CT REAL ESTATE INVESTMENT TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
FIRST QUARTER 2020

Forward-looking Disclaimer

This Management's Discussion and Analysis ("MD&A") contains statements that are forward-looking. Actual results or events may differ materially from those forecasted in this disclosure because of the risks and uncertainties associated with the business of CT Real Estate Investment Trust® and its subsidiaries, (referred to herein as "CT REIT", "Trust" or "REIT", unless the context requires otherwise), and the general economic environment. CT REIT cannot provide any assurance that any forecasted financial or operational performance will actually be achieved or, if achieved, that it will result in an increase in the price of CT REIT's Units. See section 14.0 in this MD&A for a more detailed discussion of the REIT's use of forward-looking statements.

1.0 PREFACE

1.1 Basis of Presentation

The following MD&A is intended to provide readers with an assessment of the performance of CT REIT® for the three months ended March 31, 2020 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 months ended March 31, 2020 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 statement found in section 14.0 of this MD&A. Information about CT REIT, including the 2019 Annual Information Form ("AIF"), its 2019 audited annual consolidated financial statements 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 at www.ctreit.com under the tab "Investors" in the Financial Reporting section.

1.2 Definitions

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

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

Any term not defined in this MD&A can be found in the Glossary of Terms in the 2019 Annual Report filed on SEDAR at www.sedar.com and on CT REIT's website at www.ctreit.com under the tab "Investors" in the Financial Reporting section.

1.3 Accounting Estimates and Assumptions

The preparation of the interim financial statements in accordance with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the interim financial statements and the reported amounts of revenues and expenses during the reporting period. Refer to section 10.0 in this MD&A for further information.

This MD&A includes material information as of May 4, 2020. Disclosure contained in this document is current to that date, unless otherwise noted.

1.4 Quarterly and Annual Comparisons in this MD&A

Unless otherwise indicated, all comparisons of results for Q1 2020 (three months ended March 31, 2020) are against results for Q1 2019 (three months ended March 31, 2019).

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

1.5 Key Operating Performance Measures and Additional Non-GAAP Measures

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

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

For further information on the non-GAAP measures used by management and for reconciliations to the nearest GAAP measures, refer to section 11.0 of this MD&A.

1.6 Review and Approval by the Board of Trustees

The Board of Trustees (the "Board"), on the recommendation of its Audit Committee, approved this MD&A for issuance on May 4, 2020.

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 of October 22, 2013 and as further amended and restated as of April 5, 2020 (the "Declaration of Trust"). CT REIT commenced operations on October 23, 2013. The principal, registered and head office of CT REIT is located at 2180 Yonge Street, Toronto, Ontario M4P 2V8. CTC owned a 69.3% effective interest in CT REIT as of March 31, 2020, consisting of 33,989,508 of the issued and outstanding units of CT REIT ("Units") and all of the issued and outstanding Class B limited partnership units ("Class B LP Units") of CT REIT Limited Partnership (the "Partnership"), which are economically equivalent to and exchangeable for Units. The holders of Units and Class B LP Units are collectively referred to as "Unitholders". CTC also owns all of the 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 for financial reporting purposes which comprises the ownership and operation of primarily retail investment properties located across Canada.

2.0 FACTORS AFFECTING THE REIT AS A RESULT OF COVID-19 PANDEMIC

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

On March 11, 2020, the World Health Organization declared the outbreak of the Coronavirus disease 2019 ("COVID-19") a pandemic, which has resulted in unprecedented social and economic challenges. In Canada, Federal, Provincial and Municipal governments and public health officials have been continuously announcing new restrictions, guidelines and support to prevent the spread of the virus while also attempting to provide financial stability through various economic relief programs. During these extraordinary times, the REIT has remained committed to contain the virus and to the health and safety of our employees and tenants, including our tenants' customers as well as employees.

During the quarter, strict measures were imposed on many of the REIT's tenants, including CTC, who closed its SportChek and Mark's stores in an attempt to impede the transmission of the virus, in line with recommendations by public health officials. Subsequent to the quarter, Canadian Tire Retail stores in Ontario operated on a limited basis as a result of these imposed restrictions. Many of our other tenants have reduced their store hours and have continued to take precautions and we have enhanced cleaning protocols at many of our enclosed multi-tenanted assets which remain open. Below is a summary of the impact of COVID-19 on the first quarter operations and results of the REIT.

The health and safety of our employees and our tenants and their customers and employees is one of the REIT's top priorities. During the quarter, many social measures were introduced to reduce the spread of the virus. Notably, the REIT's employees are working from home and receiving regular communications from the Executive team. Many of our tenants have reduced their store operating hours and have continued to take the necessary precautions to reduce the public transmission of the virus and we have enhanced cleaning protocols at our enclosed multi-tenanted assets which remain open.

Impact on Annual Base Minimum Rent

Measures put in place by Canadian public authorities have resulted in the temporary closure of non-essential businesses and services in certain jurisdictions. As a result of these measures, tenants representing approximately 6.2% of the REIT's annual base minimum rent, including SportChek and Mark's, are not open and will remain closed until further notice. In addition, tenants representing approximately 33.4% of the REIT's base minimum rent are operating on a limited basis as a result of provincial restrictions. During the latter part of the first quarter of 2020, Canadian Tire Retail stores continued to operate while under more restrictive conditions, in accordance with the recommendations of public health officials. Subsequent to the quarter, as a result of further government restrictions, the REIT's 132 Canadian Tire Retail stores in Ontario were servicing customers only through Curbside Pick Up or eCommerce. Canadian Tire auto service centres and Gas+ locations in the province continue to operate. Canadian Tire Retail stores and Gas+ locations in all other provinces remain open to the public and continue to operate on reduced hours.

Tenants representing approximately 96.5% of annual base minimum rent fulfilled their May 1st financial obligations to the REIT, compared to 97.2% for April 1st. The REIT continues to work with tenants facing financial challenges during this pandemic including evaluating the potential impact of the recently announced government Canada Emergency Commercial Rent Assistance program.

Impact on Valuation of Investment Properties

The REIT's valuation assessment of its investment properties, at March 31, 2020, was reflected in the fair value adjustment of investment properties. Management's assessment included performing a sensitivity analysis on discount and capitalization rates.

In determining the fair value of investment properties for these interim financial statements, management considered the impact on tenant operations with temporarily closed locations or temporarily reduced service levels, under the current COVID-19 restrictions imposed by various levels of government. Management reflected these changes by adjusting its cash flow assumptions for impacted properties, together with certain adjustments to the discount and capitalization rates used in determining the fair value of investment properties as at March 31, 2020. The impact of these changes is reflected in the fair value adjustment on investment properties and should be considered together with the sensitivity analysis on discount and capitalization rates included in Note 3.

Impact to Liquidity

The current economic, operating and capital market environment resulting from the COVID-19 pandemic has led to an increased emphasis on liquidity. While management has not changed the REIT's objectives in managing capital, the current focus has been on ensuring that the REIT has access to sufficient liquidity. Management believes the REIT is well positioned to manage through these unprecedented times based on its strong balance sheet, a portfolio that is 99.4% occupied, its conservative 77.6% payout ratio, a strong liquidity position, a low debt-to-gross book value of approximately 43% and approximately $315,000 of undrawn Credit Facilities and cash on hand.

During the quarter, the REIT implemented actions to preserve its cash position and financial flexibility, including a plan to reduce discretionary capital expenditures and participating in property tax deferral payment arrangements being offered to property owners.

As at March 31, 2020 the REIT was in compliance with all financial covenants under the Credit Facilities (as defined below) and the trust indenture dated June 9, 2015, as supplemented by supplemental indentures, governing its debentures.

Subsequent Event

Subsequent to March 31, 2020 the following occurred:

- On May 1, 2020, the REIT reset the interest rate on its Series 3, 16-19 Class C LP Units with CTC to 2.37%, for a 5-year term ending on May 31, 2025.

Key Risks and Risk Management

During the quarter, the global spread of COVID-19 had a significant impact on the Canadian and global economy and equity markets. Many industries, including retail and commercial real estate were, and continue to be affected.

It is difficult to predict the duration and extent of the impact of COVID-19 on the REIT's business and operations, both in the short- and long-term. The REIT has instituted comprehensive and evolving risk management strategies to support its business and operations, in a manner that aims to address key risks. The impact of COVID-19 on liquidity, cash flows, property operations and head office facilities have been considered while ensuring the maintenance of controls that aim to protect the integrity of the REIT's reported financial information, and safeguard systems and information. These strategies allow the REIT to maintain a financially strong business and to continue to support employees, tenants and their customers and employees. Refer to section 12.0, "Enterprise Risk Management" for a discussion of the risks associated with the COVID-19 pandemic.

Business Updates

Absent material changes in our business, we do not anticipate providing business updates relating to COVID-19 or otherwise on a regular basis, outside of our regular continuous disclosure requirements or as required by applicable securities laws.

3.0 GROWTH STRATEGY AND OBJECTIVES

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

The principal objective of CT REIT is to create Unitholder value over the long-term by generating reliable, durable and growing monthly distributions on a tax-efficient basis. To achieve this objective, management is focused on expanding the REIT's asset base while also increasing its AFFO[1] per unit.

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

1. The portfolio of Canadian Tire Retail store leases generally contains contractual rent escalations of approximately 1.5% per year, on average, over the initial term of the leases and have a weighted average remaining lease term of 9.6 years;
2. CT REIT has contractual arrangements with CTC whereby CT REIT has a right of first offer ("ROFO")[2] on all CTC properties which meet the REIT's investment criteria and preferential rights, subject to certain exceptions, to participate in the development of, and to acquire, certain new retail properties; and
3. CT REIT will continue to seek to use its relationship with CTC to obtain insights into potential real estate acquisitions and development opportunities in markets across Canada.

[1] Non-GAAP measure. Refer to section 11.0 for further information.

[2] The ROFO Agreement shall continue in effect until the later of October 2023 and such time as CTC ceases to hold a majority of the voting units, being the Units and Special Voting Units (as defined in section 8.0).

4.0 SUMMARY OF SELECTED FINANCIAL AND OPERATIONAL INFORMATION

Readers are reminded that certain key performance measures may not have standardized meanings under GAAP. For further information on the REIT's operating measures and non-GAAP measures, refer to sections 1.0 and 11.0.

(in thousands of Canadian dollars, except unit, per unit and square footage amounts)	Three Months Ended		
For the periods ended March 31,	**2020**	2019	Change
Property revenue	**$ 126,845**	$ 121,564	4.3 %
EBITFV [1]	**$ 94,431**	$ 90,567	4.3 %
Net operating income [1]	**$ 95,319**	$ 89,939	6.0 %
Net income	**$ 43,196**	$ 71,445	(39.5)%
Net income per Unit - basic [2]	**$ 0.189**	$ 0.324	(41.7)%
Net income per Unit - diluted [3]	**$ 0.173**	$ 0.273	(36.6)%
Funds from operations [1]	**$ 66,885**	$ 63,435	5.4 %
FFO per Unit - diluted (non-GAAP) [1,2,4]	**$ 0.293**	$ 0.288	1.7 %
Adjusted funds from operations [1]	**$ 58,174**	$ 54,024	7.7 %
AFFO per Unit - diluted (non-GAAP) [1,2,4]	**$ 0.254**	$ 0.245	3.7 %
Distributions per Unit - paid [2]	**$ 0.197**	$ 0.189	4.0 %
AFFO payout ratio [1]	**77.6%**	77.1%	0.6 %
Excess of AFFO [1] over distributions:			
Cash retained from operations before distribution reinvestment [5]	**$ 13,230**	$ 12,322	7.4 %
Per Unit - diluted (non-GAAP) [2,4,5]	**$ 0.058**	$ 0.056	3.6 %
Cash generated from operating activities	**$ 98,817**	$ 89,660	10.2 %
Adjusted cashflow from operations [1]	**$ 55,118**	$ 51,719	6.6 %
Weighted average number of Units outstanding [2]			
Basic	**228,350,645**	220,321,203	3.6 %
Diluted [3]	**348,948,514**	324,707,957	7.5 %
Diluted (non-GAAP) [1,4]	**228,596,901**	220,547,295	3.6 %
Period-end Units outstanding [2]	**228,501,308**	220,406,090	3.7 %
Total assets	**$ 6,069,044**	$ 5,853,296	3.7 %
Total indebtedness	**$ 2,588,789**	$ 2,580,000	0.3 %
Book value per Unit [2]	**$ 14.60**	$ 14.15	3.2 %
Market price per Unit - Close (end of period)	**$ 11.70**	$ 14.36	(18.5)%
OTHER DATA			
Weighted average interest rate [6]	**4.06%**	4.08%	(0.5)%
Indebtedness ratio	**42.7%**	44.1%	(1.4)%
Interest coverage (times)	**3.43**	3.35	2.4 %
Weighted average term to debt maturity (in years) [6]	**7.7**	8.7	(11.5)%
Gross leasable area (square feet) [7]	**27,711,965**	26,907,132	3.0 %
Occupancy rate [7,8]	**99.4%**	99.1%	0.3 %

[1] Non-GAAP measure. Refer to section 11.0 for further information.

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

[3] Diluted units determined in accordance with IFRS includes restricted and deferred units issued under various plans and the effect of assuming that all of the Class C LP Units will be settled with Class B LP Units. Refer to section 8.0.

[4] Diluted units used in calculating non-GAAP measures include restricted and deferred units issued under various plans and exclude the effect of assuming that all of the Class C LP Units will be settled with Class B LP Units. Refer to section 8.0.

[5] Refer to section 8.0 for further information.

[6] Excludes the Credit Facilities. Refer to section 7.10 for definition.

[7] Refers to retail, mixed-use commercial and industrial properties and excludes Properties Under Development. Refer to the Glossary of Terms in the 2019 Annual Report for definition.

[8] Occupancy and other leasing key performance measures have been prepared on a committed basis which includes the impact of existing lease agreements contracted on or before March 31, 2020 and March 31, 2019.

5.0 OVERVIEW OF THE PROPERTY PORTFOLIO

5.1 Property Profile

The property portfolio as at March 31, 2020 consists of 348 retail properties, four industrial properties, one mixed-use commercial property and four Development Properties (collectively, the "Properties"). The Properties are located in each of the provinces and in two territories across Canada. The retail properties, industrial properties and mixed-use commercial property contain approximately 27.7 million square feet of gross leasable area ("GLA").

CT REIT's consolidated financial position, results of operations and property portfolio metrics include the REIT's one-half interest in Canada Square, a mixed-use commercial property in Toronto, Ontario ("Toronto (Canada Square), Ontario"). CTC is CT REIT's most significant tenant. At March 31, 2020, CTC represented 92.3% of total GLA (December 31, 2019 - 92.5%) and 91.6% of annualized base minimum rent (December 31, 2019 - 91.7%).

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

			As at March 31, 2020
(in square feet)	**GLA**	**Occupied GLA**	**Occupancy rate [2]**
Property Type			
Retail			
Canadian Tire stores	**21,094,518**	**21,094,518**	**100.0%**
Other CTC Banners [1]	**577,301**	**577,301**	**100.0%**
Third party retail tenants	**1,704,696**	**1,550,281**	**90.9%**
Industrial properties	**3,914,871**	**3,914,871**	**100.0%**
Mixed-use property	**420,579**	**395,512**	**94.0%**
Total	**27,711,965**	**27,532,483**	**99.4%**

[1] Includes Mark's and L'Équipeur, SportChek, Sports Experts, and Canadian Tire Bank (referred to herein as "Other CTC Banners").

[2] Occupancy and other leasing key performance measures have been prepared on a committed basis which includes the impact of existing lease agreements contracted on or before March 31, 2020.

			As at December 31, 2019
(in square feet)	GLA	Occupied GLA	Occupancy rate [1]
Property Type			
Retail			
Canadian Tire stores	21,094,518	21,094,518	100.0%
Other CTC Banners	567,301	567,301	100.0%
Third party retail tenants	1,699,265	1,558,838	91.7%
Industrial properties	3,914,871	3,812,248	97.4%
Mixed-use property	280,386	264,895	94.5%
Total	27,556,341	27,297,800	99.1%

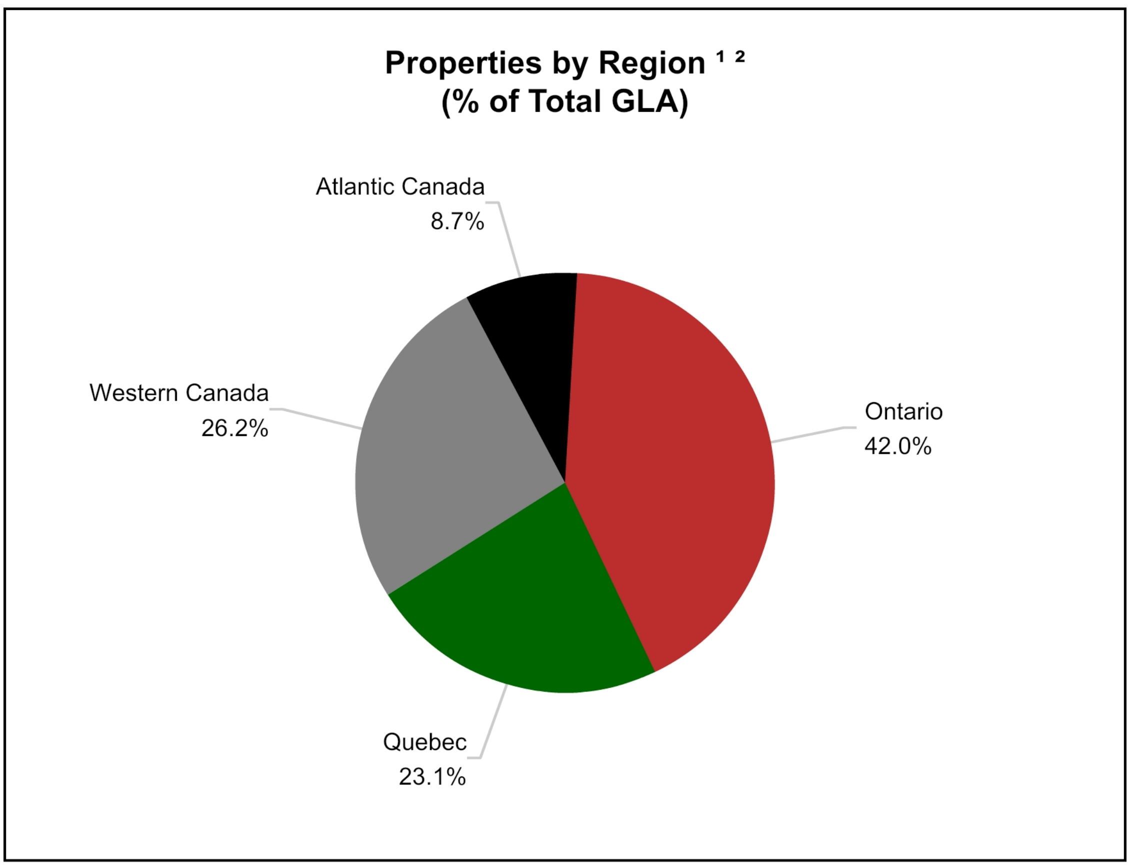
[1] Occupancy and other leasing key performance measures have been prepared on a committed basis which includes the impact of existing lease agreements contracted on or before December 31, 2019.

The REIT's property portfolio consists of:

As at	**March 31, 2020**	December 31, 2019
Canadian Tire single tenant properties	**255**	257
Other single tenant properties	**25**	25
Multi-tenant properties anchored by Canadian Tire Retail store	**62**	60
Multi-tenant properties not anchored by Canadian Tire Retail store	**6**	6
Industrial properties	**4**	4
Mixed-use property	**1**	1
Total operating properties	**353**	353
Development Properties	**4**	4
Total properties	**357**	357

As at	**March 31, 2020**	December 31, 2019
Gas bars at retail properties	**109**	109

CT REIT's Properties by region, as a percentage of total GLA, as at March 31, 2020 are as follows:

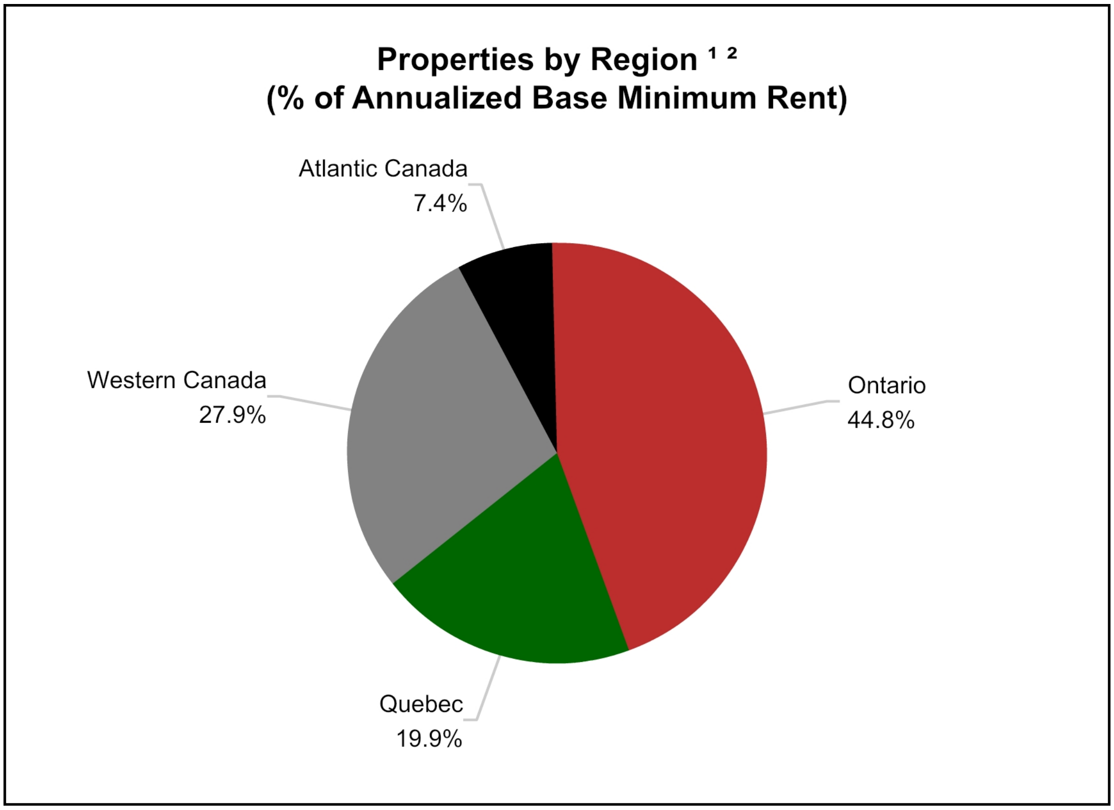


[1] *Excluding Properties Under Development.*

[2] *Occupancy and other leasing key performance measures have been prepared on a committed basis which includes the impact of existing lease agreements contracted on or before March 31, 2020.*

5.2 Revenue by Region

CT REIT's Properties by region, as a percentage of annualized base minimum rent, as at March 31, 2020 are as follows:



[1] Excluding Properties Under Development.

[2] Occupancy and other leasing key performance measures have been prepared on a committed basis which includes the impact of existing lease agreements contracted on or before March 31, 2020.

5.3 Six Largest Urban Markets

A significant portion of CT REIT's Properties are located in the following six largest urban markets:

As at	**March 31, 2020**	December 31, 2019
Vancouver	**3.2%**	3.2%
Edmonton	**4.2%**	4.2%
Calgary	**2.8%**	2.6%
Toronto	**21.6%**	21.0%
Ottawa	**4.0%**	4.0%
Montreal	**11.2%**	11.3%
Percentage of Annualized Base Minimum Rent [1, 2]	**47.0%**	46.3%

[1] Excluding Properties Under Development.

[2] Occupancy and other leasing key performance measures have been prepared on a committed basis which includes the impact of existing lease agreements contracted on or before March 31, 2020.

5.4 Fair Value of Property Portfolio

The fair value of the Properties represents 99.4% of the total assets of CT REIT as at March 31, 2020.

	Three Months Ended March 31, 2020			Year Ended December 31, 2019		
(in thousands of Canadian dollars)	**Income-producing properties**	**Properties Under Development**	**Total investment properties**	Income-producing properties	Properties Under Development	Total investment properties
Balance, beginning of period	**5,932,864**	**74,118**	**6,006,982**	5,635,550	127,233	5,762,783
Property acquisitions (including transaction costs)	**32,732**	**—**	**32,732**	75,669	—	75,669
Intensifications	**—**	**1,150**	**1,150**	—	39,448	39,448
Developments	**—**	**4,921**	**4,921**	—	48,222	48,222
Development land	**—**	**—**	**—**	—	1,918	1,918
Capitalized interest and property taxes	**—**	**398**	**398**	—	2,080	2,080
Transfers	**4,721**	**(4,721)**	**—**	144,783	(144,783)	—
Right-of-use assets [1]	**5,375**	**—**	**5,375**	(2,343)	—	(2,343)
Fair value adjustment on investment properties	**(24,241)**	**—**	**(24,241)**	47,306	—	47,306
Straight-line rent	**2,589**	**—**	**2,589**	14,130	—	14,130
Recoverable capital expenditures	**2,366**	**—**	**2,366**	20,549	—	20,549
Dispositions	**(272)**	**—**	**(272)**	(2,780)	—	(2,780)
Balance, end of period	**$ 5,956,134**	**$ 75,866**	**$ 6,032,000**	$ 5,932,864	$ 74,118	$ 6,006,982

[1] *Reflects impact of ground lease amendments and Toronto (Canada Square), Ontario increase in ownership from 33% interest to 50% interest.*

Included in CT REIT's portfolio are 10 properties which are situated on ground leases with remaining initial terms up to 36 years, and an average remaining initial term of 13 years. Assuming all extensions are exercised, the ground leases have remaining terms between 4 and 50 years with an average remaining lease term of up to 31 years.

As at March 31, 2020, management's determination of fair value was updated for current market assumptions, informed by market capitalization and discount rates provided by independent appraisal professionals. On a periodic basis, CT REIT obtains independent appraisals such that approximately 80% of its properties, by value, will be externally appraised over a four-year period. See section 2.0.

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

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

	Three Months Ended March 31, 2020		Year Ended December 31, 2019	
	Properties valued by the OCR method	**Properties valued by the DCF method**	Properties valued by the OCR method	Properties valued by the DCF method
Number of properties	**285**	**72**	287	70
Value at the period end	**$ 4,191,000**	**$ 1,841,000**	$ 4,240,942	$ 1,766,040
Discount rate[1]	**—%**	**7.00%**	—%	7.01%
Terminal capitalization rate[1]	**—%**	**6.57%**	—%	6.56%
Overall capitalization rate[1]	**6.19%**	**—%**	6.17%	—%
Hold period (years)	**—**	**12**	—	10

[1] *Weighted average rate based on the fair value as at the period end date*

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

	Three Months Ended March 31, 2020			
	OCR Sensitivity		**DCF Sensitivity**	
Rate sensitivity	**Fair value**	**Change in fair value**	**Fair value**	**Change in fair value**
+ 75 basis points	**$ 3,751,000**	**$ (440,000)**	**$ 1,655,000**	**$ (186,000)**
+ 50 basis points	**3,887,000**	**(304,000)**	**1,711,000**	**(131,000)**
+ 25 basis points	**4,035,000**	**(156,000)**	**1,768,000**	**(73,000)**
March 31, 2020	**$ 4,191,000**	**$ —**	**$ 1,841,000**	**$ —**
- 25 basis points	**4,366,000**	**175,000**	**1,899,000**	**58,000**
- 50 basis points	**4,554,000**	**363,000**	**1,971,000**	**130,000**
- 75 basis points	**$ 4,759,000**	**$ 568,000**	**$ 2,052,000**	**$ 211,000**

	Year Ended December 31, 2019			
	OCR Sensitivity		DCF Sensitivity	
Rate sensitivity	Fair value	Change in fair value	Fair value	Change in fair value
+ 75 basis points	$ 3,795,258	$ (445,684)	$ 1,585,694	$ (180,346)
+ 50 basis points	3,932,504	(308,438)	1,640,800	(125,240)
+ 25 basis points	4,080,638	(160,304)	1,699,732	(66,308)
December 31, 2019	$ 4,240,942	$ —	$ 1,766,040	$ —
- 25 basis points	4,415,156	174,214	1,830,296	64,256
- 50 basis points	4,605,102	364,160	1,903,008	136,968
- 75 basis points	$ 4,813,073	$ 572,131	$ 1,982,280	$ 216,240

5.5 2020 Investment Activities

The following table presents income-producing properties acquired, intensified, developed, or redeveloped during the three months ended March 31, 2020.

(in thousands of Canadian dollars, except for GLA amounts)	**Transaction date**	**GLA**	**Total investment cost**
Property Location			
Toronto (Canada Square), ON [1]	January 2020	140,193	
Bradford, ON [2]	March 2020	10,000	
Pad developments [3]	Various	5,295	
Total		**155,488**	$ 42,636

[1] *Acquisition of income-producing properties.*

[2] *Development property.*

[3] *Relates to third party pad development projects.*

Toronto (Canada Square), Ontario

CT REIT and our co-owner Oxford Properties each increased their respective ownership interests in the property from a 33% interest to a 50% interest on January 9, 2020.

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

5.6 Development Activities

The following table provides details of the REIT's development activities as at March 31, 2020. The total building area represents the maximum anticipated area of the developments. The "Not committed to lease" column includes areas which may be under construction but not committed to lease. The "Committed additional investment" column represents the approximate financial commitment required to complete the "Committed to lease" areas and related site works. In line with the REIT's reduced discretionary capital expenditures, as described in section 2.0, the completion dates for a number of projects have been extended.

		Gross leasable area (in square feet)			Total investment (in thousands of Canadian dollars)		
Property [1]	**Anticipated date of completion**	**Committed to lease**	**Not committed to lease**	**Total**	**Incurred to-date** [10]	**Committed additional investment** [10]	**Total**
Niagara Falls, ON [3]	Q3 2020	214,000	11,000	225,000			
Orillia, ON - Phase 1/Phase 2 [3]	Q3 2020/Q4 2021	286,000	34,000	320,000			
Kincardine, ON [2]	Q3 2020	29,000	—	29,000			
Rouyn-Noranda, QC [2]	Q3 2020	12,000	—	12,000			
Yarmouth, NS [4]	Q3 2020	23,000	—	23,000			
Fort St. John, BC - Phase 1 [5]	Q4 2020	144,000	7,000	151,000			
Buckingham, QC [2]	Q4 2020	20,000	—	20,000			
Pad developments [6]	2020/2021	5,000	5,000	10,000			
Midland, ON [2]	Q2 2021	41,000	—	41,000			
Brampton Trinity Commons, ON [2]	Q2 2022	16,000	—	16,000			
La Plaine, QC [2]	Q2 2022	21,000	—	21,000			
Mission, BC [2]	Q4 2022	7,000	—	7,000			
Brampton McLaughlin, ON [2]	Q4 2022	28,000	—	28,000			
Welland, ON [4]	Q4 2022	79,000	—	79,000			
Sept-Iles, QC [2]	Q2 2023	18,000	—	18,000			
Fenelon Falls, ON [2]	Q2 2023	26,000	—	26,000			
Dryden, ON [2]	Q4 2023	43,000	—	43,000			
Calgary, AB [7]	TBD	TBD	TBD	TBD			
Toronto (Canada Square), ON [8,9]	TBD	TBD	TBD	TBD			
TOTAL		**1,012,000**	**57,000**	**1,069,000**	**$ 75,866**	**$ 146,213**	**$ 222,079**

[1] Properties Under Development under 5,000 square feet that are not anticipated to be completed within the next 12 months have not been included.

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

[3] Redevelopment property.

[4] Acquired development land for the intensification of an existing income-producing property.

[5] Development property.

[6] Relates to third party pad development projects that are estimated to be completed in the next 12 months.

[7] Development land. Potential building area and investment costs to be determined ("TBD").

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

[9] Land lease.

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

As at March 31, 2020, CT REIT had committed lease agreements for 1,012,000 square feet, representing 94.7% of total GLA under development, of which 80.5% has been leased to CTC. A total of $75,866 has been expended to date on such developments, and CT REIT anticipates investing an additional $146,213 to complete the developments of which $130,617 is due to CTC. These commitments exclude the development activities at the Calgary, Alberta property. In the next 12 months, the REIT expects to spend $79,753 on development activities.

5.7 Investment and Development Funding

Funding of investment and development activities for the three months ended March 31, 2020 was as follows:

	Q1 2020 Investment and Development Activity			
(in thousands of Canadian dollars)	Property investments	Developments	Intensifications	Total
Funded with working capital to CTC	$ —	$ —	$ 556	$ 556
Funded with working capital to third parties [1]	14,165	4,921	594	19,680
Capitalized interest and property taxes	—	398	—	398
Mortgages payable	18,567	—	—	18,567
Total costs	**$ 32,732**	**$ 5,319**	**$ 1,150**	**$ 39,201**

[1] Includes $953 for the construction of Other CTC Banner stores.

Funding of investment and development activities for the three months ended March 31, 2019 was as follows:

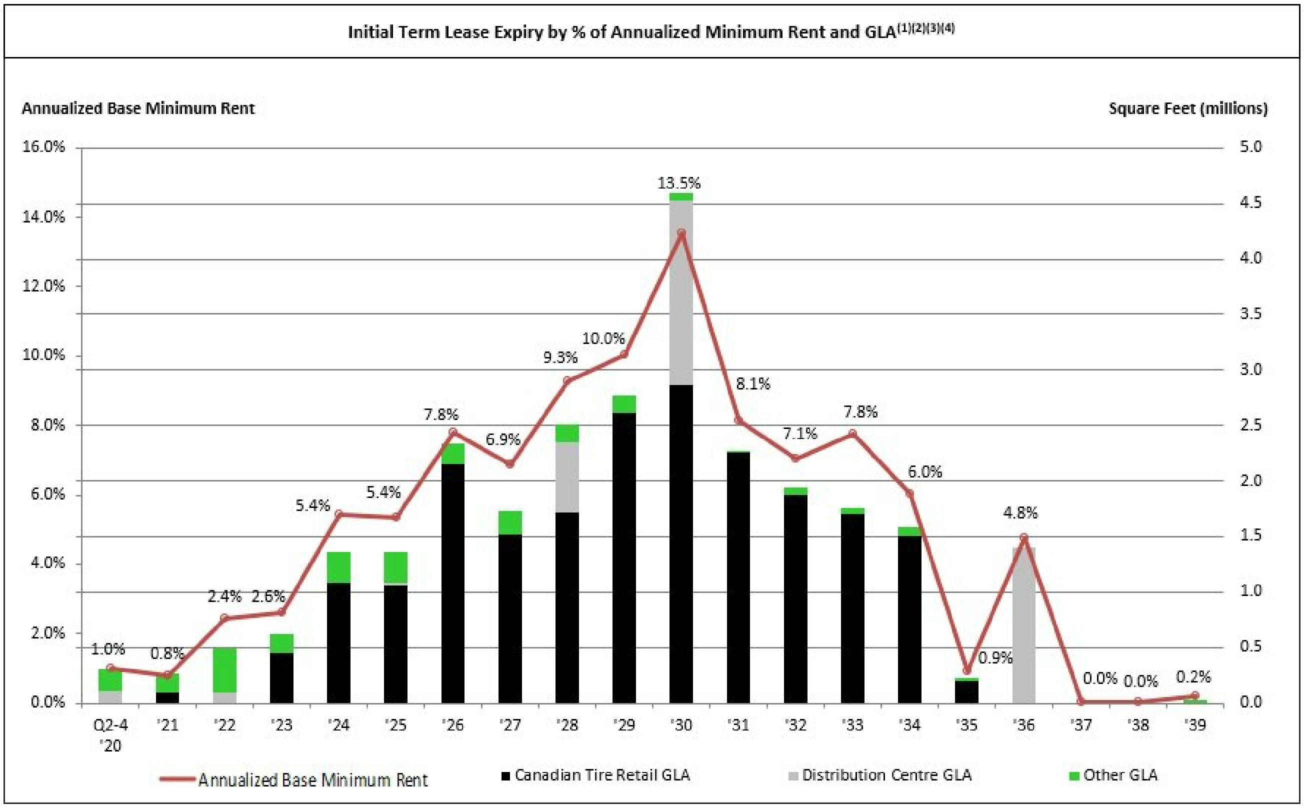
	Q1 2019 Investment and Development Activity			
(in thousands of Canadian dollars)	Property investments	Developments	Intensifications	Total
Funded with working capital to CTC	$ —	$ 25,171	$ 2,018	$ 27,189
Funded with working capital to third parties [1]	9,409	1,998	3,517	14,924
Capitalized interest and property taxes	—	541	—	541
Mortgages assumed	11,330	—	—	11,330
Total costs	$ 20,739	$ 27,710	$ 5,535	$ 53,984

[1]Includes $1,546 for the construction of Other CTC Banner stores.

5.8 Lease Maturities

CTC is CT REIT's most significant tenant. As at March 31, 2020, CTC, including Canadian Tire Retail stores and Other CTC Banners, had leased 25.6 million square feet of GLA, with approximately 85.6% and 14.4% of the GLA attributable to retail and office, and industrial properties, respectively. The weighted average term of the retail leases with CTC, including Canadian Tire Retail stores and Other CTC Banners, was 9.5 years, excluding the exercise of any renewal options. The weighted average term of the Canadian Tire Retail store leases was 9.6 years, with a weighted average rental rate of $13.79 per square foot. The weighted average lease term for the CTC industrial properties was 13.6 years. The weighted average lease term of all leases in the REIT's portfolio, excluding Properties Under Development, was 9.5 years.

The following graph presents the lease maturity profile from 2020 to 2039 (assuming tenants do not exercise renewal options or termination rights, if any) as a percentage of annualized base minimum rent and GLA as of the time of the lease expiry.



[1] *Excludes Properties Under Development.*

[2] *Total base minimum rent excludes future contractual escalations.*

[3] *Toronto (Canada Square), Ontario is included at the REIT's one-half interest. Refer to section 5.5 for further information.*

[4] *Occupancy and other leasing key performance measures have been prepared on a committed basis which includes the impact of existing lease agreements contracted on or before March 31, 2020.*

5.9 Top 10 Tenants Excluding CTC Related Tenancies

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

Rank	Tenant Name	Percentage of total annualized base minimum rent [1]
1	Save-On-Foods/Buy-Low Foods	0.71%
2	Bank of Montreal	0.53%
3	Loblaws/Shoppers Drug Mart/No Frills	0.53%
4	Canadian Imperial Bank of Commerce	0.44%
5	Sobeys/FreshCo/Farm Boy	0.44%
6	Winners/Marshalls	0.42%
7	Metro	0.26%
8	Dollarama	0.24%
9	Best Buy	0.23%
10	GoodLife Fitness	0.21%
		4.01%

[1] Occupancy and other leasing key performance measures have been prepared on a committed basis which includes the impact of existing lease agreements contracted on or before March 31, 2020.

5.10 Leasing Activities

The future financial performance of CT REIT will be impacted by occupancy rates, trends in rental rates achieved on leasing or renewing currently leased space, and contractual increases in rent. As at March 31, 2020, the REIT's occupancy rate was 99.4% (Q4 2019 - 99.1%), excluding Properties Under Development. Refer to section 5.1 for further details.

5.11 Recoverable Capital Costs

Many of the capital costs that will be incurred by CT REIT are recoverable from tenants pursuant to the terms of their leases. The recoveries will occur either in the year in which such expenditures are incurred or, in the case of a major item of replacement or betterment, on a straight-line basis over the expected useful life thereof together with an imputed rate of interest on the unrecovered balance at any point in time. Capital expenditures of $2,366 (Q1 2019 - $257) were incurred during the three months ended March 31, 2020. Most of the REIT's recoverable capital expenditures relate to parking lots, roofs and heating, ventilation and air conditioning equipment, the incurrence of which are typically seasonal in nature. As a result, the actual recoverable capital costs may vary widely from period to period.

6.0 RESULTS OF OPERATIONS

6.1 Financial Results for the Three Months Ended March 31, 2020

CT REIT's financial results for the three months ended March 31, 2020 and March 31, 2019 are summarized below:

(in thousands of Canadian dollars, except per unit amounts)	Three Months Ended		
For the periods ended March 31,	**2020**	2019	Change
Property revenue	**$ 126,845**	$ 121,564	4.3 %
Property expense	**(28,937)**	(27,993)	3.4 %
General and administrative expense	**(2,983)**	(4,771)	(37.5)%
Net interest and other financing charges	**(27,488)**	(26,954)	2.0 %
Fair value adjustment on investment properties	**(24,241)**	9,599	(352.5)%
Net income and comprehensive income	**$ 43,196**	$ 71,445	(39.5)%
Net income per unit - basic	**$ 0.189**	$ 0.324	(41.7)%
Net income per unit - diluted	**$ 0.173**	$ 0.273	(36.6)%

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 the REIT absorbing these expenses to the extent that vacancies exist.

Total revenue was $126,845 which was $5,281 (4.3%) higher compared to the same period in the prior year, primarily due to contractual rent escalations, additional base rent related to properties acquired, and developments and intensifications completed during 2020 and 2019. Total revenue for the three months ended March 31, 2020 also included property operating expense recoveries in the amount of $27,383 (Q1 2019 - $26,066).

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 March 31, 2020, straight-line rent of $2,589 (Q1 2019 - $3,632) was included in total property revenue.

Property Expense

The components of property expense consist primarily of property taxes, operating costs, property management costs (including any outsourcing of property management services) and other recoveries. The majority of property expenses are recoverable from tenants with CT REIT absorbing these expenses to the extent that vacancies exist.

Property expense for the three months ended March 31, 2020 increased by $944 (3.4%) compared to the same period in the prior year primarily due to operating expenses related to property acquisitions completed during 2020 and 2019.

General and Administrative Expense

CT REIT has a number of broad categories of general and administrative expenses: (i) personnel; (ii) public entity and other costs, including external audit fees, trustee compensation expense, legal and professional fees, travel, income tax expense (recovery) related to CT REIT GP Corp.'s ("GP") activities; and (iii) outsourced costs, which may fluctuate depending on when such costs are incurred. The personnel, public entity and other costs reflect the expenses related to ongoing operations of CT REIT. The outsourced costs are largely related to certain administrative, information technology, internal audit and other support services provided by CTC to the REIT pursuant to the Services Agreement, as further described in section 9.0 of this MD&A.

(in thousands of Canadian dollars)	Three Months Ended		
For the periods ended March 31,	**2020**	2019	Change
Personnel expense [1]	**$ 1,402**	$ 2,041	(31.3)%
Services Agreement with CTC	**331**	733	(54.8)%
Public entity and other [1]	**1,373**	1,997	(31.2)%
	$ 3,106	$ 4,771	(34.9)%
Less: Allocated to property operating costs	**(123)**	—	— %
General and administrative expense	**2,983**	4,771	(37.5)%
As a percent of property revenue	**2.4%**	3.9%	
Adjusted general and administrative expense as a percent of property revenue [2]	**3.6%**	3.0%	

[1] Includes unit-based awards including (gain) loss adjustments as a result of the change in the fair market value of the Units of $(1,607) (Q1 2019 - $1,086) for the three months ended March 31, 2020.

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

General and administrative expenses amounted to $2,983 or 2.4% of property revenue for the three months ended March 31, 2020 which is $1,788 (37.5%) lower compared to the same period in the prior year primarily due to:

- decreased personnel compensation and trustee fees due to the fair value adjustment on unit-based awards; and
- decreased Service Agreement costs as a result of the new information system CT REIT implemented during 2019; partially offset by
- higher income tax expense recorded in connection with GP's activities.

Net Interest and Other Financing Charges

As at March 31, 2020 the Partnership had 1,451,550 Class C LP Units outstanding with a face value of $1,451,550 and bearing a weighted average distribution rate of 4.70% per annum. The Class C LP Units are subject to redemption rights. Accordingly, the Class C LP Units are classified as financial liabilities and distributions on the Class C LP Units are presented in the net interest and other financing charges in the interim Statements of Income and Comprehensive Income.

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

(in thousands of Canadian dollars)		Three Months Ended			
For the periods ended March 31,		**2020**		2019	Change
Interest on Class C LP Units [1]	**$**	**17,055**	$	17,055	— %
Interest and financing costs - debentures		**9,031**		8,942	1.0 %
Interest and financing costs - Credit Facilities [2]		**254**		302	(15.9)%
Interest on mortgages payable		**559**		446	25.3 %
Interest on lease liabilities [3]		**908**		816	11.3 %
	$	**27,807**	$	27,561	0.9 %
Less: capitalized interest		**(243)**		(541)	(55.1)%
Interest expense and other financing charges	**$**	**27,564**	$	27,020	2.0 %
Less: interest income		**(76)**		(66)	15.2 %
Net interest and other financing charges	**$**	**27,488**	$	26,954	2.0 %

[1] CTC elected to defer receipt of distributions on Series 3-9 and Series 16 and 19 of Class C LP Units for the three months ended March 31, 2020 in the amount of $11,278 (Q1 2019 -$11,278) until the first business day following the end of the fiscal year and instead obtained a loan. The deferred distributions have been netted against interest payable on Class C LP Units and are included under the heading "other liabilities" on the interim Balance Sheets.

[2] Refer to section 7.10 for details on Credit Facilities.

[3] Refer to section 10.2 for further information.

Net interest and other financing charges for the three months ended March 31, 2020 was $534 (2.0%) higher compared to the same period in the prior year largely due to decreased interest capitalization on development projects in 2020.

Fair Value Adjustment on Investment Properties

The fair value adjustment on investment properties for the three months ended March 31, 2020 was $(24,241), a decrease of $33,840 compared to the adjustment in the same period in the prior year. The decrease in the fair value adjustment on investment properties is primarily due to updated inputs in the property appraisal models reflecting the initial estimated negative impact of the COVID-19. Refer to section 2.0.

Income Tax Expense

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

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

Net Income

(in thousands of Canadian dollars, except per unit amounts)		Three Months Ended			
For the periods ended March 31,		**2020**		2019	Change
Net income and comprehensive income	**$**	**43,196**	$	71,445	(39.5)%
Net income per unit - basic	**$**	**0.189**	$	0.324	(41.7)%
Net income per unit - diluted	**$**	**0.173**	$	0.273	(36.6)%

Net income decreased by $28,249 (39.5%) for the three months ended March 31, 2020 compared to the same period in the prior year for the reasons previously discussed.

Net income per unit - basic decreased by $0.135 (41.7%) for the three months ended March 31, 2020 compared to the same period in the prior year primarily due to decreased net income, as discussed above, as well as by an increase in the weighted average number of Units outstanding - basic.

Net income per unit - diluted decreased by $0.100 (36.6%) for the three months ended March 31, 2020 compared to the same period in the prior year primarily due to decreased net income, as previously discussed, as well as by an increase in the weighted average number of Units outstanding - diluted.

6.2 Non-GAAP Measures

In addition to the GAAP measures previously described, management uses non-GAAP measures in assessing the financial performance of CT REIT. Refer to section 1.0 and 11.0 in this MD&A for further information.

(in thousands of Canadian dollars, except per unit amounts)	Three Months Ended		
For the periods ended March 31,	**2020**	2019	Change
Net operating income	**$ 95,319**	$ 89,939	6.0%
Same store NOI	**$ 91,312**	$ 89,160	2.4%
Same property NOI	**$ 92,034**	$ 89,160	3.2%
Funds from operations	**$ 66,885**	$ 63,435	5.4%
FFO per unit - basic	**$ 0.293**	$ 0.288	1.7%
FFO per unit - diluted (non-GAAP)	**$ 0.293**	$ 0.288	1.7%
Adjusted funds from operations	**$ 58,174**	$ 54,024	7.7%
AFFO per unit - basic	**$ 0.255**	$ 0.245	4.1%
AFFO per unit - diluted (non-GAAP)	**$ 0.254**	$ 0.245	3.7%
AFFO payout ratio	**77.6%**	77.3%	0.4%
ACFO	**$ 55,118**	$ 51,719	6.6%
EBITFV	**$ 94,431**	$ 90,567	4.3%

Net Operating Income

NOI for the three months ended March 31, 2020 increased by $5,380 (6.0%) compared to the same period in the prior year primarily due to the acquisition of income-producing properties and Properties Under Development completed in 2020 and 2019, which contributed $2,506 to NOI growth. NOI for Properties Under Development for the three months ended March 31, 2020 was $485.

Same store NOI and same property NOI for the three months ended March 31, 2020 increased by $2,152 (2.4%) and $2,874 (3.2%), respectively, when compared to the prior year primarily for the following reasons:

- contractual rent escalations of approximately 1.5% per year, on average, contained within the Canadian Tire Retail store, Canadian Tire Gas+ gas bar and CTC industrial leases, which are generally effective January 1st, contributed $1,095 to NOI growth;
- intensifications completed in 2020 and 2019 contributed to $722 to same property NOI growth;
- recovery of capital expenditures and interest earned on the unrecovered balance contributed $422 to NOI growth;
- a reduction in property management expenses, pursuant to Property Management Agreement, amounted to an increase in NOI of $306; and
- the impact of tenancy changes at 11 Dufferin Place SE and 25 Dufferin Place SE Calgary, Alberta.

Funds From Operations

FFO for the three months ended March 31, 2020 amounted to $66,885 or $0.293 per unit - diluted (non-GAAP) which was $3,450 (5.4%) higher or $0.005 per unit - diluted (non-GAAP) (1.7%) higher than the same period in 2019 primarily due to the impact of NOI variances and decreased general and administrative expenses, discussed earlier, partially offset by higher interest expense.

Adjusted Funds From Operations

AFFO for the three months ended March 31, 2020 amounted to $58,174 or $0.254 per unit - diluted (non-GAAP) which was $4,150 (7.7%) or $0.009 per unit - diluted (non-GAAP) (3.7%) higher than the same period in 2019 primarily due to the impact of NOI variances and decreased general and administrative expenses, discussed earlier, partially offset by higher interest expense.

Adjusted Funds From Operations Payout Ratio

The AFFO payout ratio for the three months ended March 31, 2020 was 77.6%, which increased 0.4% from the same period in 2019 due to the rate of increase in the monthly distribution rate, which commenced January 1, 2020, exceeding the increase in AFFO per unit.

Adjusted Cashflow From Operations

ACFO for the three months ended March 31, 2020 increased by $3,399 (6.6%) over the same period in 2019 primarily due to the impact of NOI variances, discussed earlier, partially offset by higher interest expense.

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

EBITFV for the three months ended March 31, 2020 increased by $3,864 (4.3%) over the same period in 2019, primarily due to the impact of NOI variances discussed earlier.

7.0 LIQUIDITY AND FINANCIAL CONDITION

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

7.1 Liquidity

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

(in thousands of Canadian dollars)				
As at		**March 31, 2020**		December 31, 2019
Cash and cash equivalents	**$**	**20,173**	$	9,734
Unused portion of available Credit Facilities [1]		**294,442**		294,442
Liquidity	**$**	**314,615**	$	304,176

[1] *See section 7.10 for details on Credit Facilities.*

Cash flow generated from operating the property portfolio represents the primary source of liquidity to service debt and to fund planned maintenance expenditures, leasing costs, general and administrative expenses and distributions (other sources being interest income as well as cash on hand).

(in thousands of Canadian dollars)		**Three Months Ended**			
For the periods ended March 31,		**2020**		2019	Change [1]
Cash generated from operating activities	**$**	**98,817**	$	89,660	10.2 %
Cash used for investing activities		**(26,174)**		(23,050)	13.6 %
Cash used for financing activities		**(62,204)**		(63,538)	(2.1)%
Cash generated from the period	**$**	**10,439**	$	3,072	NM

[1] *NM - not meaningful.*

7.2 Discussion of Cash Flows

Cash generated for the three months ended March 31, 2020 of $10,439 was primarily the result of cash generated from operating activities, partially offset by investing activities, distribution payments and repayment of Credit Facilities.

7.3 Credit Ratings

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

These ratings are related to and currently equivalent to those of CTC, as CTC holds a significant ownership position in CT REIT and CTC is CT REIT's most significant tenant. On March 31, 2020, S&P revised its rating of CTC, to BBB with a negative outlook, from BBB+ with a stable outlook and on April 7, 2020 DBRS placed CTC 'under review with negative implications'. As a result of, and along with these rating actions on CTC, S&P and DBRS made the same revisions to CT REIT's ratings on March 31, 2020 and April 8, 2020, respectively.

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

	DBRS		S&P	
	Credit Rating	Trend/Action	Credit Rating	Outlook
Credit Ratings (Canadian Standards)	**BBB (high)**	**— / UR-Neg**	**BBB**	**NEG**

7.4 Debt and Capital Structure

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

(in thousands of Canadian dollars) As at	March 31, 2020	December 31, 2019
Class C LP Units	**$ 1,451,550**	$ 1,451,550
Mortgages payable	**66,325**	48,049
Debentures	**1,070,914**	1,070,695
Credit Facilities [1]	**—**	2,000
Total indebtedness	**$ 2,588,789**	$ 2,572,294
Unitholders' equity	**1,468,409**	1,464,939
Non-controlling interests	**1,868,215**	1,869,166
Total capital under management	**$ 5,925,413**	$ 5,906,399

[1] *See section 7.10 for details on Credit Facilities.*

CT REIT's total indebtedness at March 31, 2020 was higher than at December 31, 2019 primarily due to an increase in mortgages payable, partially offset by lower amounts drawn on the Credit Facilities. Refer to section 7.6 of this MD&A for further details.

CT REIT's Unitholders' equity and non-controlling interests at March 31, 2020 increased as compared to December 31, 2019 primarily as a result of net income exceeding distributions.

Future payments in respect of CT REIT's indebtedness as at March 31, 2020 are as follows:

(in thousands of Canadian dollars)	Mortgages payable: Principal amortization	Mortgages payable: Maturities	Class C LP Units	Debentures	Credit Facilities	Total
2020	300	—	251,550	— $	—	251,850
2021	420	—	—	150,000	—	150,420
2022	255	9,460	—	150,000	—	159,715
2023	—	55,700	—	—	—	55,700
2024 and thereafter	—	—	1,200,000	775,000	—	1,975,000
Total contractual obligation	$ 975	$ 65,160	$ 1,451,550	$ 1,075,000	$ —	$ 2,592,685
Unamortized portion of mark to market on mortgages payable assumed on the acquisition of properties	—	323	—	—	—	323
Unamortized transaction costs	—	(133)	—	(4,086)	—	(4,219)
	$ 975	**$ 65,350**	**$ 1,451,550**	**$ 1,070,914**	**$ —**	**$ 2,588,789**

Interest rates on CT REIT's indebtedness range from 2.16% to 5.00%. The maturity dates on the indebtedness range from May 2020 to May 2038. Total indebtedness at March 31, 2020 had a weighted average interest rate of 4.06% and a weighted average term to maturity of 7.7 years, excluding the Credit Facilities.

As at March 31, 2020, floating rate and fixed rate indebtedness were $55,700 and $2,533,089, respectively.

As at	**March 31, 2020**	December 31, 2019
Variable rate debt	**$ 55,700**	$ 39,133
Total indebtedness	**2,588,789**	2,572,294
Variable rate debt / total indebtedness	**2.15%**	1.52%

CT REIT's variable rate debt to total indebtedness ratio as at March 31, 2020 increased as compared to December 31, 2019 primarily due to an increased liability under the mortgage secured by the Toronto (Canada Square), Ontario property in Q1 2020, partially offset by decreased borrowings drawn on the Credit Facilities.

The table below presents CT REIT's interest in investment properties at fair value that are available to it to finance and/or refinance its debt as at March 31, 2020:

(in thousands of Canadian dollars)	Number of properties	Fair value of investment properties	Percentage of total assets	Mortgages payable	Loan to value ratio
Unencumbered investment properties	355	$ 5,900,196	97.2%	$ —	—
Encumbered investment properties	2	131,804	2.2%	66,325	50.3%
Total	**357**	**$ 6,032,000**	**99.4%**	**$ 66,325**	**1.1%**

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

(in thousands of Canadian dollars) As at	March 31, 2020	December 31, 2019
Secured debt	$ 66,325	$ 48,049
Total indebtedness	2,588,789	2,572,294
Secured debt / total indebtedness	**2.56%**	1.87%

CT REIT's secured debt to total indebtedness ratio at March 31, 2020 increased as compared to December 31, 2019, primarily due to an increased liability under the mortgage secured by the Toronto (Canada Square), Ontario property in Q1 2020, which was partially offset by decreased borrowings drawn on the Credit Facilities.

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

(in thousands of Canadian dollars) As at	March 31, 2020	December 31, 2019
Total indebtedness	$ 2,588,789	$ 2,572,294
EBITFV [1]	$ 377,724	370,693
Total indebtedness / EBITFV	**6.85**	6.94

[1] Non-GAAP measure. Refer to section 11.0 for further information. 2020 EBITFV is annualized based on EBITFV for the three months ended March 31, 2020.

CT REIT's indebtedness to EBITFV ratio at March 31, 2020 decreased as compared to the indebtedness to EBITFV ratio at December 31, 2019 primarily due to the growth of EBITFV exceeding the growth of total indebtedness. The growth of EBITFV was primarily due to increased NOI, as discussed earlier.

7.5 Interest Coverage Ratio

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

(in thousands of Canadian dollars)	Three Months Ended	
For the periods ended March 31,	2020	2019
EBITFV [1] (A)	$ 94,431	$ 90,567
Interest expense and other financing charges (B)	$ 27,564	$ 27,020
Interest coverage ratio [1] (A)/(B)	**3.43**	3.35

[1] Non-GAAP measure. Refer to section 11.0 for further information.

The increase in interest coverage ratio for the three months ended March 31, 2020, as compared to the same period in 2019 is primarily due to the growth of EBITFV exceeding the growth of interest and other financing charges.

7.6 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 Sheets.

CT REIT calculates its indebtedness ratio as follows:

(in thousands of Canadian dollars)

As at		March 31, 2020		December 31, 2019
Total indebtedness [1] (A)	**$**	**2,588,789**	$	2,572,294
Total assets (B)	**$**	**6,069,044**	$	6,024,512
Indebtedness ratio (A)/(B)		**42.7%**		42.7%

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

The indebtedness ratio as at March 31, 2020 is consistent compared to the indebtedness ratio as at December 31, 2019 primarily due to similar levels of acquisition, intensification and development activities and fair value adjustments made to its investment property portfolio, and a relative increase in total indebtedness.

7.7 Class C LP Units

As at March 31, 2020, there were 1,451,550 Class C LP Units outstanding, all of which were held by CTC. The Class C LP Units are designed to provide CTC with an interest in the Partnership that entitles holders to a fixed cumulative monthly payment, during the initial fixed rate period for each series of Class C LP Units (the "Initial Fixed Rate Period"), equal to a weighted average rate of 4.70% of the aggregate capital amount ascribed to the Class C LP Units. Such payments are made in priority to distributions made to holders of Class B LP Units and units representing an interest in the GP (subject to certain exceptions) if, as and when declared by the Board of Directors of the GP and are payable monthly at an annual distribution rate for each series as set out in the table below. In addition, the Class C LP Units are entitled to receive Special Voting Units, in certain limited circumstances. Refer to section 8.0 for further details.

On expiry of the Initial Fixed Rate Period applicable to each series of Class C LP Units, and each five-year period thereafter, each such series of Class C LP Units is redeemable at par (together with all accrued and unpaid payments thereon) at the option of the Partnership or the holder, upon giving at least 120 days' prior notice. The Partnership also has the ability to settle any of the Class C LP Units at any time at a price equal to the greater of par and a price to provide a yield equal to the then equivalent Government of Canada bond yield plus a spread, so long as such redemption is in connection with a sale of properties.

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

The Partnership did not settle any Class C LP Units in Q1 2020.

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.

On May 1, 2020, the REIT reset the interest rate on its Series 3, 16-19 Class C LP Units with CTC to 2.37%, for a 5-year term ending on May 31, 2025.

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

Series of Class C LP Units		Initial subscription price	Annual distribution rate during Initial Fixed Rate Period	Expiry of Initial Fixed Rate Period	% of Total Class C LP Units
Series 3	$	200,000	4.50%	May 31, 2020 (0.2 years)	13.78%
Series 4		200,000	4.50%	May 31, 2024 (4.2 years)	13.78%
Series 5		200,000	4.50%	May 31, 2028 (8.2 years)	13.78%
Series 6		200,000	5.00%	May 31, 2031 (11.2 years)	13.78%
Series 7		200,000	5.00%	May 31, 2034 (14.2 years)	13.78%
Series 8		200,000	5.00%	May 31, 2035 (15.2 years)	13.78%
Series 9		200,000	5.00%	May 31, 2038 (18.2 years)	13.78%
Series 16		16,550	2.42%	May 31, 2020 (0.2 years)	1.14%
Series 17		18,500	2.39%	May 31, 2020 (0.2 years)	1.27%
Series 18		4,900	2.28%	May 31, 2020 (0.2 years)	0.34%
Series 19		11,600	2.28%	May 31, 2020 (0.2 years)	0.80%
Total / weighted average	**$**	**1,451,550**	**4.70%**	**9.8 years**	**100.0%**
Current	$	251,550			
Non-current		1,200,000			
Total	**$**	**1,451,550**			

7.8 Debentures

		March 31, 2020				December 31, 2019		
Series		Face value		Carrying amount		Face value		Carrying amount
A, 2.85%, June 9, 2022	**$**	**150,000**	**$**	**149,662**	$	150,000	$	149,625
B, 3.53%, June 9, 2025		**200,000**		**199,142**		200,000		199,101
C, 2.16%, June 1, 2021		**150,000**		**149,795**		150,000		149,751
D, 3.29%, June 1, 2026		**200,000**		**199,164**		200,000		199,130
E, 3.47%, June 16, 2027		**175,000**		**174,171**		175,000		174,142
F, 3.87%, December 7, 2027		**200,000**		**198,980**		200,000		198,946
	$	**1,075,000**	**$**	**1,070,914**	$	1,075,000	$	1,070,695

Debentures as at March 31, 2020 had a weighted average interest rate of 3.25% (December 31, 2019 - 3.25%).

For the three months ended March 31, 2020, amortization of transaction costs of $218 (Q1 2019 - $205) is included in net interest and other financing charges on the interim statement of income and comprehensive income.

The debentures are rated “BBB” with a negative outlook by S&P. DBRS's “BBB (high)” rating for the debentures is ‘under review with negative implications’. The debentures are direct senior unsecured obligations of CT REIT. Refer to section 7.3 for further details.

7.9 Mortgages Payable

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

(in thousands of Canadian dollars)

As at	March 31, 2020		December 31, 2019	
	Face value	**Carrying amount**	Face value	Carrying amount
Current	**$ 406**	**$ 588**	$ 37,533	$ 37,696
Non-current	**65,729**	**65,737**	10,134	10,353
Total	**$ 66,135**	**$ 66,325**	$ 47,667	$ 48,049

Mortgages payable at March 31, 2020 had a weighted average interest rate of 3.37% (December 31, 2019 – 3.82%).

7.10 Credit Facilities

Bank Credit Facility

CT REIT has a committed, unsecured $300,000 revolving credit facility with a syndicate of major Canadian third-party banks ("Bank Credit Facility") expiring in December 2024. The Bank Credit Facility bears interest at a rate based on the bank's prime rate of interest or bankers' acceptances plus a margin. A standby fee is charged on the Bank Credit Facility.

As at March 31, 2020, no borrowings were drawn on the Bank Credit Facility. At March 31, 2020, borrowings under the Bank Credit Facility had a weighted average interest rate of nil (December 31, 2019 - nil).

CTC Credit Facility

CT REIT has an uncommitted, unsecured $300,000 revolving credit facility with CTC ("CTC Credit Facility") expiring in December 2020. The CTC Credit Facility bears interest at a rate based on the bank's prime rate of interest or bankers' acceptances plus a margin.

As at March 31, 2020, no borrowings were drawn on the CTC Credit Facility. At March 31, 2020, borrowings under the CTC Credit Facility had an ending average interest rate of nil (December 31, 2019 – 3.95%).

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

The table below summarizes the details of the Credit Facilities as at March 31, 2020:

(in thousands of Canadian dollars)

	Maximum draw amount	**Cash advances**	**Letters of credit**	**Available to be drawn**
Bank Credit Facility	$ 300,000	$ —	$ 5,558	$ 294,442
CTC Credit Facility	$ 300,000	$ —	$ —	$ — [1]

[1]Uncommitted facility subject to CTC discretion.

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

7.11 Capital Strategy

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

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

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

As at March 31, 2020, CT REIT's indebtedness ratio was 42.7%. Refer to section 7.6 of this MD&A for the definition and calculation of CT REIT's indebtedness ratio.

At March 31, 2020, CT REIT was in compliance with the financial covenants contained in the Declaration of Trust, the Trust Indenture and the Credit Facilities.

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.

For the three months ended March 31, 2020, CT REIT's interest coverage ratio was 3.43 times. Refer to section 7.5 of this MD&A for the definition and calculation of CT REIT's interest coverage ratio.

Assuming a future economic environment that is stable, management does not foresee any material impediments to refinancing future debt maturities. Refer to section 2.0

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

7.12 Commitments and Contingencies

As at March 31, 2020, CT REIT had obligations of $146,213 (December 31, 2019 - $145,667) in future payments for the completion of developments, as described in section 5.6 of this MD&A. Included in the commitment is $130,617 due to CTC.

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

7.13 Base Shelf Prospectus

CT REIT has a short form base shelf prospectus under which it could raise up to $2.0 billion of debt and/or equity (including the sale of Units by CTC) ending May 24, 2021.

8.0 EQUITY

8.1 Authorized Capital and Outstanding Units

CT REIT is authorized to issue an unlimited number of Units. As of March 31, 2020, CT REIT had a total of 104,211,817 Units outstanding, 33,989,508 of which were held by CTC, and 124,289,491 Class B LP Units outstanding (together with a corresponding number of Special Voting Units, as hereinafter defined), all of which were held by CTC.

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

The following tables summarize the total number of Units issued:

			As at March 31, 2020
	Units	**Class B LP Units**	**Total**
Total outstanding at beginning of year	**103,927,385**	**124,289,491**	**228,216,876**
Units issued [1]	**284,432**	**—**	**284,432**
Total outstanding at end of period	**104,211,817**	**124,289,491**	**228,501,308**

[1] 284,432 issued pursuant to the REIT's distribution reinvestment plan.

			As at December 31, 2019
	Units	Class B LP Units	Total
Total outstanding at beginning of year	96,848,606	123,400,633	220,249,239
Units issued [1]	762,779	888,858	1,651,637
2019 REIT Offering [2]	6,316,000	—	6,316,000
Total outstanding at end of year	103,927,385	124,289,491	228,216,876

[1] 742,946 issued pursuant to the REIT's distribution reinvestment plan.

[2] On September 19, 2019, CT REIT completed a joint equity offering of an aggregate of 16,846,000 Units comprised of the issuance of 6,316,000 Units from treasury for net proceeds of $86,140 after deducting issuance costs of $3,863 (the "2019 REIT Offering") and the sale of 10,530,000 Units by CTC.

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

	For the three months ended March 31, 2020		
(in thousands of Canadian dollars, except unit amounts)	**Units**	**Class B LP Units**	**Total**
Net income attributable to Unitholders - basic	**$ 19,679**	**$ 23,517**	**$ 43,196**
Income effect of settling Class C LP Units with Class B LP Units			**17,055**
Net income attributable to Unitholders - diluted			**$ 60,251**
Weighted average units outstanding - basic	**104,061,154**	**124,289,491**	**228,350,645**
Dilutive effect of other Unit plans			**246,256**
Dilutive effect of settling Class C LP Units with Class B LP Units			**120,351,613**
Weighted average units outstanding - diluted			**348,948,514**

	For the three months ended March 31, 2019		
(in thousands of Canadian dollars, except unit amounts)	Units	Class B LP Units	Total
Net income attributable to Unitholders - basic	$ 31,430	$ 40,015	$ 71,445
Income effect of settling Class C LP Units with Class B LP Units			17,055
Net income attributable to Unitholders - diluted			$ 88,500
Weighted average units outstanding - basic	96,920,570	123,400,633	220,321,203
Dilutive effect of other Unit plans			226,092
Dilutive effect of settling Class C LP Units with Class B LP Units			104,160,662
Weighted average units outstanding - diluted			324,707,957

8.2 Equity

(in thousands of Canadian dollars) As at	March 31, 2020	December 31, 2019
Equity - beginning of period	**3,334,105**	3,086,223
Net income and comprehensive income for the period	**43,196**	307,193
Issuance of Units from 2019 REIT Offering, net of issue costs	**—**	86,140
Issuance of Class B LP Units, net of issue costs	**—**	13,275
Distributions to non-controlling interests	**(24,468)**	(93,925)
Distributions to Unitholders	**(20,498)**	(75,469)
Issuance of Units under Distribution Reinvestment Plan and other	**4,289**	10,668
Equity - end of the period	**$ 3,336,624**	$ 3,334,105

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

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

On March 13, 2020, CT REIT's Board declared a distribution of $0.06562 per Unit payable on April 15, 2020 to holders of Units and Class B LP Units of record as of March 31, 2020.

On April 15, 2020, CT REIT's Board declared a distribution of $0.06562 per Unit payable on May 15, 2020 to holders of Units and Class B LP Units of record as of April 30, 2020.

One of CT REIT's objectives is to grow monthly distributions. The distribution payments and increases since December 31, 2014 are as follows:

	Monthly distribution per Unit[1]	% increase	Annualized distribution per Unit	Annualized increase per Unit
2020[2]	**$ 0.06562**	**4.0%**	**$ 0.787**	**$ 0.0300**
2019	$ 0.06310	4.0%	$ 0.757	$ 0.0290
2018	$ 0.06067	4.0%	$ 0.728	$ 0.0280
2017	$ 0.05833	2.9%	$ 0.700	$ 0.0200
2016	$ 0.05667	2.6%	$ 0.680	$ 0.0170
2015	$ 0.05525	2.0%	$ 0.663	$ 0.0130
2014	$ 0.05417	—	$ 0.650	$ —

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

[2] *Approved by the Board on November 4, 2019.*

Net income prepared in accordance with IFRS recognizes certain revenues and expenses at time intervals that do not match the receipt or payment of cash. Therefore, in applying judgment, consideration is given to AFFO (a non-GAAP measure of recurring economic earnings used to assess distribution capacity, refer to section 11.0) and other factors when establishing distributions to Unitholders.

(in thousands of Canadian dollars, except per unit amounts)	**Three Months Ended**	
For the periods ended March 31,	**2020**	2019
Distributions before distribution reinvestment - paid	**$ 44,944**	$ 41,702
Distribution reinvestment	**4,287**	1,825
Distributions net of distribution reinvestment - paid	**$ 40,657**	$ 39,877
Distributions per unit - paid	**$ 0.197**	$ 0.189

Distributions for the three months ended March 31, 2020 are higher than the same period in the prior year due to higher weighted average number of Units outstanding and the increase in the annual rate of distributions effective with the first distribution paid in 2020.

CT REIT's distributions for the three months ended March 31, 2020 are less than the REIT's cash generated from operating activities, cash generated from operating activities reduced by net interest and other financing charges, and AFFO, a non-GAAP measure, which is an indicator of CT REIT's distribution capacity.

(in thousands of Canadian dollars, except per unit amounts)	**Three Months Ended**	
For the periods ended March 31,	**2020**	2019
AFFO [1]	**$ 58,174**	$ 54,024
Distributions before distribution reinvestment - paid	**44,944**	41,702
Excess of AFFO over distributions paid (A)	**$ 13,230**	$ 12,322
Weighted average units outstanding - diluted (non-GAAP)[1](B)	**228,596,901**	220,547,295
Excess of AFFO over distributions paid per unit (A)/(B) [1]	**$ 0.058**	$ 0.056

[1] *Non-GAAP measure. Refer to section 11.0 for further information.*

8.4 Book Value Per Unit

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

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

As at	March 31, 2020	December 31, 2019
Total equity (A)	**$ 3,336,624**	$ 3,334,105
Period-end Units and Class B LP Units outstanding (B)	**228,501,308**	228,216,876
Book value per unit (A)/(B)	**$ 14.60**	$ 14.61

CT REIT's book value per Unit as at March 31, 2020 decreased from the book value per Unit as at December 31, 2019 primarily due to distributions exceeding net income.

9.0 RELATED PARTY TRANSACTIONS

On March 31, 2020, CT REIT's controlling Unitholder, CTC, held a 69.3% effective interest in the REIT, through the ownership of 33,989,508 Units and all of the issued and outstanding Class B LP Units.

In addition to its ownership interest, CTC is CT REIT's most significant tenant representing approximately 91.6% of the annualized base minimum rent earned by CT REIT and 92.3% of total GLA as at March 31, 2020.

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 $556 (2019 - $27,189) for the three months ended March 31, 2020. Refer to Note 3 to the interim financial statements for additional information.

CT REIT entered into the CTC Credit Facility in December 2019. Refer to section 7.10 of this MD&A for additional information.

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

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

Services Agreement

Under the services agreement among the Partnership and CTC entered into on October 23, 2013 ("Services Agreement"), CTC provides the REIT with certain administrative, information technology, internal audit and other support services as may be reasonably required from time to time (the "Services"). CTC provides these Services to the REIT on a cost recovery basis pursuant to which CT REIT reimburses CTC for all costs and expenses incurred by CTC in connection with providing the Services, plus applicable taxes. The Services Agreement is automatically renewable for one year terms, unless otherwise terminated in accordance with its terms. The Services Agreement was automatically renewed for 2020 and CTC will continue to provide such Services on a cost recovery basis.

Property Management Agreement

Under the property management agreement, among the Partnership and CTC entities entered into on October 23, 2013 ("Property Management Agreement"), CTC provides the REIT with certain property management services (the "Property Management Services"). CTC provides these Property Management Services to the REIT on a cost recovery basis pursuant to which the REIT reimburses CTC for all costs and expenses incurred by CTC in connection with providing the Property Management Services, plus applicable taxes. The Property Management Agreement is automatically renewable for one year terms, unless otherwise terminated in accordance with its terms. The Property Management Agreement was automatically renewed for 2020 and CTC will continue to provide such Property Management Services on a cost recovery basis.

Refer to CT REIT's 2019 AIF available on SEDAR at www.sedar.com and on CT REIT's website at www.ctreit.com under the tab "Investors" in the Financial Reporting section for additional information on related party agreements and arrangements with CTC.

The following table summarizes CT REIT's related party transactions as at March 31, 2020, excluding acquisition, intensification and development activities which are contained in section 5.0:

(in thousands of Canadian dollars)	Three Months Ended	
For the periods ended March 31,	**2020**	2019
Rental revenue	**$ 112,697**	$ 108,326
Property Management and Services Agreements expense	**$ 543**	$ 1,231
Distributions on Units	**$ 6,691**	$ 8,428
Distributions on Class B LP Units [1]	**$ 24,468**	$ 23,360
Interest expense on Class C LP Units	**$ 17,055**	$ 17,055

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

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

(in thousands of Canadian dollars)		
As at	**March 31, 2020**	December 31, 2019
Tenant and other receivables	**$ (7,333)**	$ (1,890)
Class C LP Units	**1,451,550**	1,451,550
Amounts payable on Class C LP Units	**16,963**	67,712
Loans receivable in respect of payments on Class C LP Units	**(11,278)**	(62,027)
Other liabilities	**9,379**	6,695
Distributions payable on Units and Class B LP Units [1]	**14,100**	29,589
Loans receivable in respect of distributions on Class B LP Units	**(3,714)**	(19,202)
CTC Credit Facility [2]	**—**	2,000
Net balance due to CTC	**$ 1,469,667**	$ 1,474,427

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

[2] See Note 7 of the annual consolidated financial statements.

10.0 ACCOUNTING POLICIES AND ESTIMATES

10.1 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 CT REIT's 2019 audited annual consolidated financial statements, the most significant of which is the fair value of investment properties. CT REIT's critical judgments and estimates with respect to the recent COVID-19 pandemic, are described in Note 19 of the REIT's Q1 2020 interim financial statements.

Fair Value of Investment Properties

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

10.2 Standards, Amendments and Interpretations Issued but Not Yet Adopted

Details of the standards, amendments and interpretations issued effective January 2020 are described in Note 2 to CT REIT's 2019 audited annual consolidated financial statements.

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

In January 2020, IASB issued Classification of Liabilities as Current or Non-current, which amends IAS 1 Presentation of Financial Statements. The narrow scope amendments affect only the presentation of liabilities in the statement of financial position and not the amount or timing of its recognition. It clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. CT REIT is assessing the potential impact of these amendments.

11.0 NON-GAAP MEASURES

CT REIT uses non-GAAP measures including NOI, same store NOI, same property NOI, FFO, FFO per unit - basic, FFO per unit - diluted (non-GAAP), AFFO, AFFO per unit - basic, AFFO per unit - diluted (non-GAAP), AFFO payout ratio, ACFO and EBITFV. CT REIT believes these non-GAAP measures and ratios provide useful supplemental information to both management and investors in measuring the financial performance of CT REIT and its ability to meet 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.

11.1 Net Operating Income

CT REIT defines NOI as property revenue less property expense adjusted further for straight-line rent. Management believes that NOI is a useful key indicator of performance as it represents a measure of property operations over which management has control. NOI is also a key input in determining the value of the portfolio.

(in thousands of Canadian dollars)		Three Months Ended			
For the periods ended March 31,		**2020**		2019	Change
Property revenue	**$**	**126,845**	$	121,564	4.3 %
Less:					
Property expense		**(28,937)**		(27,993)	3.4 %
Property straight-line rent revenue		**(2,589)**		(3,632)	(28.7)%
Net operating income	**$**	**95,319**	$	89,939	6.0 %

Same Store NOI

Same store NOI is a non-GAAP financial measure which reports the period-over-period performance of the same asset base having consistent gross leasable area in both periods. CT REIT management uses this measure to gauge the change in asset productivity and asset value.

Same Property NOI

Same property NOI is a non-GAAP financial measure that is consistent with the definition of same store NOI above, except that same property includes the NOI impact of intensifications. CT REIT management uses this measure to gauge the change in asset productivity and asset value, as well as measure the additional return earned by incremental capital investments in existing assets.

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

(in thousands of Canadian dollars)	Three Months Ended		
For the periods ended March 31,	**2020**	2019	Change [1]
Same store	**$ 91,312**	$ 89,160	2.4%
Intensifications			
2020	**52**	—	—%
2019	**670**	—	—%
Same property	**$ 92,034**	$ 89,160	3.2%
Acquisitions, developments and dispositions			
2020	**735**	—	—%
2019	**2,550**	779	NM
Net operating income	**$ 95,319**	$ 89,939	6.0%

[1] NM - not meaningful.

11.2 Funds From Operations and Adjusted Funds From Operations

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

(in thousands of Canadian dollars, except per unit amounts)	Three Months Ended		
For the periods ended March 31,	**2020**	2019	Change [1]
Net Income and comprehensive income	**$ 43,196**	$ 71,445	(39.5)%
Fair value adjustment on investment property	**24,241**	(9,599)	(352.5)%
GP income tax expense	**1,037**	615	68.6 %
Lease principal payments on right-of-use assets	**(163)**	(112)	45.5 %
Fair value adjustment of unit-based compensation	**(1,607)**	1,086	NM
Internal leasing expense	**181**	—	NM
Funds from operations	**$ 66,885**	$ 63,435	5.4 %
Property straight-line rent revenue	**(2,589)**	(3,632)	(28.7)%
Normalized capital expenditure reserve	**(6,122)**	(5,779)	5.9 %
Adjusted funds from operations	**$ 58,174**	$ 54,024	7.7 %
FFO per unit - basic	**$ 0.293**	$ 0.288	1.7%
FFO per unit - diluted (non-GAAP) [2]	**$ 0.293**	$ 0.288	1.7%
AFFO per unit - basic	**$ 0.255**	$ 0.245	4.1%
AFFO per unit - diluted (non-GAAP) [2]	**$ 0.254**	$ 0.245	3.7%
Weighted average units outstanding - basic	**228,350,645**	220,321,203	3.6%
Weighted average units outstanding - diluted (non-GAAP)	**228,596,901**	220,547,295	3.6%
Number of units outstanding, end of period	**228,501,308**	220,406,090	3.7%

[1] NM - not meaningful.

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

Funds From Operations

FFO is a non-GAAP financial measure of operating performance used by the real estate industry, particularly by those publicly traded entities that own and operate income-producing properties. FFO should not be considered as an alternative to net income or cash flows provided by operating activities determined in accordance with IFRS. CT REIT calculates its FFO in accordance with Real Property Association of Canada's ("REALPAC") "White Paper on Funds From Operations & Adjusted Funds From Operations for IFRS" ("White Paper on FFO & AFFO") issued in February 2019. The use of FFO, together with the required IFRS presentations, has been included for the purpose of improving the understanding of the operating results of CT REIT.

Management believes that FFO provides an operating performance measure that, when compared period-over-period, reflects the impact on operations of trends in occupancy levels, rental rates, operating costs and property taxes, acquisition activities and interest costs, and provides a perspective of the financial performance that is not immediately apparent from net income determined in accordance with IFRS.

FFO adds back to net income items that do not arise from operating activities, such as fair value adjustments. FFO, however, still includes non-cash revenues related to accounting for straight-line rent and makes no deduction for the recurring capital expenditures necessary to sustain the existing earnings stream.

Adjusted Funds From Operations

AFFO is a non-GAAP measure of recurring economic earnings used in the real estate industry to assess an entity's distribution capacity. AFFO should not be considered as an alternative to net income or cash flows provided by operating activities determined in accordance with IFRS. CT REIT calculates its AFFO in accordance with REALPAC's White Paper on FFO & AFFO.

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

The following table compares capital expenditures during the 2016-2020 period to the normalized capital expenditure reserve used in the calculation of AFFO:

(in thousands of Canadian dollars) For the periods indicated	Normalized capital expenditure reserve	Capital expenditures	Variance
2016			
Q1	$ 4,407	$ 259	$ 4,148
Q2	4,581	4,898	(317)
Q3	4,666	8,551	(3,885)
Q4	4,741	1,862	2,879
Year ended December 31, 2016	$ 18,395	$ 15,570	$ 2,825
2017			
Q1	$ 5,065	$ 348	$ 4,717
Q2	5,109	5,445	(336)
Q3	5,139	8,307	(3,168)
Q4	5,173	4,862	311
Year ended December 31, 2017	$ 20,486	$ 18,962	$ 1,524
2018			
Q1	$ 5,598	$ (371)	$ 5,969
Q2	5,618	2,425	3,193
Q3	5,632	9,867	(4,235)
Q4	5,669	5,778	(109)
Year ended December 31, 2018	$ 22,517	$ 17,699	$ 4,818
2019			
Q1	$ 5,779	$ 257	$ 5,522
Q2	5,854	5,253	601
Q3	5,883	10,311	(4,428)
Q4	5,915	4,728	1,187
Year ended December 31, 2019	$ 23,431	$ 20,549	$ 2,882
2020			
Q1	**$ 6,122**	**$ 2,366**	**$ 3,756**

The normalized capital expenditure reserve exceeded actual capital expenditures by $12,049 during the four-year period from 2016 through 2019. The normalized capital expenditure reserve per square foot has increased since 2015, which reflects changes in asset mix (primarily due to an increase in multi-tenanted retail investment properties) and inflation in expected costs. Management expects there will be periods in the future where actual capital expenditures will exceed the normalized capital expenditure reserve. The current period reserve is based upon unit costs that are anticipated to be realized in work to be completed in the current period.

The normalized capital expenditure reserve varies from the capital expenditures incurred due to the seasonal nature of the expenditures. As such, CT REIT views the normalized capital expenditure reserve as a more meaningful measure. Refer to section 5.11 for additional information.

11.3 AFFO Payout Ratio

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

	Three Months Ended		
For the periods ended March 31,	2020	2019	Change
Distribution per unit - paid (A)	**$ 0.197**	$ 0.189	4.0%
AFFO per unit - diluted (non-GAAP) [1] (B)	**$ 0.254**	$ 0.245	3.7%
AFFO payout ratio (A)/(B)	**77.6%**	77.1%	0.6%

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

11.4 Diluted Non-GAAP per Unit Calculations

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

The following table reconciles the calculation of the weighted average units outstanding - diluted (non-GAAP) to weighted average units outstanding - diluted:

	Three Months Ended	
For the periods ended March 31,	2020	2019
Weighted average units outstanding - diluted (non-GAAP)	**228,596,901**	220,547,295
Dilutive effect of settling Class C LP Units with Class B LP Units	**120,351,613**	104,160,662
Weighted average units outstanding - diluted	**348,948,514**	324,707,957

11.5 Adjusted Cash Flow From Operations

ACFO is a non-GAAP financial measure developed by REALPAC for use by the real estate industry as a sustainable economic cash flow metric. ACFO should not be considered as an alternative to cash flows provided by operating activities determined in accordance with IFRS. CT REIT calculates its ACFO in accordance with REALPAC's "White Paper on Adjusted Cashflow from Operations for IFRS" ("White Paper on ACFO") issued in February 2019. The purpose of the White Paper on ACFO is to provide guidance on the definition of ACFO to promote consistent disclosure amongst reporting issuers. Management believes that the use of ACFO, combined with the required IFRS presentations, improves the understanding of the operating cash flow of CT REIT.

CT REIT calculates ACFO from cash flow generated from operating activities by adjusting for non-operating adjustments to changes in working capital and other, net interest and other financing charges and normalized capital expenditure reserve.

A reconciliation from the IFRS term "Cash Generated from Operating Activities" (refer to the Consolidated Statements of Cash Flows for the three months ended March 31, 2020 and March 31, 2019) to ACFO is as follows:

(in thousands of Canadian dollars)	Three Months Ended		
For the periods ended March 31,	**2020**	2019	Change [1]
Cash generated from operating activities	**98,817**	$ 89,660	10.2%
Non-operating adjustments to changes in working capital and other	**(9,926)**	(5,096)	94.8%
Net interest and other financing charges	**(27,488)**	(26,954)	2.0%
Normalized capital expenditure reserve	**(6,122)**	(5,779)	5.9%
Lease principal payments on right-of-use assets	**(163)**	(112)	45.5%
Adjusted cashflow from operations	**55,118**	$ 51,719	6.6%

[1] NM - not meaningful.

[2] Refer to section 10.2 for further information.

The non-operating adjustments to changes in working capital and other for three months ended March 31, 2020 is primarily due to recognition of net commodity taxes payable and a net increase in the accrued statutory payroll taxes.

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

EBITFV is a non-GAAP measure of a REIT's operating cash flow and it is used in addition to IFRS net income because it excludes major non-cash items (including fair value adjustments), 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 its ability to satisfy its obligations, including servicing its debt.

For the three months ended March 31, 2020, EBITFV was calculated as follows:

(in thousands of Canadian dollars)	Three Months Ended		
For the periods ended March 31,	**2020**	2019	Change [1]
Net income and comprehensive income	**$ 43,196**	$ 71,445	(39.5)%
Fair value adjustment on investment properties	**24,241**	(9,599)	NM
Fair value adjustment on unit-based awards	**(1,607)**	1,086	NM
Interest expense and other financing charges	**27,564**	27,020	2.0 %
GP income tax expense	**1,037**	615	68.6 %
EBITFV	**$ 94,431**	$ 90,567	4.3 %

[1] NM - not meaningful.

11.7 Non-GAAP Measures Referenced in Other Sections of the MD&A

The interest coverage ratio under section 7.5 is calculated using EBITVF, a non-GAAP measure.

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

11.8 Selected Quarterly Consolidated Information

(in thousands of Canadian dollars, except per unit amounts)	2020	2019				2018		
As at and for the quarter ended	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Property revenue	**$ 126,845**	$ 123,692	$ 121,763	$ 121,994	$ 121,564	$ 119,322	$ 117,662	$ 118,880
Net income	**$ 43,196**	$ 76,890	$ 80,138	$ 78,720	$ 71,445	$ 74,501	$ 79,147	$ 74,744
Net income per unit								
- basic	**$ 0.189**	$ 0.338	$ 0.362	$ 0.357	$ 0.324	$ 0.343	$ 0.369	$ 0.350
- diluted	**$ 0.173**	$ 0.294	$ 0.301	$ 0.297	$ 0.273	$ 0.271	$ 0.296	$ 0.282
FFO per unit - diluted (non-GAAP) [1]	**$ 0.293**	$ 0.293	$ 0.303	$ 0.291	$ 0.288	$ 0.286	$ 0.289	$ 0.292
AFFO per unit - diluted (non-GAAP) [1]	**$ 0.254**	$ 0.252	$ 0.261	$ 0.249	$ 0.245	$ 0.239	$ 0.241	$ 0.241
Total assets	**$6,069,044**	$6,024,512	$6,001,912	$5,928,005	$5,853,296	$5,708,692	$5,676,689	$5,592,575
Total indebtedness	**$2,588,789**	$2,572,294	$2,570,162	$2,609,049	$2,580,000	$2,573,489	$2,596,482	$2,581,316
Total distributions, net of distribution reinvestment, to Unitholders - paid	**$ 40,657**	$ 39,352	$ 39,337	$ 39,337	$ 39,877	$ 38,453	$ 38,169	$ 38,069
Total distributions per unit - paid	**$ 0.197**	$ 0.189	$ 0.189	$ 0.189	$ 0.189	$ 0.182	$ 0.182	$ 0.182
Book value per unit	**$ 14.60**	$ 14.61	$ 14.46	$ 14.31	$ 14.15	$ 14.01	$ 13.90	$ 13.71
Market price per unit								
- high	**$ 17.22**	$ 16.30	$ 15.05	$ 14.77	$ 14.45	$ 13.03	$ 13.72	$ 13.53
- low	**$ 9.14**	$ 14.51	$ 13.97	$ 13.54	$ 11.47	$ 11.26	$ 12.37	$ 12.80
- close (end of period)	**$ 11.70**	$ 16.14	$ 15.03	$ 14.22	$ 14.36	$ 11.53	$ 12.85	$ 12.90

[1] Non-GAAP measure. Refer to section 11.0 for further information.

Property revenue, distributions and other financial and operational results noted above have grown at a steady rate. However, macroeconomic and market trends may have an influence on the demand for space, occupancy levels, and consequently, the REIT's operating performance.

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

12.0 ENTERPRISE RISK MANAGEMENT

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

The ERM Framework is designed to provide an integrated and disciplined approach to risk management that safeguards the REIT's reputation, supports the achievement of the REIT's growth strategy and objectives; preserves and enhances Unitholder value, and supports business planning and operations by providing a cross functional perspective to risk management. It is integrated with strategic planning and reporting processes which is described in further detail in section 11.0 of CT REIT's 2019 annual MD&A and section 4.0 of the REIT's 2019 AIF available on SEDAR at www.sedar.com and on CT REIT's website at www.ctreit.com under the tab "Investors" in the Financial Reporting section.

The potential outcomes and results of the COVID-19 pandemic may impact the REIT's key risks in a manner that could have a material adverse effect on the REIT, particularly if prolonged. The REIT's and its tenants' businesses, results of operations, financial condition and cash flows may be significantly affected. The potential inability of the REIT's tenants to meet their payment obligations, due to disruptions in supply chains and transactional activities, reduced consumer demand for tenants' products or services, reduced population mobility, widespread closures and other restrictions imposed by governmental authorities, may have a material adverse effect on the REIT. COVID-19 has caused a global economic slowdown and has increased volatility in financial markets, which has negatively impacted the market price of CT REIT's Units. Governments and central banks have responded with monetary and fiscal interventions intended to stabilize economic conditions. However, it is not currently known how these interventions will impact debt and equity markets or the economy generally. Although the ultimate impact of COVID-19 on global, national and local economies and its duration remains uncertain, disruptions caused by it may materially and adversely affect the performance of the REIT. The economic uncertainty resulting from the COVID-19 pandemic, could if prolonged, materially adversely impact the REIT's cash flows, financial condition, results from operations, and ability to access capital on favourable terms, or at all.

Given the rapidly evolving circumstances surrounding COVID-19, which CT REIT is closely monitoring, it is difficult to predict with certainty the nature, duration and extent of the COVID-19 pandemic and the impact it will have on the operations of CT REIT's tenants and the REIT's results. The impact of the COVID-19 pandemic is highly dependant on future developments, which include, among others, emerging information concerning COVID-19 and the actions required to contain or manage its impact.

13.0 INTERNAL CONTROLS AND PROCEDURES

Details related to disclosure controls and procedures, and internal control over financial reporting are disclosed in section 12.0 of CT REIT's 2019 MD&A.

Changes in Internal Control Over Financial Reporting

During the three months ended March 31, 2020, there were no changes in CT REIT's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, CT REIT's internal control over financial reporting.

14.0 FORWARD-LOOKING INFORMATION

This MD&A, and the documents incorporated by reference herein, contain forward-looking statements that involve a number of risks and uncertainties, including statements regarding the outlook for CT REIT's business and results of operations and the effect of the COVID-19 pandemic on the REIT's business and operations. Forward-looking statements are provided for the purposes of providing information about CT REIT's future outlook and anticipated events or results and may include statements regarding known and unknown risks, uncertainties and other factors that may cause the actual results to differ materially from those indicated. Such factors include but are not limited to,: general economic conditions; financial position; business strategy; availability of acquisition opportunities; budgets; capital expenditures; financial results, including fair value adjustments and cash flow assumptions upon which they are based; cash and liquidity; taxes; and plans and objectives of or involving CT REIT. In addition, the effects of COVID-19, including the duration spread and severity of the pandemic and impact on the business, operations and financial condition of the REIT, create additional uncertainties. In particular, the impact of the virus and government authorities' and public health officials' responses thereto may effect: our tenants' ability to pay rent in full or at all; domestic and global credit and capital markets and our ability to access capital on favourable terms, or at all; the health and safety of our employees and our tenants' customers and employees; and domestic and global supply chains. Given the rapidly evolving circumstances surrounding the COVID-19 pandemic, the duration, spread and severity of its impact on the REIT's business and financial results cannot be estimated with certainty as the extent of the impact will largely depend on future developments, including actions taken to contain COVID-19. Statements regarding future acquisitions, developments, distributions, results, performance, achievements, prospects or opportunities for CT REIT or the real estate industry and the impact of COVID-19 are forward-looking statements. In some cases, forward-looking information can be identified by such terms such as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue", "likely", "schedule", or the negative thereof or other similar expressions concerning matters that are not historical facts.

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

- assessment of factors affecting the REIT as a result of COVID-19 under section 2.0;
- growth strategy and objectives under section 3.0;
- fair value of property portfolio under section 5.4;

- investment activities under section 5.5;
- development activities under section 5.6;
- leasing activities under section 5.10;
- recoverable capital costs under section 5.11;
- fair value adjustment on investment properties under section 6.1;
- capital expenditures to fund acquisitions and development activities under section 7.1;
- capital strategy under section 7.11;
- commitments as at March 31, 2020 under section 7.12;
- distributions under section 8.3;
- capital expenditures under section 11.2;
- access to available sources of debt and/or equity financing;
- expected tax treatment and its distributions to Unitholders;
- ability to expand its asset base, make accretive acquisitions, develop or intensify its Properties and participate with CTC in the development or intensification of the Properties; and
- ability to continue to qualify as a "real estate investment trust", as defined pursuant to the ITA.

CT REIT has based these forward-looking statements on factors and assumptions about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy and financial needs. Such factors and assumptions include but are not limited to: that the Canadian economy will stabilize over the next 12 months and inflation will remain relatively low, despite government stimulus; that tax laws will remain unchanged; that the REIT does not currently have any third-party debt maturing within the next fiscal cycle; that the REIT will continue to manage its liquidity and debt covenants with a reduction in capital expenditures planned for 2020 to capital projects as well as by participating in property tax deferral payment arrangements being offered to property owners; that conditions within the real estate market, including competition for acquisitions, will normalize to historical levels in the near- to medium-term; that Canadian capital markets will provide CT REIT with access to debt at reasonable rates when required; that CTC will continue its involvement with CT REIT on the basis described in its 2019 AIF and that for the near- to medium-term Canadian Tire stores will continue to remain either fully open or with reduced-level services, with other CTC banners remaining closed; that the fair value ascribed to the CTC tenanted properties will not be materially impacted by the temporary COVID-19 restrictions; and that the ERP will operate as expected. However, given the evolving circumstances surrounding COVID-19, it is difficult to predict how significant the adverse impact of the pandemic will be on the global and domestic economy, the business, operations and financial position of the REIT's tenants, including Canadian Tire, and the business, operations and financial position of the REIT.

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 in section 12 of this MD&A and under the "Risk Factors" section of the 2019 AIF.

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

CT REIT cautions that the foregoing list of important factors and assumptions is not exhaustive and other factors could also materially and adversely affect its results. Investors and other readers are urged to consider the foregoing risks, uncertainties, factors and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such forward-looking information. Statements that include forward-looking information do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made have on CT REIT's business. For example, they do not include the effect of any dispositions, acquisitions, asset write-downs or other charges announced or occurring after such statements are made. The forward-looking information in this MD&A is based on certain factors and assumptions made as of the date hereof or the date of the relevant document incorporated herein by reference, as applicable. CT REIT does not undertake to update the forward-looking information, whether written or oral, that may be made from time to time by it or on its behalf, to reflect new information, future events or otherwise, except as required by applicable securities laws.

Information contained in or otherwise accessible through the websites referenced in this MD&A does not form part of this MD&A and is not incorporated by reference into this MD&A. All references to such websites are inactive textual references and are for information only.

Commitment to disclosure and investor communication

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

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

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

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

May 4, 2020

FIRST QUARTER 2020

CT REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

Condensed Consolidated Balance Sheets (Unaudited)

(Canadian dollars, in thousands)

As at	Note	March 31, 2020	December 31, 2019
Assets			
Non-current assets			
Investment properties	3	$ **6,032,000**	$ 6,006,982
Other assets		**933**	1,674
		6,032,933	6,008,656
Current assets			
Tenant and other receivables		**8,786**	2,882
Other assets		**7,152**	3,240
Cash and cash equivalents		**20,173**	9,734
		36,111	15,856
Total assets		$ **6,069,044**	$ 6,024,512
Liabilities			
Non-current liabilities			
Class C LP Units	4	$ **1,200,000**	$ 1,200,000
Mortgages payable	5	**65,737**	10,353
Debentures	6	**1,070,914**	1,070,695
Lease liabilities		**66,489**	61,374
Other liabilities		**2,799**	4,975
		2,405,939	2,347,397
Current liabilities			
Class C LP Units	4	**251,550**	251,550
Mortgages payable	5	**588**	37,696
Credit Facilities	7	**—**	2,000
Lease liabilities		**978**	884
Other liabilities		**58,371**	35,904
Distributions payable	8	**14,994**	14,976
		326,481	343,010
Total liabilities		**2,732,420**	2,690,407
Equity			
Unitholders' equity	8	**1,468,409**	1,464,939
Non-controlling interests	8, 9	**1,868,215**	1,869,166
Total equity		**3,336,624**	3,334,105
Total liabilities and equity		$ **6,069,044**	$ 6,024,512

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 three months ended March 31,	Note		2020		2019
Property revenue	10	$	**126,845**	$	121,564
Property expense	10		**(28,937)**		(27,993)
General and administrative expense	11		**(2,983)**		(4,771)
Net interest and other financing charges	12		**(27,488)**		(26,954)
Fair value adjustment on investment properties	3		**(24,241)**		9,599
Net income and comprehensive income		$	**43,196**	$	71,445
Net income and comprehensive income attributable to:					
Unitholders		$	**19,679**	$	31,430
Non-controlling interests	9		**23,517**		40,015
		$	**43,196**	$	71,445
Net income per unit - basic	8	$	**0.189**	$	0.324
Net income per unit - diluted	8	$	**0.173**	$	0.273

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

Condensed Consolidated Statements of Changes in Equity (Unaudited)

(Canadian dollars, in thousands)

	Note	Units	Retained Earnings	Unitholders' Equity	Non-controlling interests	Total Equity
Balance at December 31, 2019		**$ 1,057,496**	**$ 407,443**	**$ 1,464,939**	**$ 1,869,166**	**$ 3,334,105**
Net income and comprehensive income for the period		**—**	**19,679**	**19,679**	**23,517**	**43,196**
Distributions	8	**—**	**(20,498)**	**(20,498)**	**(24,468)**	**(44,966)**
Issuance of Units under Distribution Reinvestment Plan and other	8	**4,289**	**—**	**4,289**	**—**	**4,289**
Balance at March 31, 2020		**$ 1,061,785**	**$ 406,624**	**$ 1,468,409**	**$ 1,868,215**	**$ 3,336,624**

	Note	Units	Retained Earnings	Unitholders' Equity	Non-controlling interests	Total Equity
Balance at December 31, 2018		**$ 960,688**	**$ 345,667**	**$ 1,306,355**	**$ 1,778,554**	**$ 3,084,909**
Transition adjustments - IFRS 16		—	578	578	736	1,314
Restated balance at January 1, 2019		**960,688**	**346,245**	**1,306,933**	**1,779,290**	**3,086,223**
Net income and comprehensive income for the period		—	31,430	31,430	40,015	71,445
Distributions	8	—	(18,350)	(18,350)	(23,360)	(41,710)
Issuance of Units under Distribution Reinvestment Plan and other	8	1,979	—	1,979	—	1,979
Balance at March 31, 2019		**$ 962,667**	**$ 359,325**	**$ 1,321,992**	**$ 1,795,945**	**$ 3,117,937**

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

Condensed Consolidated Statements of Cash Flows (Unaudited)

(Canadian dollars, in thousands)

For the three months ended March 31,	Note		2020		2019
Cash generated from (used for):					
Operating activities					
Net income		**$**	**43,196**	$	71,445
Add/(deduct):					
Fair value adjustment on investment properties	3		**24,241**		(9,599)
Property straight-line rent revenue	10		**(2,589)**		(3,632)
Deferred income tax			**1,037**		615
Net interest and other financing charges			**27,488**		26,954
Changes in working capital and other	13		**5,444**		3,877
Cash generated from operating activities		**$**	**98,817**	$	89,660
Investing activities					
Income-producing property			**(14,178)**		(9,893)
Development activities and land investments			**(8,971)**		(12,324)
Capital expenditures recoverable from tenants			**(3,297)**		(1,389)
Proceeds of disposition			**272**		556
Cash used for investing activities		**$**	**(26,174)**	$	(23,050)
Financing activities					
Equity issuance costs			**—**		(111)
Unit distributions			**(16,189)**		(16,517)
Class B LP Unit distributions paid or loaned			**(24,468)**		(23,360)
Payments on Class C LP Units paid or loaned	4		**(17,055)**		(17,055)
Credit Facilities (repayments) draws, net	7		**(2,000)**		(5,001)
Lease principal payments on right-of-use assets			**(230)**		(112)
Mortgage principal repayments	5		**(99)**		(33)
Net interest paid			**(2,163)**		(1,349)
Cash used for financing activities		**$**	**(62,204)**	$	(63,538)
Cash generated from the period		**$**	**10,439**	$	3,072
Cash and cash equivalents, beginning of period			**9,734**		4,991
Cash and cash equivalents, end of period		**$**	**20,173**	$	8,063

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

Notes to the Condensed Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2020 and 2019

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

1. NATURE OF CT REAL ESTATE INVESTMENT TRUST

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

Canadian Tire Corporation, Limited ("CTC") owned a 69.3% effective interest in CT REIT as of March 31, 2020, consisting of 33,989,508 of the issued and outstanding units of CT REIT ("Units") and all of the issued and outstanding Class B limited partnership units ("Class B LP Units") of CT REIT Limited Partnership (the "Partnership"), which are economically equivalent to and exchangeable for Units. CTC also owns all of the issued and outstanding Class C limited partnership units ("Class C LP Units") of the Partnership (see Note 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 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 months ended March 31, 2020 in accordance with International Accounting Standard ("IAS") 34 – *Interim Financial Reporting*. These interim financial statements should be read in conjunction with the REIT's 2019 audited annual consolidated financial statements. Other than standards, amendments and interpretations adopted as disclosed in Note 2(d), these interim financial statements have been prepared using the accounting policies that were described in Note 3 to the REIT's 2019 audited annual consolidated financial statements.

These interim financial statements were approved for issuance by CT REIT's Board of Trustees (the "Board"), on the recommendation of its Audit Committee, on May 4, 2020.

(b) Basis of presentation

These interim financial statements have been prepared on the historical cost basis except for investment properties and liabilities for unit-based compensation plans, which are measured at fair value.

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

(c) Judgments and estimates

The preparation of these interim financial statements in accordance with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of these interim financial statements and the reported amounts of revenues 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.

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 CT REIT's 2019 audited annual consolidated financial statements. Judgments and estimates made related to the Coronavirus disease 2019 ("COVID-19") pandemic are detailed in Note 19.

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

Details of the standards, amendments and interpretations issued effective January 2020 are described in Note 2 to CT REIT's 2019 audited annual consolidated financial statements. The implementation of these amendments did not have a significant impact on CT REIT.

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

In January 2020, IASB issued Classification of Liabilities as Current or Non-current, which amends IAS 1 Presentation of Financial Statements. The narrow scope amendments affect only the presentation of liabilities in the statement of financial position and not the amount or timing of its recognition. It clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. CT REIT is assessing the potential impact of these amendments.

3. INVESTMENT PROPERTIES

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

	Three Months Ended March 31, 2020			Year Ended December 31, 2019		
	Income-producing properties	**Properties Under Development**	**Total investment properties**	Income-producing properties	Properties Under Development	Total investment properties
Balance, beginning of period	**5,932,864**	**74,118**	**6,006,982**	5,635,550	127,233	5,762,783
Property acquisitions (including transaction costs)	**32,732**	**—**	**32,732**	75,669	—	75,669
Intensifications	**—**	**1,150**	**1,150**	—	39,448	39,448
Developments	**—**	**4,921**	**4,921**	—	48,222	48,222
Development land	**—**	**—**	**—**	—	1,918	1,918
Capitalized interest and property taxes	**—**	**398**	**398**	—	2,080	2,080
Transfers	**4,721**	**(4,721)**	**—**	144,783	(144,783)	—
Right-of-use assets [1]	**5,375**	**—**	**5,375**	(2,343)	—	(2,343)
Fair value adjustment on investment properties	**(24,241)**	**—**	**(24,241)**	47,306	—	47,306
Straight-line rent	**2,589**	**—**	**2,589**	14,130	—	14,130
Recoverable capital expenditures	**2,366**	**—**	**2,366**	20,549	—	20,549
Dispositions	**(272)**	**—**	**(272)**	(2,780)	—	(2,780)
Balance, end of period	**$ 5,956,134**	**$ 75,866**	**$ 6,032,000**	$ 5,932,864	$ 74,118	$ 6,006,982

[1] *Reflects impact of ground lease amendments and Toronto (Canada Square), Ontario increase in ownership from 33% interest to 50% interest.*

Included in CT REIT's portfolio are 10 (December 31, 2019 – 10) properties which are situated on ground leases with remaining initial terms up to 36 years (December 31, 2019 – up to 36 years), and an average remaining initial term of 13 years (December 31, 2019 – 14 years).

The investment property balance includes right-of-use assets of $68,884 as of March 31, 2020 (December 31, 2019 - $63,684).

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

As at March 31, 2020, management's determination of fair value was updated for current market assumptions, informed by market capitalization and discount rates provided by independent appraisal professionals.

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

The fair value of investment properties is based on Level 3 inputs (see Note 20(a) to the REIT's 2019 audited annual consolidated financial statements for definition of levels). There have been no transfers between levels during the period.

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

	Three Months Ended March 31, 2020		Year Ended December 31, 2019	
	Properties valued by the OCR method	**Properties valued by the DCF method**	Properties valued by the OCR method	Properties valued by the DCF method
Number of properties	**285**	**72**	287	70
Value at the period end	**$ 4,191,000**	**$ 1,841,000**	$ 4,240,942	$ 1,766,040
Discount rate[1]	**—%**	**7.00%**	—%	7.01%
Terminal capitalization rate[1]	**—%**	**6.57%**	—%	6.56%
Overall capitalization rate[1]	**6.19%**	**—%**	6.17%	—%
Hold period (years)	**—**	**12**	—	10

[1] *Weighted average rate based on the fair value as at the period end date*

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 income-producing properties to changes in the capitalization rate and discount rate, respectively:

	Three Months Ended March 31, 2020			
	OCR Sensitivity		**DCF Sensitivity**	
Rate sensitivity	**Fair value**	**Change in fair value**	**Fair value**	**Change in fair value**
+ 75 basis points	**$ 3,751,000**	**$ (440,000)**	**$ 1,655,000**	**$ (186,000)**
+ 50 basis points	**3,887,000**	**(304,000)**	**1,711,000**	**(131,000)**
+ 25 basis points	**4,035,000**	**(156,000)**	**1,768,000**	**(73,000)**
March 31, 2020	**$ 4,191,000**	**$ —**	**$ 1,841,000**	**$ —**
- 25 basis points	**4,366,000**	**175,000**	**1,899,000**	**58,000**
- 50 basis points	**4,554,000**	**363,000**	**1,971,000**	**130,000**
- 75 basis points	**$ 4,759,000**	**$ 568,000**	**$ 2,052,000**	**$ 211,000**

Rate sensitivity	OCR Sensitivity Fair value	Change in fair value	DCF Sensitivity Fair value	Change in fair value
				Year Ended December 31, 2019
+ 75 basis points	$ 3,795,258	$ (445,684)	$ 1,585,694	$ (180,346)
+ 50 basis points	3,932,504	(308,438)	1,640,800	(125,240)
+ 25 basis points	4,080,638	(160,304)	1,699,732	(66,308)
December 31, 2019	$ 4,240,942	$ —	$ 1,766,040	$ —
- 25 basis points	4,415,156	174,214	1,830,296	64,256
- 50 basis points	4,605,102	364,160	1,903,008	136,968
- 75 basis points	$ 4,813,073	$ 572,131	$ 1,982,280	$ 216,240

2020 Investment and Development Activity

Funding of investment and development activities for the three months ended March 31, 2020 was as follows:

	Q1 2020 Investment and Development Activity			
	Property investments	**Developments**	**Intensifications**	**Total**
Funded with working capital to CTC	**$ —**	**$ —**	**$ 556**	**$ 556**
Funded with working capital to third parties	**14,165**	**4,921**	**594**	**19,680**
Capitalized interest and property taxes	**—**	**398**	**—**	**398**
Mortgages assumed	**18,567**	**—**	**—**	**18,567**
Total costs	**$ 32,732**	**$ 5,319**	**$ 1,150**	**$ 39,201**

2019 Investment and Development Activity

Funding of investment and development activities for the three months ended March 31, 2019 was as follows:

	Q1 2019 Investment and Development Activity			
	Property investments	Developments	Intensifications	Total
Funded with working capital to CTC	$ —	$ 25,171	$ 2,018	$ 27,189
Funded with working capital to third parties	9,409	1,998	3,517	14,924
Capitalized interest and property taxes	—	541	—	541
Mortgages payable	11,330	—	—	11,330
Total costs	$ 20,739	$ 27,710	$ 5,535	$ 53,984

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 rate of 4.70% of the aggregate capital amount ascribed to the Class C LP Units, in priority to distributions made to holders of the Class B LP Units and units representing an interest in CT REIT GP Corp. ("GP"), subject to certain exceptions.

On expiry of the Initial Fixed Rate Period applicable to each series of Class C LP Units, and each five-year period thereafter, each such series of Class C LP Units is redeemable at par (together with all accrued and unpaid payments thereon) at the option of the Partnership or the holder, upon giving at least 120 days' prior notice. The Partnership also has the ability to settle any of the Class C LP Units at any time at a price equal to the greater of par and a price to provide a yield equal to the then equivalent Government of Canada bond yield plus a spread, so long as such redemption is in connection with a sale of properties.

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

The Partnership did not settle any Class C LP Units in Q1 2020.

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 Rate Period**	**Carrying amount at March 31, 2020**	Carrying amount at December 31, 2019
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 16	May 31, 2020	2.42%	**16,550**	16,550
Series 17	May 31, 2020	2.39%	**18,500**	18,500
Series 18	May 31, 2020	2.28%	**4,900**	4,900
Series 19	May 31, 2020	2.28%	**11,600**	11,600
Weighted average / Total		4.70%	**$ 1,451,550**	$ 1,451,550
Current			**$ 251,550**	$ 251,550
Non-current			**1,200,000**	1,200,000
Total			**$ 1,451,550**	$ 1,451,550

For the three months ended March 31, 2020, interest expense of $17,055 (Q1 2019 – $17,055) was recognized in respect of the Class C LP Units (see Note 12). The holders of the Class C LP Units may elect to defer receipt of all or a portion of distributions declared by CT REIT until the first business day following the end of the fiscal year. If the holder so elects to defer receipt of payments, CT REIT will loan the holder an amount equal to the deferred payment without interest, and the loan will be due and payable in full on the first business day following the end of the fiscal year in which the loan was advanced, the holder having irrevocably directed that any payment of the deferred payments be applied to repay such loans. At the election of the holder, payments on the Class C LP Units for the three months ended March 31, 2020 of $11,278 (Q1 2019 – $11,278) were deferred until the first business day following the end of the fiscal year and non-interest bearing loans equal to the deferred payments were advanced. The net amount of payments due in respect of the Class C LP Units at March 31, 2020 of $5,685 (December 31, 2019 – $5,685) is included in other liabilities on the Condensed Consolidated Balance Sheets.

On May 1, 2020, the REIT reset the interest rate on its Series 3, 16-19 Class C LP Units with CTC to 2.37%, for a 5-year term ending on May 31, 2025.

5. MORTGAGES PAYABLE

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

		March 31, 2020		December 31, 2019
	Face value	**Carrying amount**	Face value	Carrying amount
Current	**$ 406**	**$ 588**	$ 37,533	$ 37,696
Non-current	**65,729**	**65,737**	10,134	10,353
Total	**$ 66,135**	**$ 66,325**	$ 47,667	$ 48,049

Future repayments are as follows:	**Principal amortization**	**Maturities**	**Total**
2020	$ 300	$ —	$ 300
2021	420	—	420
2022	255	9,460	9,715
2023	—	55,700	55,700
2024 and thereafter	—	—	—
Total contractual obligation	$ 975	$ 65,160	$ 66,135
Unamortized portion of mark to market on mortgages payable assumed on the acquisition of properties			323
Unamortized transaction costs			(133)
			$ 66,325

Mortgages payable have interest rates that range from 3.14% to 4.50%, and have maturity dates that range from July 2022 to March 2023. Mortgages payable at March 31, 2020 had a weighted average interest rate of 3.37% (December 31, 2019 – 3.82%). At March 31, 2020, floating rate and fixed rate mortgages were $55,700 (December 31, 2019 – $37,133) and $10,435 (December 31, 2019 – $10,534), respectively.

In Q1 2020, the increase in mortgages payable of $18,567 compared to December 31, 2019 was the result of the ownership interest increase at Toronto (Canada Square), Ontario from 33% to 50%. In addition, the mortgage on Toronto (Canada Square), Ontario was renewed to 2023.

Investment properties having a fair value of $131,804 (December 31, 2019 – $99,142) have been pledged as security for mortgages payable.

6. DEBENTURES

		March 31, 2020		December 31, 2019
Series	**Face value**	**Carrying amount**	Face value	Carrying amount
A, 2.85%, June 9, 2022	**$ 150,000**	**$ 149,662**	$ 150,000	$ 149,625
B, 3.53%, June 9, 2025	**200,000**	**199,142**	200,000	199,101
C, 2.16%, June 1, 2021	**150,000**	**149,795**	150,000	149,751
D, 3.29%, June 1, 2026	**200,000**	**199,164**	200,000	199,130
E, 3.47%, June 16, 2027	**175,000**	**174,171**	175,000	174,142
F, 3.87%, December 7, 2027	**200,000**	**198,980**	200,000	198,946
	$ 1,075,000	**$ 1,070,914**	$ 1,075,000	$ 1,070,695

Debentures as at March 31, 2020, had a weighted average interest rate of 3.25% (December 31, 2019 – 3.25%).

For the three months ended March 31, 2020, amortization of transaction costs of $218 (March 31, 2019 – $205) are included in net interest and other financing charges on the Condensed Consolidated Statements of Income and Comprehensive Income (see Note 12).

7. CREDIT FACILITIES

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

	March 31, 2020	December 31, 2019
Bank Credit Facility	**$ —**	$ —
CTC Credit Facility	**—**	2,000
	$ —	$ 2,000

(a) Bank Credit Facility

CT REIT has a committed, unsecured $300,000 revolving credit facility with a syndicate of major Canadian third-party banks ("Bank Credit Facility") expiring in December 2024. The Bank Credit Facility bears interest at a rate based on the bank's prime rate of interest or bankers' acceptances plus a margin. A standby fee is charged on the Bank Credit Facility.

As at March 31, 2020 no borrowings were drawn on the Bank Credit Facility and $5,558 (December 31, 2019 – $5,558) of letters of credit were outstanding under the Bank Credit Facility. At March 31, 2020, borrowings under the Bank Credit Facility had a weighted average interest rate of nil (December 31, 2019 – nil).

(b) CTC Credit Facility

CT REIT has an uncommitted, unsecured $300,000 revolving credit facility with CTC ("CTC Credit Facility") expiring in December 2020. The CTC Credit Facility bears interest at a rate based on the bank's prime rate of interest or bankers' acceptances plus a margin.

As at March 31, 2020, no borrowings were drawn on the CTC Credit Facility. At March 31, 2020, borrowings under the CTC Credit Facility had an ending average interest rate of nil (December 31, 2019 – 3.95%).

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

8. EQUITY

Authorized and outstanding units

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

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

			As at March 31, 2020
	Units	**Class B LP Units**	**Total**
Total outstanding at beginning of year	**103,927,385**	**124,289,491**	**228,216,876**
Units issued [1]	**284,432**	**—**	**284,432**
Total outstanding at end of period	**104,211,817**	**124,289,491**	**228,501,308**

[1] 284,432 issued pursuant to the REIT's distribution reinvestment plan.

			As at December 31, 2019
	Units	Class B LP Units	Total
Total outstanding at beginning of year	96,848,606	123,400,633	220,249,239
Units issued [1]	762,779	888,858	1,651,637
2019 REIT Offering [2]	6,316,000	—	6,316,000
Total outstanding at end of year	103,927,385	124,289,491	228,216,876

[1] 742,946 issued pursuant to the REIT's distribution reinvestment plan.

[2] On September 19, 2019, CT REIT completed a joint equity offering of an aggregate of 16,846,000 Units comprised of the issuance of 6,316,000 Units from treasury for net proceeds of $86,140 after deducting issuance costs of $3,863 (the "2019 REIT Offering") and the sale of 10,530,000 Units by CTC.

Net income attributable to Unitholders and weighted average units outstanding used in determining basic and diluted net income per unit for three months ended March 31, 2020 and 2019, are calculated as follows, respectively:

	For the three months ended March 31, 2020		
	Units	**Class B LP Units**	**Total**
Net income attributable to Unitholders - basic	**$ 19,679**	**$ 23,517**	**$ 43,196**
Income effect of settling Class C LP Units with Class B LP Units			**17,055**
Net income attributable to Unitholders - diluted			**$ 60,251**
Weighted average units outstanding - basic	**104,061,154**	**124,289,491**	**228,350,645**
Dilutive effect of other Unit plans			**246,256**
Dilutive effect of settling Class C LP Units with Class B LP Units			**120,351,613**
Weighted average units outstanding - diluted			**348,948,514**

	For the three months ended March 31, 2019		
	Units	Class B LP Units	Total
Net income attributable to Unitholders - basic	$ 31,430	$ 40,015	$ 71,445
Income effect of settling Class C LP Units with Class B LP Units			17,055
Net income attributable to Unitholders - diluted			$ 88,500
Weighted average units outstanding - basic	96,920,570	123,400,633	220,321,203
Dilutive effect of other Unit plans			226,092
Dilutive effect of settling Class C LP Units with Class B LP Units			104,160,662
Weighted average units outstanding - diluted			324,707,957

Distributions on Units and Class B LP Units

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

For the three months ended March 31,	**2020**	2019
	Distributions per unit	Distributions per unit
Units	**$ 0.197**	$ 0.189
Class B LP Unit	**$ 0.197**	$ 0.189

On March 13, 2020, CT REIT's Board declared a distribution of $0.06562 per Unit payable on April 15, 2020 to holders of Units and Class B LP Units of record as of March 31, 2020.

On April 15, 2020, CT REIT's Board declared a distribution of $0.06562 per Unit payable on May 15, 2020 to holders of Units and Class B LP Units of record as of April 30, 2020.

Details and descriptions of the Units, and Class B LP Units are available in Note 10 of CT REIT's 2019 audited annual consolidated financial statements.

9. NON-CONTROLLING INTERESTS

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

	Proportion of ownership interests held by non-controlling interests		**Net income and comprehensive income allocated to non-controlling interests**	
	As at March 31, 2020	As at March 31, 2019	**For the three months ended March 31, 2020**	For the three months ended March 31, 2019
Name of Subsidiary				
CT REIT Limited Partnership	**54.39%**	55.99%	**$ 23,517**	$ 40,015

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

10. REVENUES AND EXPENSES

(a) Property revenue

The components of property revenue are as follows:

	CTC	Other	**For the three months ended March 31, 2020**
Base minimum rent	**$ 85,144**	**$ 8,634**	**$ 93,778**
Straight-line rent	**2,374**	**215**	**2,589**
Subtotal base rent	**$ 87,518**	**$ 8,849**	**$ 96,367**
Property operating expense recoveries	**22,598**	**4,785**	**27,383**
Capital expenditure and interest recovery charge	**2,581**	**48**	**2,629**
Other revenues	**—**	**466**	**466**
Property revenue	**$ 112,697**	**$ 14,148**	**$ 126,845**

		CTC		Other		For the three months ended March 31, 2019
Base minimum rent	$	81,069	$	8,389	$	89,458
Straight-line rent		3,453		179		3,632
Subtotal base rent	$	84,522	$	8,568	$	93,090
Property operating expense recoveries		21,642		4,424		26,066
Capital expenditure and interest recovery charge		2,161		32		2,193
Other revenues [1]		1		214		215
Property revenue	$	108,326	$	13,238	$	121,564

[1] 2019 comparatives have been restated to conform with current year's presentation.

(b) Property expense

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

For the three months ended March 31,		**2020**		2019
Property taxes	**$**	**23,661**	$	22,724
Recoverable operating costs		**4,433**		4,108
Property management [1]		**843**		1,161
Property expense	**$**	**28,937**	$	27,993

[1] Includes $212 (2019 - $498) payable to CTC. See Note 16.

11. GENERAL AND ADMINISTRATIVE EXPENSE

General and administrative expense is comprised of the following:

For the three months ended March 31,		**2020**		2019
Personnel expense [1]	**$**	**1,402**	$	2,041
Services Agreement with CTC [2]		**331**		733
Public entity and other [1]		**1,373**		1,997
	$	**3,106**	$	4,771
Less: allocated to property operating costs		**(123)**		—
General and administrative expense	**$**	**2,983**	$	4,771

[1] Includes unit-based awards including (gain) loss adjustments as a result of the change in the fair market value of the Units of $(1,607) (2019 - $1,086) for three months ended March 31, 2020.

[2] See Note 16.

12. NET INTEREST AND OTHER FINANCING CHARGES

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

For the three months ended March 31,		2020		2019
Interest on Class C LP Units [1]	$	**17,055**	$	17,055
Interest and financing costs - debentures		**9,031**		8,942
Interest and financing costs - Bank Credit Facility		**254**		302
Interest on mortgages payable		**559**		446
Interest on lease liabilities		**908**		816
	$	**27,807**	$	27,561
Less: capitalized interest		**(243)**		(541)
Interest and other financing charges	$	**27,564**	$	27,020
Less: interest income		**(76)**		(66)
Net interest and other financing charges	$	**27,488**	$	26,954

[1] *Paid or payable to CTC.*

13. CHANGES IN WORKING CAPITAL AND OTHER

Changes in working capital are comprised of the following:

For the three months ended March 31,		2020		2019
Changes in working capital and other				
Tenant and other receivables	$	**(5,904)**	$	(6,067)
Other assets		**(3,886)**		(3,409)
Other liabilities		**15,122**		13,215
Other		**112**		138
Changes in working capital and other	$	**5,444**	$	3,877

14. SEGMENTED INFORMATION

CT REIT has one segment for financial reporting purposes which comprises the ownership and operation of primarily retail investment properties located across Canada.

15. COMMITMENTS AND CONTINGENCIES

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

As at March 31, 2020, CT REIT had obligations of $146,213 (December 31, 2019 – $145,667) in future payments for the completion of developments. Included in the commitments is $130,617 due to CTC.

16. RELATED-PARTY TRANSACTIONS

In the normal course of operations, CT REIT enters into various transactions with related parties that have been measured at amounts agreed to between the parties and are recognized in the consolidated financial statements.

(a) Arrangements with CTC

Services Agreement

Under the services agreement among the Partnership and CTC entered into on October 23, 2013 ("Services Agreement"), CTC provides the REIT with certain administrative, information technology, internal audit and other support services as may be reasonably required from time to time (the "Services"). CTC provides these Services to the REIT on a cost recovery basis pursuant to which CT REIT reimburses CTC for all costs and expenses incurred by CTC in connection with providing the Services, plus applicable taxes. The Services Agreement is automatically renewable for one year terms, unless otherwise terminated in accordance with its terms. The Services Agreement was automatically renewed for 2020 and CTC will continue to provide such Services on a cost recovery basis.

Property Management Agreement

Under the property management agreement, among the Partnership and CTC entities entered into on October 23, 2013 ("Property Management Agreement"), CTC provides the REIT with certain property management services (the "Property Management Services"). CTC provides these Property Management Services to the REIT on a cost recovery basis pursuant to which the REIT reimburses CTC for all costs and expenses incurred by CTC in connection with providing the Property Management Services, plus applicable taxes. The Property Management Agreement is automatically renewable for one year terms, unless otherwise terminated in accordance with its terms. The Property Management Agreement was automatically renewed for 2020 and CTC will continue to provide such Property Management Services on a cost recovery basis.

CTC Credit Facility

In 2019, CT REIT entered into the CTC Credit Facility expiring in December 2020. The CTC Credit Facility bears interest at a rate based on the bank's prime rate of interest or bankers' acceptances plus a margin.

(b) Transactions and balances with related parties

Transactions with CTC are comprised of the following, excluding acquisition, intensification and development activities with CTC which are contained in Note 3:

For the three months ended March 31,	Note		2020		2019
Rental revenue	10	$	**112,697**	$	108,326
Property Management and Services Agreement expense		$	**543**	$	1,231
Distributions on Units		$	**6,691**	$	8,428
Distributions on Class B LP Units [1]		$	**24,468**	$	23,360
Interest expense on Class C LP Units	12	$	**17,055**	$	17,055

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

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

As at		March 31, 2020		December 31, 2019
Tenant and other receivables	$	**(7,333)**	$	(1,890)
Class C LP Units		**1,451,550**		1,451,550
Amounts payable on Class C LP Units		**16,963**		67,712
Loans receivable in respect of payments on Class C LP Units		**(11,278)**		(62,027)
Other liabilities		**9,379**		6,695
Distributions payable on Units and Class B LP Units [1]		**14,100**		29,589
Loans receivable in respect of distributions on Class B LP Units		**(3,714)**		(19,202)
CTC Credit Facility [2]		**—**		2,000
Net balance due to CTC	$	**1,469,667**	$	1,474,427

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

[2] See Note 7.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

The fair value of the Class C LP Units, debentures and mortgages payable at March 31, 2020, is $1,545,473, $1,078,584 and $64,538 respectively. The fair value measurement of the Class C LP Units and mortgages payable is based on Level 2 inputs. The significant inputs used to determine the fair value of the Class C LP Units and mortgages payable are interest rates, term to maturity, and credit spreads. The debentures are actively traded on the secondary market and the fair value is determined using Level 1 inputs. There have been no transfers during the period between levels.

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

18. CAPITAL MANAGEMENT AND LIQUIDITY

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

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

The current economic, operating and capital market environment resulting from the COVID-19 pandemic has led to an increased emphasis on liquidity. While Management has not changed the REIT's objectives in managing capital, the current focus has been on ensuring sufficient liquidity.

During the quarter, the REIT implemented actions to preserve its cash position and financial flexibility, including a plan to reduce discretionary capital expenditures and participating in property tax deferral payment arrangements being offered to property owners.

As at March 31, 2020, CT REIT was in compliance with all of the financial covenants under the Credit Facilities and the Trust Indenture.

19. COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic which has resulted in unprecedented social and economic challenges. In Canada, Federal, Provincial and Municipal governments and public health officials have been continuously announcing new restrictions, guidelines and support to prevent the spread of the virus, while also attempting to provide financial stability through various economic relief programs. During these extraordinary times, the REIT has remained committed to contain the virus and to the health and safety of our employees and tenants, including our tenants' customers as well as employees. During the quarter, strict measures were imposed on many of the REIT's tenants, including Canadian Tire, in an attempt to impede the transmission of the virus, in line with recommendations by public health officials. Below is a summary of the impact of COVID-19 on the first quarter operations and results of the REIT.

Measures put in place by Canadian public authorities have resulted in the temporary closure of non-essential businesses and services in certain jurisdictions. As a result of these measures, a number of the REIT's tenants have closed or are operating on a limited basis, and will remain so until further notice. During the latter part of the first quarter of 2020, all of the REIT's 318

Canadian Tire Retail stores continued to operate while under restrictive conditions as recommended by public health officials to slow the transmission of the virus. On April 5, 2020, the REIT's 132 Canadian Tire Retail stores in Ontario were closed to the public and now operate on a limited basis, with Curbside Pickup or eCommerce, auto service centres and Gas+ locations remaining operational.

The following are the accounting policies that are subject to judgments and estimates that have been significantly impacted by the COVID-19 pandemic. These notes should be read in conjunction with the note disclosures on Judgments and Estimates in the REIT's 2019 audited annual Consolidated Financial Statements.

Valuation of Investment Properties

Given the rapidly evolving circumstances surrounding COVID-19, it is difficult to predict with certainty the nature, duration, extent of the COVID-19 pandemic and the impact it will have on the operations of CT REIT's tenants and the REIT's results. The impact of the COVID-19 pandemic is highly dependent on future developments, which include among other things, emerging information concerning COVID-19 and the actions required to contain or manage its impact.

The REIT's valuation assessment of its investment properties, at March 31, 2020, was reflected in the fair value adjustment of investment properties. Management's assessment included performing a sensitivity analysis on discount and capitalization rates.

In determining the fair value of investment properties for these interim financial statements, management considered the impact on tenant operations with temporarily closed locations or temporarily reduced service levels, under the current COVID-19 restrictions imposed by various levels of government. Management reflected these changes by adjusting its cash flow assumptions for impacted properties, together with certain adjustments to the discount and capitalization rates used in determining the fair value of investment properties as at March 31, 2020. The impact of these changes is reflected in the fair value adjustment on investment properties and should be considered together with the sensitivity analysis on discount and capitalization rates included in Note 3.

Tenant Receivables

In assessing the adequacy of allowance for doubtful accounts provisions on tenant receivables for these interim financial statements, management has considered the likelihood of collection of current receivables given the impact on tenant operations with temporarily closed locations or temporarily reduced service levels, under the current COVID-19 restrictions imposed by various levels of government. Management has increased its allowance for doubtful accounts provision primarily related to smaller third-party tenants that may not have the liquidity to meet their current financial obligations.

Absent material changes in our business, we do not anticipate providing business updates relating to COVID-19 or otherwise on a regular basis, outside of our regular continuous disclosure requirements or as required by applicable securities laws.

20. SUBSEQUENT EVENT

On May 1, 2020, the REIT reset the interest rate on its Series 3, 16-19 Class C LP Units with CTC to 2.37%, for a 5-year term ending on May 31, 2025.