014 – $47) and $76 (YTD 2014 - $94), respectively, as well as the standby fee of $118 (Q2 2014 – $120) and $242 (YTD 2014 - $250) are included in interest and other financing charges on the consolidated statement of income and comprehensive income (see Note 15).

8. OTHER LIABILITIES

Other liabilities are comprised of the following:

	June 30, 2015	December 31, 2014
Interest on Class C LP Units [1]	**$ 6,260**	$ 6,838
Property operating costs [2]	**8,830**	3,188
Capital expenditures payable	**9,999**	2,089
Deferred revenue [3]	**17,347**	2,238
Other [4]	**12,047**	7,078
Less: non-current portion of other liabilities	**(967)**	(560)
Other liabilities	**$ 53,516**	$ 20,871

[1] Net of loans receivable of $31,275 (December 31, 2014 - $68,425). See Note 19(b).
[2] Includes $134 payable to CTC (December 31, 2014 - $496).
[3] Prepaid rent from CTC.
[4] Includes $1,845 payable to CTC (December 31, 2014 - $3,289).

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

9. DISTRIBUTIONS ON UNITS AND CLASS B LP UNITS

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

	Three months ended June 30, 2015		Six months ended June 30, 2015	
	Total Distributions	Distributions per Unit	Total Distributions	Distributions per Unit
Units [1]	$ 14,958	$ 0.17	$ 29,911	$ 0.33
Class B LP Units [2]	$ 16,103	$ 0.17	$ 31,766	$ 0.33

	Three months ended June 30, 2014		Six months ended June 30, 2014	
	Total Distributions	Distributions per Unit	Total Distributions	Distributions per Unit
Units [1]	$ 14,642	$ 0.16	$ 29,275	$ 0.33
Class B LP Units [2]	$ 14,648	$ 0.16	$ 29,201	$ 0.33

[1] Includes $9,897 and $19,794 (2014 - $9,703 and $19,406) paid or payable to CTC, respectively.
[2] Paid or payable to CTC.

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

For the three and six months ended June 30, 2015, 36,540 (Q2 2014 – 55,966) and 72,354 (YTD 2014 – 88,766) Units, respectively, were issued under the DRIP for $435 (Q2 2014 – $616) and $876 (YTD 2014 - $971), respectively.

On June 15, 2015, CT REIT’s Board declared a distribution of $0.05525 per Unit paid on July 15, 2015 to holders of Units and Class B LP Units of record as of June 30, 2015.

On July 15, 2015, CT REIT’s Board declared a distribution of $0.05525 per Unit payable on August 14, 2015 to holders of Units and Class B LP Units of record as of July 31, 2015.

The holders of the Class B LP Units may elect to defer receipt of all or a portion of distributions declared by CT REIT until the first day following the end of the fiscal year. If the holder so elects to defer receipt of distributions, CT REIT will loan the holder the amount equal to the deferred distribution without interest, and the loan will be due and payable in full on the first business day following the end of the fiscal year the loan was advanced, the holder having irrevocably directed that any payment of the deferred distributions be applied to repay such loans. For the three and six months ended June 30, 2015, the holders of the Class B LP Units elected to defer distributions in the amount of $288 (Q2 2014 – $0) and $576 (YTD 2014 - $0), respectively. See Note 19(b).

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

10. 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, 2015
	Units	**Class B LP Units**	**Total**
Total outstanding at beginning of period	90,188,210	91,297,572	181,485,782
Issued	72,354	7,965,757	8,038,111
Total outstanding at end of period	**90,260,564**	**99,263,329**	**189,523,893**

			As at December 31, 2014
	Units	Class B LP Units	Total
Total outstanding at beginning of year	90,026,773	89,559,871	179,586,644
Issued	161,437	1,737,701	1,899,138
Total outstanding at end of year	90,188,210	91,297,572	181,485,782

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, 2015 and 2014, are calculated as follows, respectively:

			For the three months ended June 30, 2015
	Units	**Class B LP Units**	**Total**
Net income attributable to Unitholders - basic	$ 27,610	$ 29,595	$ 57,205
Income effect of settling Class C LP Units with Class B LP Units			20,073
Net income attributable to unitholders - diluted			**$ 77,278**
Weighted average Units outstanding - basic	90,242,506	96,584,221	186,826,727
Dilutive effect of other Unit plans			81,083
Dilutive effect of settling Class C LP Units with Class B LP Units			147,526,336
Weighted average Units outstanding - diluted			**334,434,146**

			For the six months ended June 30, 2015
	Units	**Class B LP Units**	**Total**
Net income attributable to Unitholders - basic	$ 54,796	$ 57,975	$ 112,771
Income effect of settling Class C LP Units with Class B LP Units			40,588
Net income attributable to Unitholders - diluted			**$ 153,359**
Weighted average Units outstanding - basic	90,225,005	95,201,790	185,426,795
Dilutive effect of other Unit plans			72,055
Dilutive effect of settling Class C LP Units with Class B LP Units			149,992,396
Weighted average Units outstanding - diluted			**335,491,246**

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

	For the three months ended June 30, 2014		
	Units	Class B LP Units	Total
Net income attributable to Unitholders - basic	$ 22,882	$ 22,807	$ 45,689
Income effect of settling Class C LP Units with Class B LP Units			20,383
Net income attributable to Unitholders - diluted			$ 66,072
Weighted average Units outstanding - basic	90,093,532	89,769,923	179,863,455
Dilutive effect of other Unit plans			40,925
Dilutive effect of settling Class C LP Units with Class B LP Units			162,096,652
Weighted average Units outstanding - diluted			342,001,032

	For the six months ended June 30, 2014		
	Units	Class B LP Units	Total
Net income attributable to Unitholders - basic	$ 108,153	$ 107,200	$ 215,353
Income effect of settling Class C LP Units with Class B LP Units			40,612
Net income attributable to Unitholders - diluted			$ 255,965
Weighted average Units outstanding - basic	90,068,712	89,665,477	179,734,189
Dilutive effect of other Unit plans			36,861
Dilutive effect of settling Class C LP Units with Class B LP Units			161,173,671
Weighted average Units outstanding - diluted			340,944,721

The calculation of diluted per unit amounts is determined on a combined basis for the Units and Class B LP Units as the Class B LP Units are exchangeable into Units on a one-for-one basis and are entitled to an equivalent amount of net income per unit as the Units.

Details and descriptions of the Units, and Class B LP Units are available in Note 13 to the annual consolidated financial statements contained in the CT REIT's Annual Report.

11. UNIT BASED COMPENSATION PLANS

Deferred Unit Plan for Trustees

CT REIT granted deferred units ("DUs") to trustees who elected to receive all or a portion of their annual compensation, which is paid quarterly, in DUs. Additionally, DUs were granted for the value of distributions which are reinvested in additional DUs. DUs represent a right to receive an equivalent number of Units issued by CT REIT or, at the trustee's election, the cash equivalent thereof, upon the trustee's departure from the Board. DUs that are converted to cash will be equivalent to the market value of Units of CT REIT at the time the conversion takes place pursuant to the terms of the Deferred Unit Plan for Trustees thus compensation expense includes a fair value adjustment for the DUs issued as at each reporting date.

Performance Unit Plan

CT REIT granted performance units ("PUs") to its executives. Each PU entitles the executive to receive a cash payment equal to the weighted average price of Units of CT REIT traded on the TSX during the 10 calendar day period commencing on the first business day following the end of the performance period, multiplied by a factor determined by specific performance-based criteria, as set out in the Performance Unit Plan thus compensation expense includes a fair value adjustment for the PUs issued as at each reporting date. The performance period of each PU award is approximately three years from the date of issuance.

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

Restricted Unit Plan for Executives
CT REIT granted Restricted Units (“RUs”) to an executive who elected to receive a portion of his short-term incentive plan (“STIP”) award for the prior fiscal year in RUs. Additionally, RUs were granted for the value of distributions which are reinvested in additional RUs. RUs entitle the executive to receive an equivalent number of Units issued by CT REIT, or at the executive’s election, the cash equivalent thereof, at the end of the vesting period, which is generally five years from the STIP payment date. RUs that are converted to cash will be equivalent to the market value of Units of CT REIT on the conversion date pursuant to the terms of the Restricted Unit Plan for Executives. The compensation expense includes a fair value adjustment for the RUs issued as at each reporting date.

12. NON-CONTROLLING INTERESTS

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

	Proportion of ownership interests held by non-controlling interests		**Net income and comprehensive income allocated to non-controlling interests**			
Name of subsidiary	**June 30, 2015**	December 31, 2014	**For the three months ended June 30, 2015**	For the three months ended June 30, 2014	**For the six months ended June 30, 2015**	For the six months ended June 30, 2014
CT REIT Limited Partnership	52.38%	50.31%	$ 29,595	$ 22,807	$ 57,975	$ 107,200

The following is a continuity of non-controlling interests:

	For the period ended June 30, 2015	For the year ended December 31, 2014
Balance at beginning of year	**$ 1,019,601**	$ 900,187
Non-controlling interests arising on the issuance of Class B LP Units, net of issue costs	**99,727**	19,406
Share of net income and comprehensive income	**57,975**	158,979
Distributions	**(31,766)**	(58,971)
Change in ownership interest	**—**	—
Balance at end of period	**$ 1,145,537**	$ 1,019,601

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

13. 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 14.0 years. Annual base minimum rent for CTC leases had weighted average annual rent escalations of approximately 1.5% per year commencing January 1, 2015.

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

The components of revenue are as follows:

	CTC	Other	For the three months ended June 30, 2015
Base minimum rent	$ 63,747	$ 2,408	$ 66,155
Straight-line rental	6,333	108	6,441
Subtotal base rent	70,080	2,516	72,596
Property tax and operating expense recoveries	18,763	1,272	20,035
Capital expenditure and interest recovery charge	488	—	488
Other revenues	—	98	98
Property revenue	**$ 89,331**	**$ 3,886**	**$ 93,217**

	CTC	Other	For the six months ended June 30, 2015
Base minimum rent	$ 126,484	$ 4,773	$ 131,257
Straight-line rental	12,642	248	12,890
Subtotal base rent	139,126	5,021	144,147
Property tax and operating expense recoveries	37,496	2,689	40,185
Capital expenditure and interest recovery charge	1,128	—	1,128
Other revenues	—	205	205
Property revenue	**$ 177,750**	**$ 7,915**	**$ 185,665**

	CTC	Other	For the three months ended June 30, 2014
Base minimum rent	$ 58,041	$ 1,554	$ 59,595
Straight-line rental	6,790	146	6,936
Subtotal base rent	64,831	1,700	66,531
Property tax and operating expense recoveries	16,217	616	16,833
Property revenue	$ 81,048	$ 2,316	$ 83,364

	CTC	Other	For the six months ended June 30, 2014
Base minimum rent	$ 115,476	$ 3,098	$ 118,574
Straight-line rental	13,494	220	13,714
Subtotal base rent	128,970	3,318	132,288
Property tax and operating expense recoveries	32,389	1,367	33,756
Property revenue	$ 161,359	$ 4,685	$ 166,044

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

(b) Property expense

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

	Three months ended		Six months ended	
For the periods ended June 30,	**2015**	2014	**2015**	2014
Property taxes	**$ 18,701**	$ 16,380	**$ 37,381**	$ 32,817
Other recoverable operating costs	**1,428**	348	**2,966**	768
Property management [1]	**686**	586	**1,370**	1,169
Ground rent	**691**	461	**1,323**	915
Property insurance	**38**	10	**95**	21
Other non-recoverable costs (income)	**19**	**$ —**	**$ (12)**	**$ —**
Property expense	**$ 21,563**	$ 17,785	**$ 43,123**	$ 35,690

[1] Includes $539 (Q2 2014 - $533) and $1,078 (YTD 2014 - $1,063), respectively, with CTC. See Note 19.

14. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses are comprised of the following:

	Three months ended		Six months ended	
For the periods ended June 30,	**2015**	2014	**2015**	2014
Services Agreement with CTC [1]	**$ 835**	$ 826	**$ 1,671**	$ 1,648
Personnel expense	**708**	488	**1,899**	910
Other	**634**	1,185	**1,091**	1,799
General and administrative expenses	**$ 2,177**	$ 2,499	**$ 4,661**	$ 4,357

[1] See Note 19.

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

15. INTEREST AND OTHER FINANCING CHARGES

Interest and other financing charges are comprised of the following:

	Three months ended		Six months ended	
For the periods ended June 30,	**2015**	2014	**2015**	2014
Interest on Class C LP Units [1]	**$ 20,073**	$ 20,383	**$ 40,588**	$ 40,612
Interest on Debentures Payable	**693**	—	**693**	—
Interest on Mortgages Payable	**397**	—	**822**	—
Interest on Bank Credit Facility	**250**	—	**647**	—
Standby fees - Bank Credit Facility	**118**	120	**242**	250
Amortization of financing costs - Bank Credit Facility	**38**	38	**76**	76
Amortization of agency fees - Bank Credit Facility	**—**	9	**—**	18
Amortization of Debenture financing cost	**19**	—	**19**	—
	21,588	20,550	**43,087**	40,956
Capitalized interest	**(85)**	(166)	**(133)**	(202)
Interest and other financing charges	**$ 21,503**	$ 20,384	**$ 42,954**	$ 40,754

[1] Paid or payable to CTC.

16. 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,	**2015**	2014	**2015**	2014
Changes in working capital and other				
Tenant and other receivables	**$ (973)**	$ (6,836)	**$ (1,679)**	$ (12,844)
Other assets	**(10,560)**	(9,712)	**(15,188)**	(10,531)
Other liabilities	**14,265**	7,605	**21,681**	13,907
Changes in working capital and other	**$ 2,732**	$ (8,943)	**$ 4,814**	$ (9,468)

17. SEGMENTED INFORMATION

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

18. 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, 2015, CT REIT has obligations for approximately $32,499 (December 31, 2014 – $18,530) in future payments including the completion of developments of $20,739 and acquisition obligations of $11,760 which are expected to be incurred in 2015 and 2016. Included in the above commitments, are $25,849 of commitments with CTC.

19. 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, legal, 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. There is a fixed maximum fee not to exceed $3,334 for the year ended December 31, 2015. The Services Agreement's initial term ends on December 31, 2015 and is renewable for further one year terms thereafter, unless otherwise terminated. The Services Agreement has been renewed for 2016.

Property Management Agreement
Under the Property Management Agreement, CTC provides the Partnership with customary property management services (the ''Property Management Services''). CTC agreed to provide Property Management Services to the Partnership on a cost recovery basis pursuant to which the Partnership reimburses CTC for all costs and expenses incurred by CTC in connection with providing the Property Management Services, plus applicable taxes. There is a fixed maximum fee not to exceed $2,336 for the year ended December 31, 2015. The Property Management Agreement's initial term ends on December 31, 2015 and is renewable for further one year terms thereafter, unless otherwise terminated. The Property Management Agreement has been renewed for 2016.

Development Agreement
CT REIT, the Partnership and CTC entered into the Development Agreement for a term expiring on the later of (i) 10 years from the closing of the REIT's Initial Public Offering, Acquisition and other related transactions on October 23, 2013; and, (ii) such time when CTC ceases to hold, directly or indirectly, a majority of the Voting Units comprising any combination of Units and Special Voting Units. Pursuant to the Development Agreement, CT REIT has a preferential right to participate in property developments, subject to certain exceptions, that meet CT REIT's investment and other criteria, an option to purchase development properties and an option to provide mezzanine financing for developments. The Agreement requires CTC to present, in certain circumstances, new shopping centre acquisition opportunities in Canada to CT REIT.

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

(b) Transactions and balances with related parties

Transactions with CTC are comprised of the following, excluding acquisition activity (see Note 3):

	Three months ended		Six months ended	
For the periods ended June 30,	**2015**	2014	**2015**	2014
Rental revenue	**$ 89,331**	$ 81,048	**$ 177,750**	$ 161,359
Property Management and Services Agreement expense	**$ 1,374**	$ 1,359	**$ 2,749**	$ 2,711
Distributions on Units	**$ 9,897**	$ 9,703	**$ 19,794**	$ 19,406
Distributions on Class B LP Units	**$ 16,103**	$ 14,648	**$ 31,766**	$ 29,201
Interest expense on Class C LP Units	**$ 20,073**	$ 20,383	**$ 40,588**	$ 40,612

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

	June 30, 2015	December 31, 2014
Tenant and other receivables	**$ (10,884)**	$ (8,505)
Class C LP Units	**1,666,068**	1,847,279
Interest payable on Class C LP Units	**37,535**	75,263
Loans receivable in lieu of distributions on Class C LP Units	**(31,275)**	(68,425)
Other liabilities	**19,326**	6,023
Distributions payable on Units and Class B LP Units	**9,359**	8,908
Loans receivable in lieu of distributions on Class B LP Units	**(576)**	(565)
Net due to CTC	**$ 1,689,553**	$ 1,859,978

On June 1, 2015, Series 1 of the Class C LP Units was redeemed by payment of $200,000.

(c) Compensation of executives and independent trustees

The remuneration of management personnel including the chief executive officer, chief financial officer and the trustees who were not employees or officers of the REIT or any of its affiliates was as follows:

	Three months ended		Six months ended	
For the periods ended June 30,	**2015**	2014	**2015**	2014
Salaries and short-term employee benefits	**$ 610**	$ 407	**$ 1,696**	$ 819
Unit-based awards [1]	**125**	172	**356**	287
Total	**$ 735**	$ 579	**$ 2,052**	$ 1,106

[1] Unit-based awards, as described in Note 11, includes (gain) loss adjustments as a result of the change in the fair market value of the Units for the three and six months ended June 30, 2015 of $(172) (Q2 2014 - $18) and $(23) (YTD 2014 - $32), respectively.

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

The compensation of trustees, excluding employees and officers of CTC and the REIT or any of its affiliates, consists of an annual retainer and meeting fees.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Class C LP Units and mortgages payable 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, 2015, is $1,773,618, $347,896 and $59,651 respectively. The fair value measurement of the Class C LP Units, debentures and mortgages payable is based on Level 2 inputs (see Note 23(a) to the annual consolidated financial statements contained in CT REIT's 2014 Annual Report for definition of levels). The significant inputs used to determine the fair value of the Class C LP Units and mortgages payable are interest rates, interest rate volatility, and credit spreads. There have been no transfers during the period between levels.

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

21. CAPITAL MANAGEMENT AND LIQUIDITY

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

The definition of capital varies from entity to entity, industry to industry and for different purposes. CT REIT's strategy and process for managing capital is driven by requirements established under the Declaration of Trust, Trust Indenture dated June 9, 2015 pursuant to which the Series A and B unsecured debentures were issued, and the Bank Credit Facility. Details of CT REIT's capitalization, financial covenants and the contractual maturities are described in Note 24 to the annual consolidated financial statements contained in CT REIT's 2014 Annual Report.

As at June 30, 2015, 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.