CT REAL ESTATE INVESTMENT TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021

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 year ended December 31, 2021 and should be read in conjunction with the REIT's audited consolidated financial statements ("consolidated financial statements") and accompanying notes for the year ended December 31, 2021 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). In addition, the following MD&A should be read in conjunction with CT REIT's forward-looking information found in section 14.0 of this MD&A. Information about CT REIT, including the Annual Information Form for the year ended December 31, 2021 ("AIF"), the consolidated financial statements as at and for the period ending December 31, 2021 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 is 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 shall be defined in the Glossary of Terms in the AIF 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 consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Refer to section 10.0 in this MD&A for further information.

Financial data included in this MD&A includes material information as of February 15, 2022. Disclosure contained in this document is current to that date, unless otherwise indicated.

1.4 Quarterly and Annual Comparisons in this MD&A

Unless otherwise indicated, all comparisons of results for three months ended December 31, 2021 ("Q4 2021") are against results for three months ended December 31, 2020 ("Q4 2020") and comparisons of results for the year ended December 31, 2021 are against results for the year ended December 31, 2020.

1.5 Currency and Rounding

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.

1.6 Key Operating Performance Measures and Specified Financial 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 and comprehensive 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 and comprehensive income as presented by CT REIT may not be comparable to net income and comprehensive income presented by other real estate investment trusts or enterprises.

1.7 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 February 15, 2022.

1.8 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 as amended and restated as of October 22, 2013 and as further amended and restated as of April 5, 2020 and as may be further amended from time to time ("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 69.0% effective interest in CT REIT as at December 31, 2021, 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 issued and outstanding Class C limited partnership units ("Class C LP Units") of the Partnership. The Units are listed on the Toronto Stock Exchange ("TSX") and are traded under the symbol CRT.UN.

CT REIT has one segment for financial reporting purposes which comprises the ownership and management of primarily net lease single-tenant retail investment properties located across Canada.

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

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

The global spread of the coronavirus (COVID-19) disease (the "Pandemic") continues to impact the Canadian and global economies. The REIT remains committed to the health and safety of its employees and tenants, as well as its tenants' employees and customers. Many of the measures that were introduced at the outset of the Pandemic to reduce the spread of the virus, remain in place, including the majority of REIT employees continuing to work from home.

Despite the positive impact of vaccination programs throughout Canada, industries, including retail and commercial real estate, continue to be affected to varying degrees by the Pandemic. It continues to be difficult to predict the duration and impact of the Pandemic, if any, 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 impacts on its key risks. The impact of the Pandemic 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 have been successful to date and have allowed the REIT to maintain a financially strong business and to continue to support employees, tenants and their employees and customers. Refer to section 12.0, "Enterprise Risk Management" for a further discussion of key risks and Pandemic impacts to the REIT's operations, its tenants and financial performance.

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, as a real estate investment trust investing primarily in net lease, single-tenant assets, 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 per unit[1].

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

1. the portfolio of Canadian Tire leases, which generally contain contractual rent escalations of approximately 1.5% per year, on average, over their initial term and have a weighted average remaining lease term of 8.9 years;
2. 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 through preferential rights, subject to certain exceptions, to participate in the development of, and to acquire, certain new retail properties; and
3. its relationship with CTC, which CT REIT will continue to leverage in order to obtain insights into potential real estate acquisitions and development opportunities in markets across Canada.

[1] Non-GAAP ratio. Refer to section 11.2 for further information.

[2] The ROFO Agreement continues 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, non-GAAP financial measures and non-GAAP ratios, refer to section 1.0, section 11.1 and section 11.2.

(in thousands of Canadian dollars, except unit, per unit and square footage amounts)	Year Ended		
For the periods ended December 31,	**2021**	2020	2019
Property revenue	**$ 514,537**	$ 502,348	$ 489,013
EBITFV [1]	**$ 393,557**	$ 378,814	$ 370.693
Net operating income [1]	**$ 401,079**	$ 381,566	$ 368,795
Net income	**$ 456,859**	$ 183,305	$ 307,193
Net income per unit - basic [2]	**$ 1.969**	$ 0.801	$ 1.380
Net income per unit - diluted [3]	**$ 1.635**	$ 0.772	$ 1.193
Funds from operations [1]	**$ 287,565**	$ 270,725	$ 261,861
FFO per Unit - diluted (non-GAAP) [2,4,5]	**$ 1.238**	$ 1.181	$ 1.175
Adjusted funds from operations [1]	**$ 256,504**	$ 236,457	$ 224,300
AFFO per Unit - diluted (non-GAAP) [2,4,5]	**$ 1.104**	$ 1.032	$ 1.007
Distributions per Unit - paid [2]	**$ 0.822**	$ 0.793	$ 0.757
AFFO payout ratio [4]	**74.5 %**	76.8 %	75.2 %
Excess of AFFO [1] over distributions:			
Excess of AFFO over distributions paid [1,6]	**$ 66,002**	$ 55,063	$ 55,982
Per Unit - diluted (non-GAAP) [2,4,5]	**$ 0.284**	$ 0.240	$ 0.251
Cash generated from operating activities	**$ 407,201**	$ 370,766	$ 362,328
Adjusted cashflow from operations [1]	**$ 271,948**	$ 238,954	$ 228,366
Weighted average number of Units outstanding [2]			
Basic	**232,026,661**	228,934,001	222,559,681
Diluted [3]	**318,507,219**	322,574,451	314,615,002
Diluted (non-GAAP) [5]	**232,324,806**	229,199,901	222,791,571
Period-end Units outstanding [2]	**233,185,145**	230,969,595	228,216,876
Total assets	**$ 6,500,102**	$ 6,176,142	$ 6,024,512
Total non-current liabilities	**$ 2,518,598**	$ 2,509,733	$ 2,347,397
Total indebtedness	**$ 2,677,861**	$ 2,652,341	$ 2,572,294
Book value per Unit [2]	**$ 15.77**	$ 14.62	$ 14.61
Market price per Unit - Close (end of period) [2]	**$ 17.32**	$ 15.67	$ 16.14
OTHER INFORMATION			
Weighted average interest rate [7]	**3.84 %**	3.87 %	4.08 %
Indebtedness ratio	**41.2 %**	42.9 %	42.7 %
Interest coverage ratio [4, 8]	**3.72**	3.51	3.40
Weighted average term to debt maturity (in years) [7]	**6.8**	7.5	8.0
Gross leasable area (square feet) [9]	**29,105,050**	28,738,736	27,556,341
Occupancy rate [9,10]	**99.3 %**	99.3 %	99.1 %

[1] Non-GAAP financial measure. Refer to section 11.1 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] Non-GAAP ratio. Refer to section 11.2 for further information.

[5] 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.

[6] Refer to section 8.0 for further information.

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

[8] Refer to section 7.5 for further information.

[9] Excludes Development Properties and Properties Under Development. Refer to the Glossary of Terms in the 2021 Annual Report for definition.

[10] 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, 2021 and December 31, 2020.

5.0 PORTFOLIO OVERVIEW

5.1 Portfolio Profile

The portfolio of Properties, as at December 31, 2021, consisted of 362 retail properties, four industrial properties, one mixed-use commercial property and one Development Property (collectively, "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 29.1 million square feet of gross leasable area ("GLA").

CT REIT's consolidated financial position, results of operations and portfolio metrics include the REIT's one-half interest in Canada Square, a mixed-use commercial property with future re-development potential, in Toronto, Ontario (Canada Square). CTC is CT REIT's most significant tenant. As at December 31, 2021, CTC represented 92.1% of total GLA (December 31, 2020 - 92.2%) and 91.5% of total annualized base minimum rent (December 31, 2020 - 91.6%). As at December 31, 2021, CTC, including Canadian Tire stores and Other CTC Banners, had leased 26.8 million square feet of GLA, with approximately 86.3% and 13.7% of the GLA attributable to retail and office, and industrial properties, respectively.

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

	As at December 31, 2021		
(in square feet)	**GLA**	**Occupied GLA**	**Occupancy rate [2]**
Property Type			
Retail			
Canadian Tire stores	**22,330,291**	**22,330,291**	**100.0 %**
Other CTC Banners [1]	**591,124**	**591,124**	**100.0 %**
Third party retail tenants	**2,021,858**	**1,843,871**	**91.2 %**
Industrial properties	**3,883,749**	**3,883,749**	**100.0 %**
Mixed-use property [3]	**278,028**	**256,308**	**92.2 %**
Total	**29,105,050**	**28,905,343**	**99.3 %**

[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 December 31, 2021.

[3] Relates to the REIT's one-half interest in Canada Square.

	As at December 31, 2020		
(in square feet)	GLA	Occupied GLA	Occupancy rate [2]
Property Type			
Retail			
Canadian Tire stores	21,993,621	21,993,621	100.0 %
Other CTC Banners [1]	617,669	617,669	100.0 %
Third party retail tenants	1,935,392	1,744,924	90.2 %
Industrial properties	3,914,026	3,914,026	100.0 %
Mixed-use property [3]	278,028	256,613	92.3 %
Total	28,738,736	28,526,853	99.3 %

[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 December 31, 2020.

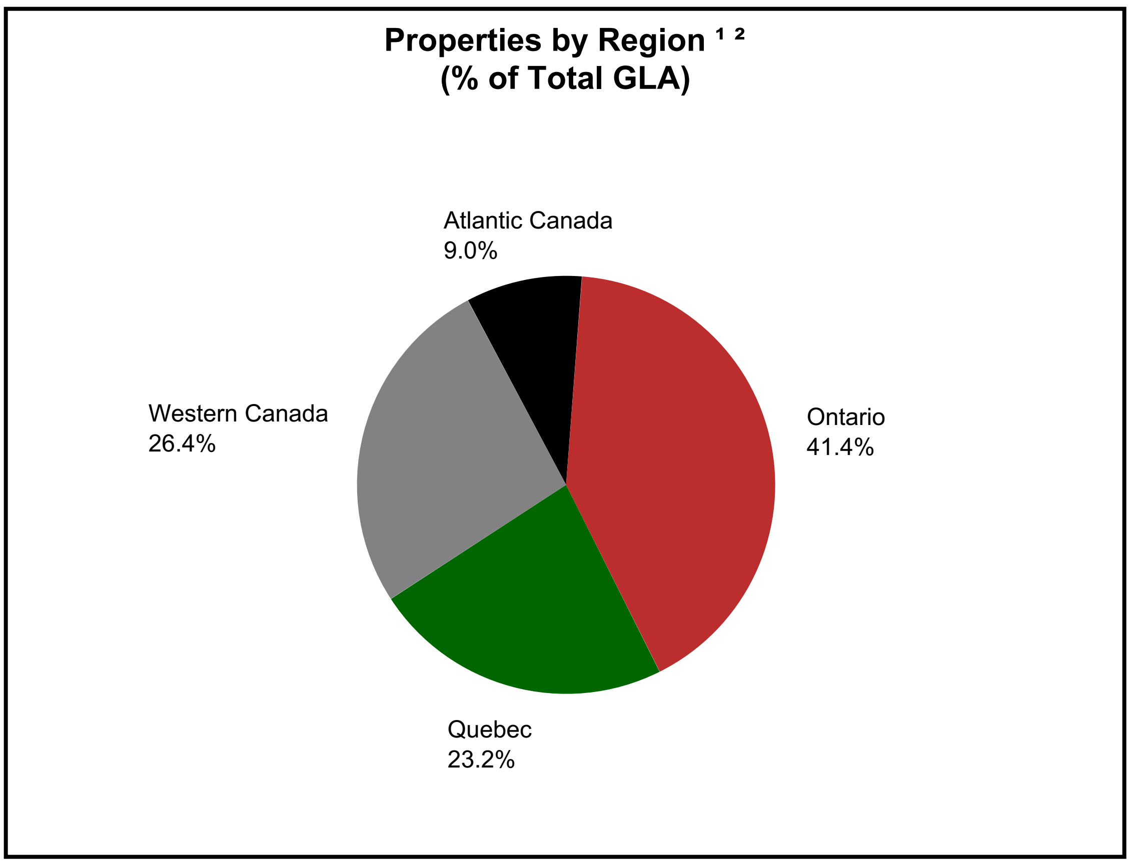
[3] Relates to the REIT's one-half interest in Canada Square.

The REIT's property portfolio consists of:

As at	**December 31, 2021**	December 31, 2020
Canadian Tire single tenant properties	**262**	261
Other single tenant properties	**25**	25
Multi-tenant properties anchored by Canadian Tire store	**67**	64
Multi-tenant properties not anchored by Canadian Tire store	**8**	7
Industrial properties	**4**	4
Mixed-use property	**1**	1
Total operating properties	**367**	362
Development Properties	**1**	1
Total properties	**368**	363

As at	**December 31, 2021**	December 31, 2020
Gas bars at retail properties	**112**	111

CT REIT's Properties by region, as a percentage of total GLA, as at December 31, 2021 are as follows:

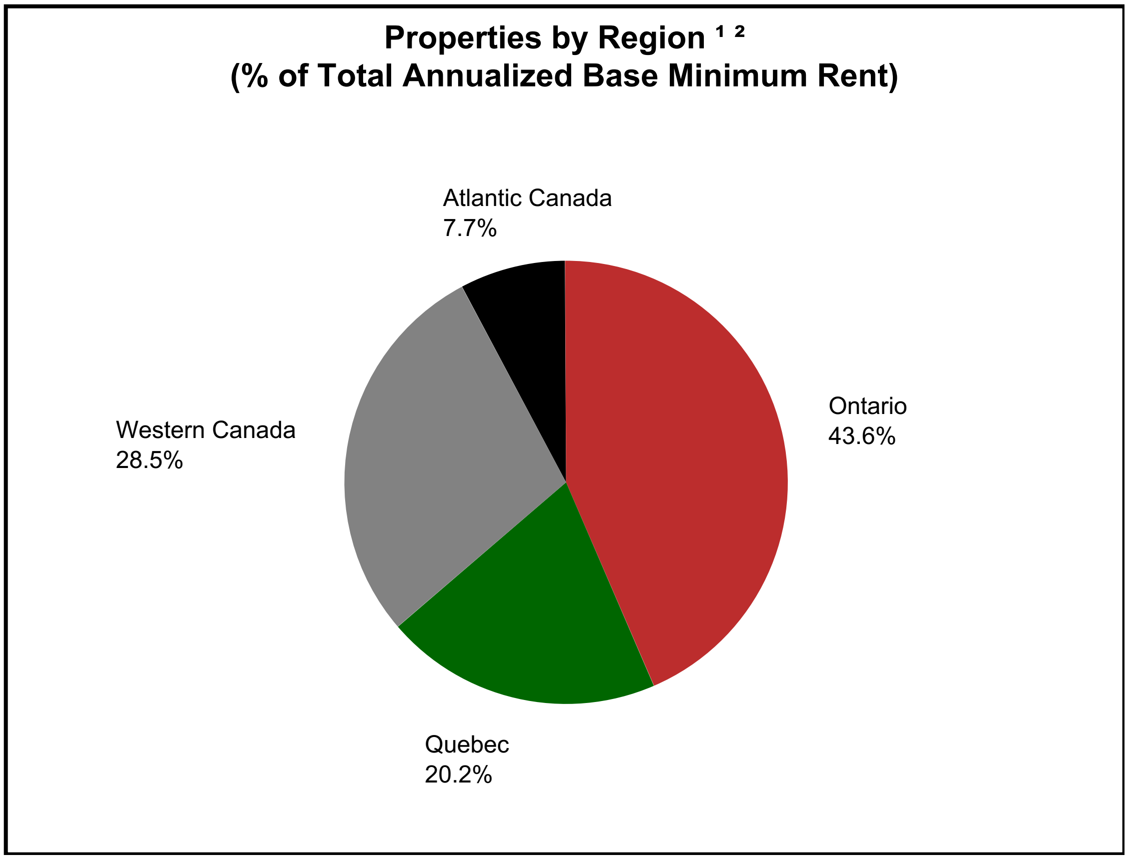


[1] *Excluding Properties Under Development.*

[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 December 31, 2021.*

5.2 Revenue by Region

CT REIT's Properties by region, as a percentage of total annualized base minimum rent, as at December 31, 2021 are as follows:



[1] Excluding Properties Under Development.

[2] Occupancy and other leasing key operating performance measures have been prepared on a committed basis which includes the impact of existing lease agreements contracted on or before December 31, 2021.

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	**December 31, 2021**	December 31, 2020
Vancouver	**3.0 %**	3.1 %
Edmonton	**4.8 %**	4.9 %
Calgary	**3.0 %**	2.7 %
Toronto	**19.9 %**	20.2 %
Ottawa	**3.9 %**	3.8 %
Montreal	**10.7 %**	10.8 %
Percentage of Total Annualized Base Minimum Rent [1, 2]	**45.3 %**	45.5 %

[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 December 31, 2021.

5.4 Fair Value of Portfolio of Properties

The fair value of the Properties represents 99.8% of the total assets of CT REIT as at December 31, 2021.

			Year Ended December 31, 2021			Year Ended December 31, 2020
(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	**6,083,145**	**57,855**	**6,141,000**	5,932,864	74,118	6,006,982
Property acquisitions (including transaction costs)	**100,749**	**—**	**100,749**	131,762	—	131,762
Intensifications	**—**	**16,677**	**16,677**	—	23,047	23,047
Developments	**—**	**7,371**	**7,371**	—	53,197	53,197
Development land	**—**	**1,911**	**1,911**	—	—	—
Capitalized interest and property taxes	**—**	**1,488**	**1,488**	—	1,283	1,283
Transfers from PUD	**16,383**	**(16,383)**	**—**	111,224	(111,224)	—
Transfers to PUD	**(10,237)**	**10,237**	**—**	(17,434)	17,434	—
Transfer to asset held for sale	**—**	**—**	**—**	(20,600)	—	(20,600)
Right-of-use assets	**9,945**	**—**	**9,945**	5,403	—	5,403
Fair value adjustment on investment properties	**169,911**	**—**	**169,911**	(87,359)	—	(87,359)
Straight-line rent	**6,168**	**—**	**6,168**	10,014	—	10,014
Recoverable capital expenditures	**33,994**	**—**	**33,994**	18,091	—	18,091
Dispositions	**(214)**	**—**	**(214)**	(820)	—	(820)
Balance, end of period	**$ 6,409,844**	**$ 79,156**	**$ 6,489,000**	$ 6,083,145	$ 57,855	$ 6,141,000

Investment properties are measured at fair value, determined using the discounted cash flow method. Under this methodology, discount rates are applied to the projected annual operating cash flows, generally over a minimum term of ten years, and include a terminal value based on a capitalization rate applied to the estimated NOI in the terminal year. The portfolio is internally valued each quarter with external appraisals performed for a portion of the portfolio on a semi-annual basis. Approximately 80% of the property portfolio (by value) is appraised externally by an independent national real estate appraisal firm over a four-year period.

Included in CT REIT's portfolio of Properties are 10 properties which are situated on ground leases with remaining current terms up to 34 years, and an average remaining current term of approximately 15 years. Assuming all extensions are exercised, the ground leases have, on average, approximately 32 years of remaining lease term.

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

	Year Ended December 31, 2021	Year Ended December 31, 2020
Number of properties	368	363
Value at the period end	$ 6,489,000	$ 6,141,000
Discount rate[1]	6.98 %	7.15 %
Terminal capitalization rate[1]	6.48 %	6.67 %
Hold period (years)	12	12

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

The estimates of fair value are sensitive to changes in the investment metrics and forecasted future cash flows for each Property. The sensitivity analysis in the table below indicates the approximate impact on the fair value of the portfolio of Properties resulting from changes in the terminal capitalization and discount rates assuming no changes in other inputs.

	Year Ended December 31, 2021		Year Ended December 31, 2020	
Rate sensitivity	**Fair value**	**Change in fair value**	Fair value	Change in fair value
+ 75 basis points	$ 5,852,000	$ (637,000)	$ 5,545,000	$ (596,000)
+ 50 basis points	6,056,000	(433,000)	5,742,000	(399,000)
+ 25 basis points	6,304,000	(185,000)	5,967,000	(174,000)
Period ended	$ 6,489,000	$ —	$ 6,141,000	$ —
- 25 basis points	6,743,000	254,000	6,371,000	230,000
- 50 basis points	7,084,000	595,000	6,623,000	482,000
- 75 basis points	$ 7,319,000	$ 830,000	$ 6,898,000	$ 757,000

5.5 2021 Investment Activities

The following table presents income-producing properties acquired, intensified, developed, or redeveloped during the year ended December 31, 2021.

(in thousands of Canadian dollars, except for GLA amounts)	Transaction date	GLA	Total investment cost
Property Location			
Lower Sackville, NS [1]	March 2021	52,510	
Drummondville, QC [2]	June 2021	—	
Trenton, ON [1]	September 2021	69,799	
Halifax, NS [1]	November 2021	137,860	
Cochrane, ON [3]	November 2021	10,806	
Kenora, ON [4]	November 2021	—	
Alma,QC [3]	November 2021	3,374	
Beauport, QC [1]	December 2021	104,275	
Airdrie, AB [1]	December 2021	89,841	
Goderich, ON [1]	December 2021	36,771	
Pad Developments [5]	December 2021	23,286	
Total		**528,522**	**$ 113,274**

[1] Acquisition of income-producing property.

[2] Acquisition of land adjacent to an existing CT REIT property to facilitate the expansion of a CTR store.

[3] CTR store intensifications.

[4] CTR store expansion.

[5] Relates to third party pad developments projects.

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 December 31, 2021. The total "GLA" column 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.

		GLA (in square feet)			Total investment (in thousands of Canadian dollars)		
Property [1]	**Anticipated date of completion**	**Committed to lease**	**Not committed to lease**	**Total**	**Development costs incurred [8]**	**Committed additional investment**	**Total development costs [9]**
Lethbridge South, AB [2]	Q2 2022	28,000	—	28,000			
Brampton, ON - Trinity Commons [2]	Q2 2022	16,000	—	16,000			
Midland, ON [2]	Q2 2022	41,000	—	41,000			
La Plaine, QC [2]	Q2 2022	26,000	—	26,000			
Orillia, ON - Phase 2 [3]	Q3 2022	28,000	34,000	62,000			
Coteau-du-Lac, QC [2]	Q3 2022	322,000	—	322,000			
Goderich, ON [2]	Q4 2022	18,000	—	18,000			
Welland, ON [2,4]	Q4 2022	79,000	—	79,000			
Whitby North, ON [2]	Q4 2022	7,000	—	7,000			
Charlottetown, PEI [2]	Q4 2022	28,000	—	28,000			
Drummondville, QC [2,4]	Q4 2022	45,000	—	45,000			
Sept-Iles, QC [2]	Q4 2022	18,000	—	18,000			
Casselman, ON [2]	Q2 2023	24,000	—	24,000			
Summerside, PEI [2]	Q2 2023	28,000	—	28,000			
Fort St John, BC - Phase 2 [5]	Q3 2023	—	7,000	7,000			
Calgary (Dufferin Distribution Centre), AB [5]	Q4 2023	—	350,000	350,000			
Mission, BC [2]	Q4 2023	7,000	—	7,000			
Sydney, NS [2]	Q4 2023	40,000	—	40,000			
Burlington North, ON [2]	Q4 2023	29,000	—	29,000			
Brampton McLaughlin, ON [2]	Q4 2023	28,000	—	28,000			
Dryden, ON [2]	Q4 2023	43,000	—	43,000			
Fenelon Falls, ON [2]	Q4 2023	26,000	—	26,000			
London North, ON [2]	Q4 2023	32,000	—	32,000			
Milton, ON [2]	Q4 2023	43,000	—	43,000			
Chambly, QC [2]	Q4 2023	18,000	—	18,000			
Toronto (Canada Square), ON [6,7]	TBD	TBD	TBD	TBD			
TOTAL		**974,000**	**391,000**	**1,365,000**	**$ 79,156**	**$ 273,915**	**$ 353,071**

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

[7] Ground lease.

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

[9] Supplementary Financial Measure. Refer to section 11.3 for further information.

As at December 31, 2021, CT REIT had committed lease agreements for approximately 974,000 square feet, representing 71.4% of total GLA under development, of which 100.0% has been leased to CTC. A total of $79,156 has been expended to date, and CT REIT anticipates investing an additional $273,915 to complete the developments, of which $219,147 is due to CTC. In the next 12 months, the REIT expects to spend $159,000 on these development activities. These commitments do not include the future development costs related to the Canada Square property, other than previously approved pre-development consultant related costs.

During the course of 2021, the REIT continued to own a 50% co-ownership interest in Canada Square, and a corresponding proportionate share of the existing mortgage. Its co-owner and development manager submitted a development application for the redevelopment of the Canada Square site in December 2020 and the entitlement process is underway. Accordingly, the co-owners continue to manage the property in contemplation of its eventual redevelopment. As such, certain expiring leases in the buildings that are slated for redevelopment in order to accommodate the first phase of the redevelopment have not been extended or renewed, leading to lower occupancy levels which are expected to continue to trend downwards until the commencement of construction.

5.7 Investment and Development Funding

Funding of investment and development activities for the year ended December 31, 2021 was as follows:

	2021 Investment and Development Activity				
(in thousands of Canadian dollars)	**Property investments**	**Development land**	**Developments**	**Intensifications**	**Total**
Funded with working capital to CTC	**$ 8,096**	**$ —**	**$ —**	**$ 2,600**	**$ 10,696**
Funded with working capital to third parties [1]	**3,727**	**1,161**	**7,371**	**14,056**	**26,315**
Funded with CTC Credit Facility	**61,423**	**750**	**—**	**21**	**62,194**
Capitalized interest and property taxes	**—**	**—**	**1,488**	**—**	**1,488**
Issuance of Class B LP Units to CTC	**17,357**	**—**	**—**	**—**	**17,357**
Mortgage assumed	**10,146**	**—**	**—**	**—**	**10,146**
Total costs	**$ 100,749**	**$ 1,911**	**$ 8,859**	**$ 16,677**	**$ 128,196**

[1] *Includes $4,203 for the construction of Other CTC Banner stores.*

Funding of investment and development activities for the year ended December 31, 2020 was as follows:

	2020 Investment and Development Activity			
	Property investments	Developments	Intensifications	Total
Funded with working capital to CTC	$ 3,050	$ 38,091	$ 20,765	$ 61,906
Funded with working capital to third parties [1]	22,825	15,106	2,282	40,213
Funded with CTC Credit Facility	63,200	—	—	63,200
Capitalized interest and property taxes	—	1,283	—	1,283
Issuance of Class B LP Units to CTC	24,120	—	—	24,120
Mortgage assumed	18,567	—	—	18,567
Total costs	$ 131,762	$ 54,480	$ 23,047	$ 209,289

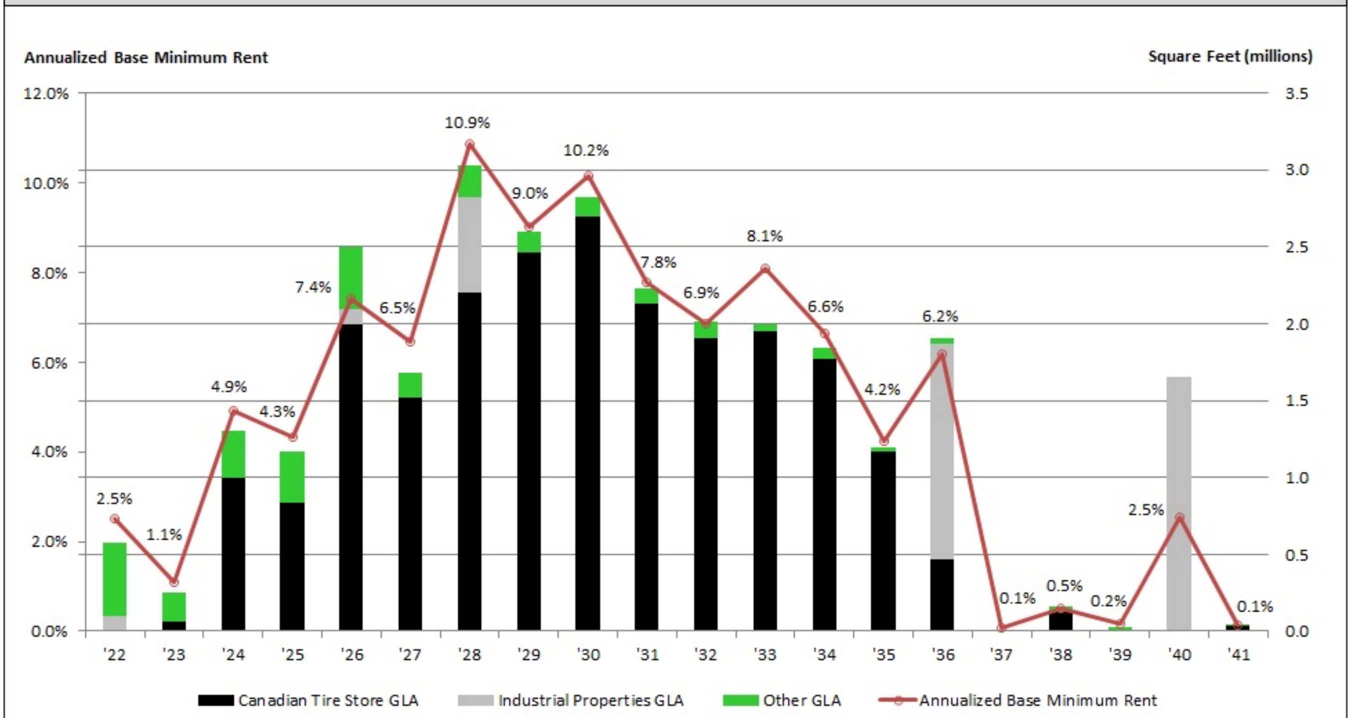
[1]*Includes $5,918 for the construction of Other CTC Banner stores.*

5.8 Lease Maturities

The weighted average lease term of the portfolio of leases with Canadian Tire is 8.9 years. The weighted average lease term of all leases in the REIT's portfolio, excluding Properties Under Development, is 8.6 years.

The following graph presents the lease maturity profile from 2022 to 2041 (assuming tenants do not exercise renewal options or termination rights, if any) as a percentage of total annualized base minimum rent and GLA as of the time of the lease expiry.

Initial Term Lease Expiry by % of Total Annualized Minimum Rent and GLA(1)(2)(3)(4)



[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.*
[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 December 31, 2021.*

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	0.67 %
2	Loblaws/Shoppers Drug Mart/No Frills	0.50 %
3	Bank of Montreal	0.49 %
4	Canadian Imperial Bank of Commerce	0.44 %
5	Sobeys/FreshCo/Farm Boy	0.44 %
6	Winners/Marshalls	0.39 %
7	Walmart	0.30 %
8	Best Buy	0.21 %
9	Tim Hortons	0.21 %
10	Dollarama	0.20 %
	Total	**3.85 %**

[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, 2021.

5.10 Leasing Activities

The future financial performance of CT REIT will be impacted by many factors including occupancy rates and renewing currently leased space. During the current quarter, the REIT completed 8 Canadian Tire store lease extensions. The total number of Canadian Tire lease extensions, year to date, is now 24, including one distribution centre. As at December 31, 2021, the REIT's occupancy rate, excluding Properties Under Development, was 99.3% (Q4 2020 - 99.3%). 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. These 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 $7,945 and $33,994 (Q4 2020 - $7,945 and YTD 2020 - $18,091) were incurred during the three months and year ended December 31, 2021, respectively. 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 incurred may vary widely from period to period.

6.0 RESULTS OF OPERATIONS

6.1 Financial Results for the Three Months and Year Ended December 31, 2021

CT REIT's financial results for the three months and year ended December 31, 2021 and December 31, 2020 are summarized below:

(in thousands of Canadian dollars, except per unit amounts)	Three Months Ended			Year Ended		
For the periods ended December 31,	**2021**	2020	Change	**2021**	2020	Change [1]
Property revenue	**$ 129,537**	$ 126,833	2.1 %	**$ 514,537**	$ 502,348	2.4 %
Property expense	**(27,054)**	(27,748)	(2.5)%	**(107,290)**	(110,768)	(3.1)%
General and administrative expense	**(3,942)**	(3,949)	(0.2)%	**(14,593)**	(13,018)	12.1 %
Net interest and other financing charges	**(26,429)**	(27,235)	(3.0)%	**(105,706)**	(107,898)	(2.0)%
Fair value adjustment on investment properties	**53,254**	(53,869)	NM	**169,911**	(87,359)	NM
Net income and comprehensive income	**$ 125,366**	$ 14,032	793.4 %	**$ 456,859**	$ 183,305	149.2 %
Net income per unit - basic	**$ 0.538**	$ 0.061	782.0 %	**$ 1.969**	$ 0.801	145.8 %
Net income per unit - diluted	**$ 0.443**	$ 0.093	376.3 %	**$ 1.635**	$ 0.772	111.8 %

[1] *NM - not meaningful.*

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 the terms of their leases, with the REIT absorbing these expenses to the extent that vacancies exist.

Total revenue for the three months ended December 31, 2021 was $129,537 which was $2,704 (2.1%) 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 2021 and 2020. Total revenue for the three months ended December 31, 2021 also included property operating expense recoveries in the amount of $25,814 (Q4 2020 - $25,738).

Total revenue for the year ended December 31, 2021 was $514,537 which was $12,189 (2.4%) 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 2021 and 2020. Total revenue for the year ended December 31, 2021 also included property operating expense recoveries in the amount of $103,348 (Q4 2020 - $102,257).

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 December 31, 2021, straight-line rent of $1,552 (Q4 2020 - $2,212) was included in total property revenue. For the year ended December 31, 2021, straight-line rent of $6,168 (2020 - $10,014) was included in total property revenue.

Property Expense

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

Property expense for the three months ended December 31, 2021 decreased by $694 (2.5%) compared to the same period in the prior year primarily due to the reduction of expected credit losses related to assistance provided to tenants as a result of the Pandemic.

Property expense for the year ended December 31, 2021 decreased by $3,478 (3.1%) compared to the same period in the prior year primarily due to the reduction of expected credit losses related to assistance provided to tenants as a result of the Pandemic and lower operating costs.

General and Administrative Expense

CT REIT has a number of broad categories of general and administrative expense: (i) personnel; (ii) public entity and other costs, including external audit fees, trustee compensation expense, legal and professional fees, travel and 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 and 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			Year Ended		
For the periods ended December 31,	**2021**	2020	Change	**2021**	2020	Change
Personnel expense [1]	**$ 3,090**	$ 2,778	11.2 %	**$ 9,637**	$ 7,988	20.6 %
Services Agreement with CTC	**225**	228	(1.3)%	**1,081**	1,112	(2.8)%
Public entity and other [1]	**627**	943	(33.5)%	**3,875**	3,918	(1.1)%
General and administrative expense	**$ 3,942**	$ 3,949	(0.2)%	**$ 14,593**	$ 13,018	12.1 %
As a percent of property revenue	**3.0 %**	3.1 %		**2.8 %**	2.6 %	
Adjusted general and administrative expense as a percent of property revenue [2]	**2.9 %**	2.5 %		**2.6 %**	2.6 %	

[1] Includes unit-based awards including loss (gain) adjustments as a result of the change in the fair market value of the Units of $244 (Q4 2020 - $832) and $990 (YTD 2020 - $134) for the three months and year ended December 31, 2021.

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

General and administrative expenses amounted to $3,942 or 3.0% of the property revenue for the three months ended December 31, 2021 which was comparable to the same period in the prior year.

General and administrative expenses amounted to $14,593 or 2.8% of property revenue for the year ended December 31, 2021 which is $1,575 (12.1%) higher compared to the same period in the prior year primarily due to:

- increased personnel compensation and trustee fees due to the fair value adjustment on unit-based awards; partially offset by
- lower professional fees.

Net Interest and Other Financing Charges

As at December 31, 2021 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 4.41% 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 consolidated 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			Year Ended		
For the periods ended December 31,	**2021**	2020	Change	**2021**	2020	Change
Interest on Class C LP Units [1]	**$ 15,990**	$ 15,991	— %	**$ 63,962**	$ 65,736	(2.7)%
Interest and financing costs - debentures	**9,018**	9,772	(7.7)%	**36,108**	36,615	(1.4)%
Interest and financing costs - Credit Facilities [2]	**407**	387	5.2 %	**1,503**	1,247	20.5 %
Interest on mortgages payable	**386**	354	9.0 %	**1,408**	1,665	(15.4)%
Interest on lease liabilities	**905**	903	0.2 %	**3,615**	3,624	(0.2)%
	$ 26,706	$ 27,407	(2.6)%	**$ 106,596**	$ 108,887	(2.1)%
Less: capitalized interest	**(275)**	(156)	76.3 %	**(876)**	(844)	3.8 %
Interest expense and other financing charges	**$ 26,431**	$ 27,251	(3.0)%	**$ 105,720**	$ 108,043	(2.2)%
Less: interest income	**(2)**	(16)	(87.5)%	**(14)**	(145)	(90.3)%
Net interest and other financing charges	**$ 26,429**	$ 27,235	(3.0)%	**$ 105,706**	$ 107,898	(2.0)%

[1] CTC elected to defer receipt of distributions on Series 3-9 and Series 16 and 19 of the Class C LP Units for the three months and year ended December 31, 2021 in the amount of $15,990 (Q4 2020 - $15,852) and $58,631 (YTD 2020 - $59,898), until the first business day following the end of the fiscal year. The deferred distributions have been netted against interest payable on Class C LP Units and are included under the heading "other liabilities" on the consolidated balance sheets.

[2] See section 7.10 for details on Credit Facilities.

Net interest and other financing charges for the three months ended December 31, 2021 was $806 (3.0%) lower compared to the same period in the prior year largely due to a prepayment cost related to the redemption of the Series C senior unsecured debentures incurred in the prior year.

Net interest and other financing charges for the year ended December 31, 2021 was $2,192 (2.0%) lower compared to the same period in the prior year largely due to decreased interest on the Class C LP Units from resetting the interest rates as of June 1, 2020 on the Series 3, 16, 17, 18 and 19 Class C LP Units with CTC, a prepayment cost related to the redemption of the Series C senior unsecured debentures incurred in the prior year and lower interest rate on a mortgage payable, partially offset by increased utilization on the Credit Facilities and higher average interest rate on the unsecured debentures.

Fair Value Adjustment on Investment Properties

The fair value adjustment on investment properties for the three months ended December 31, 2021 was $53,254, an increase of $107,123 compared to the adjustment in the same period in the prior year. The increase in the fair value adjustment on investment properties was mainly driven by changes to investment metrics within the portfolio based on recent market activity and the reduction in Pandemic related impacts which were present in the prior year.

The fair value adjustment on investment properties for the year ended December 31, 2021 was $169,911, an increase of $257,270 compared to the adjustment in the same period in the prior year. The increase in the fair value adjustment on investment properties was mainly driven by changes to investment metrics within the portfolio based on recent market activity, as well as contractual rent escalations.

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			Year Ended		
For the periods ended December 31,	**2021**	2020	Change	**2021**	2020	Change
Net income and comprehensive income	**$ 125,366**	$ 14,032	793.4 %	**$ 456,859**	$ 183,305	149.2 %
Net income per unit - basic	**$ 0.538**	$ 0.061	782.0 %	**$ 1.969**	$ 0.801	145.8 %
Net income per unit - diluted	**$ 0.443**	$ 0.093	376.3 %	**$ 1.635**	$ 0.772	111.8 %

Net income increased by $111,334 (793.4%) for the three months ended December 31, 2021 compared to the same period in the prior year for the reasons as discussed above.

Net income increased by $273,554 (149.2%) for the year ended December 31, 2021 compared to the same period in the prior year for the reasons as discussed above.

Net income per unit - basic increased by $0.477 (782.0%) for the three months ended December 31, 2021 compared to the same period in the prior year primarily due to increased net income, as discussed above, partially offset by an increase in the weighted average number of units outstanding - basic.

For the year ended December 31, 2021 net income per unit - basic increased by $1.168 (145.8%) compared to the same period in the prior year primarily due to increased net income, as discussed above, partially offset by an increase in the weighted average number of units outstanding - basic.

Net income per unit - diluted increased by $0.35 (376.3%) for the three months ended December 31, 2021 compared to the same period in the prior year primarily due to increased net income, as discussed above, and by the decrease in the weighted average number of units outstanding - diluted.

For the year ended December 31, 2021 net income per unit - diluted increased by $0.863 (111.8%) compared to the same period in the prior year primarily due to increased net income, as discussed above, and by the decrease in the weighted average number of units outstanding - diluted.

6.2 Non-GAAP Financial Measures and Non-GAAP Ratios

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

(in thousands of Canadian dollars, except per unit amounts)	Three Months Ended			Year Ended		
For the periods ended December 31,	**2021**	2020	Change	**2021**	2020	Change
Net operating income [1]	**$ 100,931**	$ 96,873	4.2 %	**$ 401,079**	$ 381,566	5.1 %
Same store NOI [1]	**$ 97,318**	$ 94,997	2.4 %	**$ 384,589**	$ 374,207	2.8 %
Same property NOI [1]	**$ 97,424**	$ 95,051	2.5 %	**$ 386,387**	$ 375,244	3.0 %
Funds from operations [1]	**$ 71,935**	$ 68,149	5.6 %	**$ 287,565**	$ 270,725	6.2 %
FFO per unit - basic [2]	**$ 0.309**	$ 0.297	4.0 %	**$ 1.239**	$ 1.183	4.7 %
FFO per unit - diluted (non-GAAP) [2]	**$ 0.308**	$ 0.296	4.1 %	**$ 1.238**	$ 1.181	4.8 %
Adjusted funds from operations [1]	**$ 64,124**	$ 59,796	7.2 %	**$ 256,504**	$ 236,457	8.5 %
AFFO per unit - basic [2]	**$ 0.275**	$ 0.260	5.8 %	**$ 1.105**	$ 1.033	7.0 %
AFFO per unit - diluted (non-GAAP) [2]	**$ 0.275**	$ 0.260	5.8 %	**$ 1.104**	$ 1.032	7.0 %
AFFO payout ratio [2]	**76.4 %**	77.3 %	(1.2)%	**74.5 %**	76.8 %	(3.0)%
ACFO [1]	**$ 80,844**	$ 60,105	34.5 %	**$ 271,948**	$ 238,954	13.8 %
EBITFV [1]	**$ 98,322**	$ 95,416	3.0 %	**$ 393,557**	$ 378,814	3.9 %

[1] Non-GAAP financial measure. Refer to section 11.1 for further information.

[2] Non-GAAP ratio. Refer to section 11.2 for further information.

Net Operating Income

NOI for the three months ended December 31, 2021 increased by $4,058 (4.2%) compared to the same period in the prior year primarily due to the rent escalations for Canadian Tire leases and the acquisition of income-producing properties completed in 2021 and 2020, which contributed $1,252 and $1,782 to NOI growth respectively. NOI growth for Properties Under Development during the three months ended December 31, 2021 was $267. NOI is a non-GAAP financial measure. Refer to section 11.1 and section 11.2 for further information.

Same store NOI for the three months ended December 31, 2021 increased by $2,321 (2.4%), when compared to the prior year primarily for the follow reasons:

- contractual rent escalations of 1.5% per year, on average, contained within the Canadian Tire leases, which are generally effective January 1st, contributed $1,252 to NOI growth;
- lower provision for expected credit losses due to improving business environment, store re-openings and lower collection related risks increased NOI by $509; and
- recovery of capital expenditures and interest earned on the unrecovered balance contributed $554 to NOI.

Same property NOI for the three months ended December 31, 2021 increased $2,373 (2.5%) compared to the prior year due to the increase in same store NOI noted above, as well as an increase in NOI of $52 from the intensifications completed in 2021 and 2020.

NOI for the year ended December 31, 2021 increased by $19,513 (5.1%) compared to the same period in the prior year primarily due to the rent escalations for Canadian Tire leases and the acquisition of income-producing properties completed in

2021 and 2020, which contributed $6,128 and $7,458 to NOI growth, respectively. NOI growth for Properties Under Development during the year ended December 31, 2021 was $2,200.

Same store NOI for the year ended December 31, 2021 increased $10,382 (2.8%), when compared to the prior year primarily for the following reasons:

- contractual rent escalations of 1.5% per year, on average, contained within the Canadian Tire leases, which are generally effective January 1st, contributed $6,128 to NOI growth;
- lower provision for expected credit losses due to improving business environment, store re-openings and lower collection related risks increased NOI by $2,218;
- recovery of capital expenditures and interest earned on the unrecovered balance contributed $1,338 to NOI; and
- operating expenses and property taxes recoveries increased NOI by $698.

Same property NOI for the year ended December 31, 2021 increased $11,143 (3.0%) compared to the prior year due to the increase in same store NOI noted above, as well as an increase in NOI of $761 from intensifications completed in 2021 and 2020.

Funds From Operations

FFO for the three months ended December 31, 2021 amounted to $71,935 or $0.308 per unit - diluted (non-GAAP) which was $3,786 (5.6%) and $0.012 (4.1%) per unit - diluted (non-GAAP) higher than the same period in 2020 primarily due to the impact of NOI variances, discussed earlier.

FFO for the year ended December 31, 2021 amounted to $287,565 or $1.238 per unit - diluted (non-GAAP) which was $16,840 (6.2%) and $0.057 (4.8%) per unit - diluted (non-GAAP) higher than the same period in 2020 primarily due to the impact of NOI variances, lower interest expense and the lower professional fees, discussed earlier.

Adjusted Funds From Operations

AFFO for the three months ended December 31, 2021 amounted to $64,124 or $0.275 per unit - diluted (non-GAAP) which was $4,328 (7.2%) and $0.015 (5.8%), respectively, higher than the same period in 2020 primarily due to the impact of NOI variances, discussed earlier.

AFFO for the year ended December 31, 2021 amounted to $256,504 or $1.104 per unit - diluted (non-GAAP) which was $20,047 (8.5%) and $0.072 (7.0%), respectively, higher than the same period in 2020 primarily due to the impact of NOI variances, lower interest expense and the lower professional fees, discussed earlier.

Adjusted Funds From Operations Payout Ratio

The AFFO payout ratio for the three months ended December 31, 2021 was 76.4%, a decrease of 1.2% for the same period in 2020 due to the increase in AFFO per unit exceeding the rate of increase in the monthly distribution.

The AFFO payout ratio for the year ended December 31, 2021 was 74.5%, a decrease of 3.0% from the same period in 2020 due to the increase in AFFO per unit exceeding the rate of increase in the monthly distribution.

Adjusted Cashflow From Operations

ACFO for the three months ended December 31, 2021 increased by $20,739 or 34.5% over the same period in 2020 primarily due to the impact of NOI variances, discussed earlier.

ACFO for the year ended December 31, 2021 increased by $32,994 or 13.8% over the same period in 2020 primarily due to the impact of NOI variances, discussed earlier.

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

EBITFV for the three months ended December 31, 2021 increased by $2,906 (3.0%) over the same period in 2020, primarily due to the impact of NOI variances, discussed earlier.

EBITFV for the year ended December 31, 2021 increased by $14,743 (3.9%) over the same period in 2020, 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 Bank Credit Facility, (iv) assumption of existing debt, and/or (v) new public or private issuance of debt or equity.

(in thousands of Canadian dollars)

As at		**December 31, 2021**		December 31, 2020
Cash and cash equivalents	**$**	**3,555**	$	4,531
Unused portion of available Bank Credit Facility [1]		**294,183**		294,436
Liquidity	**$**	**297,738**	$	298,967

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

Cash flow generated from operating the portfolio of Properties 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)	Year Ended		
For the periods ended December 31,	**2021**	2020	Change
Cash generated from operating activities	**$ 407,201**	$ 370,766	9.8 %
Cash (used for) investing activities	**(146,766)**	(162,683)	(9.8)%
Cash (used for) financing activities	**(261,411)**	(213,286)	22.6 %
Cash (used) in the period	**$ (976)**	$ (5,203)	(81.2)%

7.2 Discussion of Cash Flows

Cash used from the year ended December 31, 2021 of $(976) was primarily the result of cash used for acquisitions and development of investment properties, distribution payments and interest payments on the debentures, partially offset by cash generated from operating activities from rent collection, property dispositions and draws on the CTC Credit Facility.

7.3 Credit Ratings

The senior unsecured debt of CT REIT is rated by S&P Global Ratings ("S&P") and by DBRS Morningstar ("DBRS Morningstar"), 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.

The following table sets out CT REIT's issuer and senior unsecured debenture credit ratings:

	DBRS Morningstar		S&P	
	Credit Rating	Trend	Credit Rating	Outlook
Issuer Rating	**BBB**	**Stable**	**BBB**	**Stable**
Senior unsecured debentures	**BBB**	**Stable**	**BBB**	**-**

7.4 Indebtedness and Capital Structure

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

(in thousands of Canadian dollars) As at	December 31, 2021	December 31, 2020
Class C LP Units	$ 1,451,550	$ 1,451,550
Mortgages payable	75,549	$ 65,956
Debentures	1,071,462	1,071,635
Credit Facilities [1]	79,300	63,200
Total indebtedness	**$ 2,677,861**	$ 2,652,341
Unitholders' equity	1,622,365	1,481,849
Non-controlling interests	2,055,784	1,894,021
Total capital under management	**$ 6,356,010**	$ 6,028,211

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

CT REIT's total indebtedness as at December 31, 2021 was higher than at December 31, 2020 primarily due to higher amounts drawn on the Credit Facilities and an increase in mortgages payable. Refer to section 7.6 of this MD&A for further details.

CT REIT's Unitholders' equity and non-controlling interests as at December 31, 2021 increased as compared to December 31, 2020 primarily as a result of net income exceeding distributions.

Future payments in respect of CT REIT's indebtedness as at December 31, 2021 are as follows:

	Mortgages payable					
(in thousands of Canadian dollars)	Principal Amortization	Maturities	Class C LP Units	Debentures [1]	Credit Facilities	Total
2022	621	9,460	—	150,000	$ 79,300	239,381
2023	378	55,700	—	—	—	56,078
2024	391	—	200,000	—	—	200,391
2025	403	—	251,550	200,000	—	451,953
2026 and thereafter	103	7,967	1,000,000	725,000	—	1,733,070
Total contractual obligation	$ 1,896	$ 73,127	$ 1,451,550	$ 1,075,000	$ 79,300	$ 2,680,873
Unamortized portion of mark to market on mortgages payable assumed on the acquisition of properties	—	579	—	—	—	579
Unamortized transaction costs	—	(53)	—	(3,538)	—	(3,591)
	$ 1,896	**$ 73,653**	**$ 1,451,550**	**$ 1,071,462**	**$ 79,300**	**$ 2,677,861**

[1] Refer to section 7.8.

Interest rates on CT REIT's indebtedness range from 1.84% to 5.00%. The maturity dates on the indebtedness range from June 2022 to May 2038.

Total indebtedness as at December 31, 2021 had a weighted average interest rate of 3.84% and a weighted average term to maturity of 6.8 years, excluding the Credit Facilities.

As at December 31, 2021, variable rate and fixed rate indebtedness were $135,000 and $2,542,861, respectively.

As at	December 31, 2021	December 31, 2020
Variable rate indebtedness	$ 135,000	$ 118,900
Total indebtedness	2,677,861	2,652,341
Variable rate indebtedness / total indebtedness	**5.04 %**	4.48 %

CT REIT's variable rate debt-to-total indebtedness ratio as at December 31, 2021 increased as compared to December 31, 2020 primarily due to increased draws on the CTC Credit Facility, partially offset by the assumption of a fixed rate mortgage in connection with a property acquisition in Q4 2021.

The following table presents the contractual obligations of CT REIT:

	Total	2022	2023	2024	2025	2026	2027 and thereafter
Class C LP Units [1]	$ 1,451,550	$ —	$ —	$ 200,000	$ 251,550	—	$ 1,000,000
Debentures [2]	1,075,000	150,000	—	—	200,000	200,000	525,000
Future payments on Class C LP Units [1]	616,537	63,962	63,962	58,712	51,484	49,000	329,417
Future interest on debentures	168,207	33,128	30,989	30,989	27,462	20,646	24,993
Credit Facilities	79,300	79,300	—	—	—	—	—
Future undiscounted lease liabilities payments	172,910	4,520	4,480	4,490	4,619	4,745	150,056
Mortgages payable	75,023	10,081	56,078	391	403	8,070	—
Future payment other liabilities [4]	40,665	35,168	5,497	—	—	—	—
Distributions payable [3]	16,309	16,309	—	—	—	—	—
Payable on Class C LP Units, net of loans receivable	5,330	5,330	—	—	—	—	—
Future interest payments on mortgages payable	2,871	1,742	517	280	267	65	—
Interest on CTC Credit Facility	131	131	—	—	—	—	—
Total	$ 3,703,833	$ 399,671	$ 161,523	$ 294,862	$ 535,785	$ 282,526	$ 2,029,466

[1] Assumes redemption on Current Fixed Rate Period for each series.

[2] Refer to section 7.8.

[3] On Units and Class B LP Units.

[4] Supplementary financial measure. Refer to section 11.3 for further information.

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 December 31, 2021:

(in thousands of Canadian dollars)	Number of properties	Fair value of investment properties	Percentage of total assets	Mortgages payable	Loan to value ratio [1]
Unencumbered investment properties	365	$ 6,326,162	97.3 %	$ —	—
Encumbered investment properties	3	162,838	2.5 %	75,549	46.4 %
Total investment properties	**368**	**$ 6,489,000**	**99.8 %**	**$ 75,549**	**1.2 %**

[1] Supplementary financial measure. Refer to section 11.3 for further information.

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

(in thousands of Canadian dollars) As at		**December 31, 2021**		December 31, 2020
Secured debt	**$**	**75,549**	$	65,956
Total indebtedness		**2,677,861**		2,652,341
Secured debt / total indebtedness		**2.82 %**		2.49 %

CT REIT's secured debt to total indebtedness ratio as at December 31, 2021 increased as compared to December 31, 2020, primarily due to the assumption of a mortgage in connection with a property acquisition in Q4 2021.

Indebtedness to EBITFV ratios are used to measure an entity's ability to meet its debt obligations. Generally, the lower the ratio, the less an entity is leveraged which increases its ability to pay off its debts.

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

(in thousands of Canadian dollars) As at		**December 31, 2021**		December 31, 2020
Total indebtedness	**$**	**2,677,861**	$	2,652,341
EBITFV [1]	**$**	**393,557**		378,814
Total indebtedness / EBITFV [2]		**6.80**		7.00

[1] Non-GAAP financial measure. Refer to section 11.1 for further information.

[2] Non-GAAP ratio. Refer to section 11.2 for further information.

CT REIT's indebtedness to EBITFV ratio as at December 31, 2021 decreased as compared to the indebtedness to EBITFV ratio at December 31, 2020 primarily due to the growth of EBITFV exceeding the growth of total indebtedness.

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**				**Year Ended**			
For the periods ended December 31,		**2021**		2020		**2021**		2020
EBITFV [1] (A)	**$**	**98,322**	$	95,416	**$**	**393,557**	$	378,814
Interest expense and other financing charges (B)	**$**	**26,431**	$	27,251	**$**	**105,720**	$	108,043
Interest coverage ratio [2] (A)/(B)		**3.72**		3.50		**3.72**		3.51

[1] Non-GAAP financial measure. Refer to section 11.1 for further information.

[2] Non-GAAP ratio. Refer to section 11.2 for further information.

The increase in the interest coverage ratio for the three months ended December 31, 2021, as compared to the same period in 2020 is primarily due to the growth of EBITFV as well as a decrease in interest and financing charges.

The increase in interest coverage ratio for the year ended December 31, 2021, as compared to the same period in 2020 is primarily due to the growth of EBITFV as well as a decrease in interest and 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 total assets. This ratio can help investors determine the REIT's risk levels. CT REIT's Declaration of Trust and the Trust Indenture limit 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		**December 31, 2021**		December 31, 2020
Total indebtedness [1] (A)	**$**	**2,677,861**	$	2,652,341
Total assets (B)	**$**	**6,500,102**	$	6,176,142
Indebtedness ratio (A)/(B)		**41.2 %**		42.9 %

[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 December 31, 2021 decreased compared to the indebtedness ratio as at December 31, 2020 primarily due to the growth from fair value adjustments made to its Properties and the REIT's 2021 acquisition, intensification and development activities exceeding the growth of total indebtedness.

7.7 Class C LP Units

As at December 31, 2021, 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 fixed rate period for each series of Class C LP Units (the "Current Fixed Rate Period"). 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 Current 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.

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 variable rate option.

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

Series of Class C LP Units		Subscription price	Annual distribution rate during Current Fixed Rate Period	Expiry of Current Fixed Rate Period	% of Total Class C LP Units
Series 3	$	200,000	2.37 %	May 31, 2025 (3.4 years)	13.78 %
Series 4		200,000	4.50 %	May 31, 2024 (2.4 years)	13.78 %
Series 5		200,000	4.50 %	May 31, 2028 (6.4 years)	13.78 %
Series 6		200,000	5.00 %	May 31, 2031 (9.4 years)	13.78 %
Series 7		200,000	5.00 %	May 31, 2034 (12.4 years)	13.78 %
Series 8		200,000	5.00 %	May 31, 2035 (13.4 years)	13.78 %
Series 9		200,000	5.00 %	May 31, 2038 (16.4 years)	13.78 %
Series 16		16,550	2.37 %	May 31, 2025 (3.4 years)	1.14 %
Series 17		18,500	2.37 %	May 31, 2025 (3.4 years)	1.27 %
Series 18		4,900	2.37 %	May 31, 2025 (3.4 years)	0.34 %
Series 19		11,600	2.37 %	May 31, 2025 (3.4 years)	0.79 %
Total / weighted average	**$**	**1,451,550**	**4.41 %**	**8.9 years**	**100.0 %**

7.8 Debentures

	December 31, 2021				December 31, 2020			
Series		**Face value**		**Carrying amount**		Face value		Carrying amount
A, 2.85%, June 9, 2022	**$**	**150,000**	**$**	**149,934**	$	150,000	$	149,777
B, 3.53%, June 9, 2025		**200,000**		**199,416**		200,000		199,255
C, 2.16%, June 1, 2021		**—**		**—**		150,000		150,000
D, 3.29%, June 1, 2026		**200,000**		**199,401**		200,000		199,266
E, 3.47%, June 16, 2027		**175,000**		**174,372**		175,000		174,257
F, 3.87%, December 7, 2027		**200,000**		**199,213**		200,000		199,080
G, 2.37%, January 6, 2031		**150,000**		**149,126**		—		—
Total	**$**	**1,075,000**	**$**	**1,071,462**	$	1,075,000	$	1,071,635
Current	**$**	**150,000**	**$**	**149,934**	$	150,000	$	150,000
Non-current	**$**	**925,000**	**$**	**921,528**	$	925,000	$	921,635
Total	**$**	**1,075,000**	**$**	**1,071,462**	$	1,075,000	$	1,071,635

Debentures as at December 31, 2021 had a weighted average interest rate of 3.28% (December 31, 2020 - 3.25%).

On January 6, 2021, CT REIT completed the issuance of $150,000 of Series G unsecured debentures with a ten-year term and a coupon of 2.371% per annum. On January 10, 2021, the net proceeds, along with cash on hand, were used to redeem the Series C senior unsecured debentures in the aggregate principal amount of $150,000 with a coupon of 2.159% due June 1, 2021.

On February 3, 2022, CT REIT completed the issuance of $250,000 of Series H unsecured debentures with a seven-year term and a coupon of 3.029% per annum. On February 11, 2022, the net proceeds were used to redeem the Series A senior unsecured debentures in the aggregate principal amount of $150,000 with a coupon of 2.852% due June 9, 2022. The remaining net proceeds were used to repay amounts outstanding on the CTC Credit Facility and for general business purposes.

For the three months and year ended December 31, 2021, amortization of transaction costs of $201 (Q4 2020 - $291) and $798 (YTD 2020 - $940) was included in net interest and other financing charges on the consolidated statement of income and comprehensive income. Refer to Note 16 of the consolidated financial statements.

The debentures are rated “BBB” by S&P and “BBB” by DBRS Morningstar. 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 investment properties, include the following:

(in thousands of Canadian dollars)

As at	**December 31, 2021**		December 31, 2020	
	Face value	**Carrying amount [1]**	Face value	Carrying amount
Current	**$ 10,081**	**$ 10,233**	$ 420	$ 514
Non-current	**64,942**	**65,316**	65,415	65,442
Total	**$ 75,023**	**$ 75,549**	$ 65,835	$ 65,956

[1] Includes the fair value of the $10,146 mortgage assumed in connection with a Property acquisition.

Mortgages payable as at December 31, 2021 had a weighted average interest rate of 2.36% (December 31, 2020 – 2.27%).

7.10 Credit Facilities

Bank Credit Facility

CT REIT has a committed, unsecured $300,000 revolving credit facility with a syndicate of major Canadian banks (“Bank Credit Facility”) expiring in September 2026. The Bank Credit Facility bears interest at a rate based on the banks’ prime rate of interest or bankers’ acceptances plus a margin. A standby fee is charged on the Bank Credit Facility.

As at December 31, 2021 the Bank Credit Facility had no amounts (December 31, 2020 - nil) drawn under the revolving credit facility, and $5,817 (December 31, 2020 – $5,564) of outstanding letters of credit.

CTC Credit Facility

CT REIT has an uncommitted, unsecured $300,000 revolving credit facility with CTC (“CTC Credit Facility”) expiring in December 2022. 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 December 31, 2021, $79,300 of borrowings were drawn on the CTC Credit Facility (December 31, 2020 – $63,200). As at December 31, 2021, borrowings under the CTC Credit Facility had an interest rate of 2.61% (December 31, 2020 – 2.45%).

The Bank Credit Facility and the CTC Credit Facility are collectively referred to as the “Credit Facilities”.

The table below summarizes the details of the Credit Facilities as at December 31, 2021:

(in thousands of Canadian dollars)

	Maximum draw amount	Cash advances	Letters of credit	Available to be drawn
Bank Credit Facility	$ 300,000	$ —	$ 5,817	$ 294,183
CTC Credit Facility	$ 300,000	$ 79,300	$ —	$ — [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 limit the REIT’s overall indebtedness ratio to 60% of total aggregate assets, excluding convertible debentures, and 65% including convertible debentures.

As at December 31, 2021, CT REIT’s indebtedness ratio was 41.2%. Refer to section 7.6 of this MD&A for the definition and calculation of CT REIT’s indebtedness ratio.

As at December 31, 2021, CT REIT was in compliance with the financial covenants contained in the Declaration of Trust, the Trust Indenture and the Credit Facilities.

For the three months ended December 31, 2021, CT REIT’s interest coverage ratio was 3.72 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.

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

7.12 Commitments and Contingencies

As at December 31, 2021, CT REIT had obligations of $273,915 (December 31, 2020 - $132,715) in future payments for the completion of developments, as described in section 5.6 of this MD&A. Included in the commitment is $219,147 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

Under CT REIT's short form base shelf prospectus, it may raise up to $2.0 billion of debt and/or equity (including the sale of Units by CTC) over the 25-month period ending June 4, 2023.

8.0 EQUITY

8.1 Authorized Capital and Outstanding Units

CT REIT is authorized to issue an unlimited number of Units. As at December 31, 2021, CT REIT had a total of 106,304,288 Units outstanding, 33,989,508 of which were held by CTC, and 126,880,857 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 December 31, 2021		
	Units	**Class B LP Units**	**Total**
Total outstanding at beginning of year	**105,103,391**	**125,866,203**	**230,969,594**
Units issued [1]	**1,200,897**	**1,014,654**	**2,215,551**
Total outstanding at end of period	**106,304,288**	**126,880,857**	**233,185,145**

[1] 1,162,913 issued pursuant to the REIT's distribution reinvestment plan.

	As at December 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]	1,176,006	1,576,712	2,752,718
Total outstanding at end of year	105,103,391	125,866,203	230,969,594

[1] 1,176,006 issued pursuant to the REIT's distribution reinvestment plan.

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 Year ended December 31, 2021		
(in thousands of Canadian dollars, except unit amounts)	**Units**	**Class B LP Units**	**Total**
Net income attributable to Unitholders - basic	**$ 208,169**	**$ 248,690**	**$ 456,859**
Income effect of settling Class C LP Units with Class B LP Units			**63,962**
Net income attributable to Unitholders - diluted			**$ 520,821**
Weighted average Units outstanding - basic	**105,714,887**	**126,311,774**	**232,026,661**
Dilutive effect of other unit plans			**298,145**
Dilutive effect of settling Class C LP Units with Class B LP Units			**86,182,413**
Weighted average number of units outstanding - diluted			**318,507,219**

	For the Year ended December 31, 2020		
(in thousands of Canadian dollars, except unit amounts)	Units	Class B LP Units	Total
Net income attributable to Unitholders - basic	$ 83,694	$ 99,611	$ 183,305
Income effect of settling Class C LP Units with Class B LP Units			65,736
Net income attributable to Unitholders - diluted			$ 249,041
Weighted average units outstanding - basic	104,524,871	124,409,130	228,934,001
Dilutive effect of other unit plans			265,900
Dilutive effect of settling Class C LP Units with Class B LP Units			93,374,550
Weighted average number of Units outstanding - diluted			322,574,451

8.2 Equity

(in thousands of Canadian dollars)		
As at	**December 31, 2021**	December 31, 2020
Equity - beginning of period, as previously reported	**$ 3,375,870**	$ 3,334,105
Net income and comprehensive income for the period	**456,859**	183,305
Issuance of Class B LP Units, net of issue costs	**17,248**	24,101
Distributions to non-controlling interests	**(104,175)**	(98,857)
Distributions to Unitholders	**(87,176)**	(83,022)
Issuance of Units under Distribution Reinvestment Plan and other	**19,523**	16,238
Equity - end of the period	**$ 3,678,149**	$ 3,375,870

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, in addition to 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 December 15, 2021, CT REIT's Board declared a distribution of $0.06994 per unit payable on January 17, 2022 to holders of Units and Class B LP Units of record on December 31, 2021.

On January 14, 2022, CT REIT's Board declared a distribution of $0.06994 per unit payable on February 15, 2022 to holders of Units and Class B LP Units of record on January 31, 2022.

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

		Average monthly distribution per Unit [1, 2]	% increase		Annualized average monthly distribution per Unit		Annualized distribution increase per Unit
2021 [5]	**$**	**0.06844**	**3.6 %**	**$**	**0.821**	**$**	**0.0280**
2020 [3, 4]	$	0.06606	4.7 %	$	0.793	$	0.0360
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] Any increase in monthly distributions has been payable starting each January, except in 2020 when two increases were made and in 2021 when the increase was made payable starting in July.

[3] 4.0% increase, payable in January 2020.

[4] 2.0% increase, payable in September 2020.

[5] 4.5% increase, payable in July 2021.

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				Year Ended		
For the periods ended December 31,		**2021**		2020		**2021**		2020
Distributions before distribution reinvestment - paid	**$**	**48,860**	$	46,089	**$**	**190,502**	$	181,394
Distribution reinvestment		**4,805**		4,203		**18,895**		16,245
Distributions net of distribution reinvestment - paid	**$**	**44,055**	$	41,886	**$**	**171,607**	$	165,151
Distributions per Unit - paid	**$**	**0.210**	$	0.201	**$**	**0.822**	$	0.793

Distributions for the three months and year ended December 31, 2021 are higher than the same period in the prior year due to the increases in the annual rates of distributions which became effective with the monthly distributions paid in September 2020 and July 2021.

CT REIT's distributions for the three months and year ended December 31, 2021 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 financial measure, which is an indicator of CT REIT's distribution capacity.

(in thousands of Canadian dollars, except per unit amounts)	Three Months Ended		Year Ended	
For the periods ended December 31,	**2021**	2020	**2021**	2020
AFFO [1]	**$ 64,124**	$ 59,796	**$ 256,504**	$ 236,457
Distributions before distribution reinvestment - paid	**48,860**	46,089	**190,502**	181,394
Excess of AFFO over distributions paid (A) [1]	**$ 15,264**	$ 13,707	**$ 66,002**	$ 55,063
Weighted average units outstanding - diluted (non-GAAP) (B) [2]	**233,233,571**	229,996,707	**232,324,806**	229,199,901
Excess of AFFO over distributions paid per unit (A)/(B) [2]	**$ 0.065**	$ 0.060	**$ 0.284**	$ 0.240

[1] Non-GAAP financial measure. Refer to section 11.1 for further information.

[2] Non-GAAP ratio. Refer to section 11.2 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	**December 31, 2021**	December 31, 2020
Total equity (A)	**$ 3,678,149**	$ 3,375,870
Period-end Units and Class B LP Units outstanding (B)	**233,185,145**	230,969,594
Book value per unit (A)/(B)	**$ 15.77**	$ 14.62

CT REIT's book value per unit as at December 31, 2021 increased from the book value per unit as at December 31, 2020 primarily due to net income exceeding distributions.

9.0 RELATED PARTY TRANSACTIONS

On December 31, 2021, CT REIT's controlling Unitholder, CTC, held a 69.0% effective interest in the REIT, through the ownership of 33,989,508 Units and all of the issued and outstanding Class B LP Units. CTC also owns all of the Class C LP Units. Refer to section 7.7 of this MD&A for additional information on Class C LP Units.

In addition to its ownership interest, CTC is CT REIT's most significant tenant representing approximately 91.5% of the total annualized base minimum rent earned by CT REIT and 92.1% of total GLA as at December 31, 2021.

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 consolidated financial statements. Investment property transactions with CTC amounted to $90,247 (2020 - 149,226) for the year ended December 31, 2021. Refer to Note 5 to the consolidated 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 the Board.

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 described below.

Services Agreement

Under the 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 2021 and CTC will continue to provide such Services on a cost recovery basis.

Property Management Agreement

Under the Property Management Agreement, CTC provides the REIT with certain 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 2021 and CTC will continue to provide such Property Management Services on a cost recovery basis.

CTC Credit Facility

CT REIT entered into the CTC Credit Facility made as of December 18, 2019 which is automatically renewed for one year terms, unless otherwise terminated in accordance with its terms. The CTC Credit Facility was renewed in December 2021 and expires on December 31, 2022. The CTC Credit Facility bears interest at a rate based on the bank's prime rate of interest or bankers' acceptances, plus a margin.

Refer to CT REIT's 2020 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 for the period ended December 31, 2021, excluding acquisition, intensification and development activities which are contained in section 5.0:

(in thousands of Canadian dollars)	Year Ended	
For the periods ended December 31,	**2021**	2020
Rental revenue	**$ 461,135**	$ 448,629
Property Management and Services Agreement expense	**$ 1,680**	$ 1,755
Distributions on Units	**$ 28,016**	$ 26,988
Distributions on Class B LP Units [1]	**$ 104,175**	$ 98,857
Interest expense on Class C LP Units	**$ 63,962**	$ 65,736
Interest expense on the CTC Credit Facility	**$ 386**	$ 72

[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	**December 31, 2021**	December 31, 2020
Tenant and other receivables	**$ 299**	$ (1,549)
Class C LP Units	**1,451,550**	1,451,550
Amounts payable on Class C LP Units	**63,962**	65,228
Loans receivable in respect of payments on Class C LP Units	**(58,631)**	(59,898)
Other liabilities	**3,527**	29,467
Distributions payable on Units and Class B LP Units [1]	**34,149**	31,343
Loans receivable in respect of distributions on Class B LP Units	**(22,898)**	(20,643)
CTC Credit Facility [2]	**79,300**	63,200
Net balance due to CTC	**$ 1,551,258**	$ 1,558,698

[1] Includes distributions deferred at the election of the holders of the Class B LP Units.
[2] See section 7.10 for details on the CTC Credit Facility.

10.0 ACCOUNTING POLICIES AND ESTIMATES

10.1 Significant Areas of Estimation

The preparation of the consolidated 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 and estimates in applying significant accounting policies are described in Note 2 of the consolidated financial statements, the most significant of which is the fair value of investment properties.

Fair Value of Investment Properties

To determine fair value, CT REIT uses the income approach. Fair value is estimated by capitalizing the cash flows that the property can reasonably be expected to produce over its remaining economic life. Properties Under Development are recorded at cost and are adjusted to fair value at each balance sheet date with the fair value adjustment recognized in earnings.

10.2 Standards, Amendments and Interpretations Issued but Not Yet Adopted

The following amendments have been issued, but are only effective for annual reporting periods beginning on or after January 1, 2023 and, accordingly, have not been applied in preparing these financial statements.

Improving accounting policy disclosures and clarifying distinction between accounting policies and accounting estimates (Amendments to IAS 1 and IAS 8)

In February 2021, the International Accounting Standards Board ("IASB") issued narrow-scope amendments to IAS 1 Presentation of Financial Statements, IFRS Practice Statement 2 Making Materiality Judgements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to IAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. CT REIT is assessing the potential impact of these amendments.

11.0 SPECIFIED FINANCIAL MEASURES

CT REIT uses specified financial measures as defined by the Canadian Securities Administrators ("CSA")'s National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure issued on August 25, 2021. CT REIT believes these specified financial measures provide useful information to both management and investors in measuring the financial performance of CT REIT and its ability to meet its principal objective of creating Unitholder value over the long-term, by generating reliable, durable and growing monthly cash distributions on a tax-efficient basis.

These specified financial measures include non-GAAP financial measures and non-GAAP ratios which 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 Non-GAAP Financial Measures

Non-GAAP financial measures are not standardized financial measures under the IFRS financial reporting framework used to prepare the REIT's financial statements to which the measure relates. As such, non-GAAP financial measures may not be comparable to similar financial measures disclosed by other public entities.

Certain non-GAAP financial measures for the real estate industry have been defined by the Real Property Association of Canada ("REALPAC") under its publications, "REALPAC Funds From Operations & Adjusted Funds From Operations for IFRS" ("REALPAC FFO & AFFO") and "REALPAC Adjusted Cashflow from Operations for IFRS" ("REALPAC ACFO"). The purpose of the publications is to provide guidance on the definition of certain non-GAAP financial measures to promote consistent disclosure amongst reporting issuers.

Management has identified the following non-GAAP financial measures in this MD&A:

- Net Operating Income ("NOI")
- Same store NOI
- Same property NOI
- Intensifications NOI
- Acquisitions, developments, dispositions NOI
- Funds from Operations ("FFO")
- Adjusted Funds from Operations ("AFFO")
- Capital expenditure reserve
- Adjusted Cash Flow from Operations ("ACFO")
- Earnings Before Interest, Taxes and Fair Value ("EBITFV")
- Excess of AFFO over distributions paid
- Non-operating adjustments to working capital

11.1 (a) Net Operating Income

NOI is a non-GAAP financial measure defined as property revenue less property expense, adjusted for straight-line rent. The most directly comparable primary financial statement measure is property revenue. 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 fair value of the portfolio of Properties. NOI should not be considered as an alternative to property revenue or net income and comprehensive income, both of which are determined in accordance with IFRS.

(in thousands of Canadian dollars)	Three Months Ended			Year Ended		
For the periods ended December 31,	**2021**	2020	Change	**2021**	2020	Change
Property revenue	**$ 129,537**	$ 126,833	2.1 %	**$ 514,537**	$ 502,348	2.4 %
Less:						
Property expense	**(27,054)**	(27,748)	(2.5)%	**(107,290)**	(110,768)	(3.1)%
Property straight-line rent revenue	**(1,552)**	(2,212)	(29.8)%	**(6,168)**	(10,014)	(38.4)%
Net operating income	**$ 100,931**	$ 96,873	4.2 %	**$ 401,079**	$ 381,566	5.1 %

11.1 (b) 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 GLA in both periods. CT REIT management believes same store NOI is a useful measure to gauge the change in asset productivity and asset value. The most directly comparable primary financial statement measure is property revenue. Same store NOI should not be considered as an alternative to property revenue or net income and comprehensive income, both of which are determined in accordance with IFRS.

11.1 (c) 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. Management believes same property NOI is a useful 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 most directly comparable primary financial statement measure is property revenue. Same property NOI should not be considered as an alternative to property revenue or net income and comprehensive income, both of which are determined in accordance with IFRS.

11.1 (d) Intensifications NOI

Intensifications NOI is a non-GAAP financial measure that is consistent with the definition of NOI above with respect to same property having increased GLA relative to the comparative period. CT REIT management believes intensifications NOI is a useful measure to understand the impact of increased GLA on asset productivity and asset value for same property. The most directly comparable primary financial statement measure is property revenue. Intensifications NOI should not be considered as an alternative to property revenue or net income and comprehensive income, both of which are determined in accordance with IFRS.

11.1 (e) Acquisitions, Developments and Dispositions NOI

Acquisitions, developments and dispositions NOI is a non-GAAP financial measure that is consistent with the definition of NOI above with respect to new property or dispositions of property not included in same property NOI. CT REIT management believes acquisitions, developments and dispositions NOI is a useful measure to gauge the change in asset productivity and asset value. The most directly comparable primary financial statement measure is property revenue. Acquisitions, developments and dispositions NOI should not be considered as an alternative to property revenue or net income and comprehensive income, both of which are determined in accordance with IFRS.

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

(in thousands of Canadian dollars)	Three Months Ended			Year Ended		
For the periods ended December 31,	**2021**	2020	Change [1]	**2021**	2020	Change [1]
Same store	**$ 97,318**	$ 94,997	2.4 %	**$ 384,589**	$ 374,207	2.8 %
Intensifications						
2021	**21**	—	— %	**21**	—	— %
2020	**85**	54	57.4 %	**1,777**	1,037	71.4 %
Same property	**$ 97,424**	$ 95,051	2.5 %	**$ 386,387**	$ 375,244	3.0 %
Acquisitions, developments and dispositions						
2021	**1,496**	848	76.4 %	**3,606**	2,785	29.5 %
2020	**2,011**	974	NM	**11,086**	3,537	NM
Net operating income	**$ 100,931**	$ 96,873	4.2 %	**$ 401,079**	$ 381,566	5.1 %
Add:						
Property expense	**27,054**	27,748	(2.5)%	**107,290**	110,768	(3.1)%
Property straight-line rent revenue	**1,552**	2,212	(29.8)%	**6,168**	10,014	(38.4)%
Property Revenue	**$ 129,537**	$ 126,833	2.1 %	**$ 514,537**	$ 502,348	2.4 %

[1] *NM - not meaningful.*

11.1 (f) 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)	Three Months Ended			Year Ended		
For the periods ended December 31,	**2021**	2020	Change [1]	**2021**	2020	Change [1]
Net Income and comprehensive income	**$ 125,366**	$ 14,032	NM	**$ 456,859**	$ 183,305	NM
Fair value adjustment on investment property	**(53,254)**	53,869	NM	**(169,911)**	87,359	NM
GP income tax expense	**(465)**	(568)	(18.1)%	**(101)**	(27)	NM
Lease principal payments on right-of-use assets	**(230)**	(270)	(14.8)%	**(1,052)**	(822)	28.0 %
Fair value adjustment of unit-based compensation	**244**	832	(70.7)%	**990**	134	NM
Internal leasing expense	**274**	254	7.9 %	**780**	776	0.5 %
Funds from operations	**$ 71,935**	$ 68,149	5.6 %	**$ 287,565**	$ 270,725	6.2 %
Property straight-line rent revenue	**(1,552)**	(2,212)	(29.8)%	**(6,168)**	(10,014)	(38.4)%
Capital expenditure reserve	**(6,259)**	(6,141)	1.9 %	**(24,893)**	(24,254)	2.6 %
Adjusted funds from operations	**$ 64,124**	$ 59,796	7.2 %	**$ 256,504**	$ 236,457	8.5 %

[1] *NM - not meaningful.*

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. The most directly comparable primary financial statement measure is net income and comprehensive income. 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 REALPAC FFO & AFFO. 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 is a useful measure of operating performance 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 financial measure of recurring economic earnings used in the real estate industry to assess an entity's distribution capacity. The most directly comparable primary financial statement measure is net income and comprehensive income. 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 FFO & AFFO.

CT REIT calculates AFFO by adjusting FFO for non-cash income and expense items such as amortization of straight-line rents. AFFO 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 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.

Management believes that AFFO is a useful measure of operating performance similar to FFO as described above, adjusted for the impact of non-cash income and expense items.

11.1 (g) Capital Expenditure Reserve

The following table compares and reconciles recoverable capital expenditures during the 2017-2021 period to the capital expenditure reserve used in the calculation of AFFO:

(in thousands of Canadian dollars) For the periods indicated		Capital expenditure reserve		Recoverable capital expenditures		Variance
Year ended December 31, 2017	$	20,486	$	18,962	$	1,524
Year ended December 31, 2018	$	22,517	$	17,699	$	4,818
Year ended December 31, 2019	$	23,431	$	20,549	$	2,882
2020						
Q1	$	6,122	$	2,366	$	3,756
Q2		5,922		1,904		4,018
Q3		6,069		5,876		193
Q4		6,141		7,945		(1,804)
Year ended December 31, 2020	$	24,254	$	18,091	$	6,163
2021						
Q1	**$**	**6,208**	**$**	**1,029**	**$**	**5,179**
Q2		**6,212**		**15,104**		**(8,892)**
Q3		**6,214**		**9,916**		**(3,702)**
Q4		**6,259**		**7,945**		**(1,686)**
Year ended December 31, 2021	**$**	**24,893**	**$**	**33,994**	**$**	**(9,101)**
Total of 5 years	**$**	**115,581**	**$**	**109,295**	**$**	**6,286**

The capital expenditure reserve is a non-GAAP financial measure and management believes the reserve is a useful measure to understand the normalized capital expenditures required to maintain property infrastructure. Recoverable capital expenditures is the most directly comparable measure that is disclosed in the REIT's primary financial statements. The capital expenditure reserve should not be considered as an alternative to recoverable capital expenditures which is determined in accordance with IFRS.

The capital expenditure reserve exceeded recoverable capital expenditures by $6,286 during the period from 2017 through 2021. The capital expenditure reserve per square foot has increased since 2017, 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 recoverable capital expenditures will exceed the 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 capital expenditure reserve varies from the capital expenditures incurred due to the seasonal nature of the expenditures. As such, CT REIT views the capital expenditure reserve as a meaningful measure. Refer to section 5.11 for additional information.

11.1 (h) 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 ACFO. 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, capital expenditure reserve, and lease payments. The most directly comparable GAAP measure in the primary financial statements is Cash Generated from Operating Activities. A reconciliation from the IFRS term "Cash Generated from Operating Activities" (refer to the Consolidated Statements of Cash Flows for the year ended December 31, 2021 and December 31, 2020) to ACFO is as follows:

(in thousands of Canadian dollars)	Three Months Ended			Year Ended		
For the periods ended December 31,	**2021**	2020	Change [1]	**2021**	2020	Change [1]
Cash generated from operating activities	**$ 117,018**	$ 93,526	25.1 %	**$ 407,201**	$ 370,766	9.8 %
Non-operating adjustments to changes in working capital and other	**(3,256)**	225	NM	**(3,602)**	1,162	NM
Net interest and other financing charges	**(26,429)**	(27,235)	(3.0)%	**(105,706)**	(107,898)	(2.0)%
Capital expenditure reserve	**(6,259)**	(6,141)	1.9 %	**(24,893)**	(24,254)	2.6 %
Lease principal payments on right-of-use assets	**(230)**	(270)	(14.8)%	**(1,052)**	(822)	28.0 %
Adjusted cashflow from operations	**$ 80,844**	$ 60,105	34.5 %	**$ 271,948**	$ 238,954	13.8 %

[1] *NM - not meaningful.*

11.1 (i) Earnings Before Interest and Other Financing Costs, Taxes and Fair Value Adjustments

EBITFV is a non-GAAP financial 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. The most directly comparable GAAP measure in the primary financial statements is net income and comprehensive income. EBITFV should not be considered as an alternative to net income and comprehensive 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 and year ended December 31, 2021, EBITFV was calculated as follows:

(in thousands of Canadian dollars)	Three Months Ended			Year Ended		
For the periods ended December 31,	**2021**	2020	Change [1]	**2021**	2020	Change [1]
Net income and comprehensive income	**$ 125,366**	$ 14,032	NM	**$ 456,859**	$ 183,305	NM
Fair value adjustment on investment properties	**(53,254)**	53,869	NM	**(169,911)**	87,359	NM
Fair value adjustment on unit-based awards	**244**	832	(70.7)	**990**	134	NM
Interest expense and other financing charges	**26,431**	27,251	(3.0)%	**105,720**	108,043	(2.2)%
GP income tax expense	**(465)**	(568)	(18.1)%	**(101)**	(27)	NM
EBITFV	**$ 98,322**	$ 95,416	3.0 %	**$ 393,557**	$ 378,814	3.9 %

[1] *NM - not meaningful.*

11.1 (j) Excess of AFFO over Distributions Paid

Excess of AFFO over distributions paid is a non-GAAP financial measure. Management believes this measure is useful as it is an indicator of CT REIT's distribution capacity. Net income and comprehensive income is the most directly comparable financial measure that is disclosed in the REIT's primary financial statements. Refer to the table in 11.1 (f) reconciling net income and comprehensive income to AFFO.

(in thousands of Canadian dollars)	Three Months Ended		Year Ended	
For the periods ended December 31,	**2021**	2020	**2021**	2020
AFFO	**$ 64,124**	$ 59,796	**$ 256,504**	$ 236,457
Distributions before distribution reinvestment - paid	**48,860**	46,089	**190,502**	181,394
Excess of AFFO over distributions paid	**$ 15,264**	$ 13,707	**$ 66,002**	$ 55,063

11.1 (k) Non-operating Adjustments to Working Capital

Non-operating adjustments to working capital is a non-GAAP financial measure used in the calculation of ACFO described above. The most directly comparable primary financial statement measure is changes in working capital and other. This measure should not be considered as an alternative to changes in working capital and other determined in accordance with IFRS. CT REIT calculates its non-operating adjustments to working capital in accordance with REALPAC ACFO. Management believes non-operating adjustments to working capital is a useful improvement to the understanding of the operating cash flow of CT REIT, by eliminating fluctuations dues to changes in accounts receivable, accounts payable and other working capital items that are not indicative of sustainable cash available for distribution to unitholders.

(in thousands of Canadian dollars)	Three months ended		Year ended	
For the periods ended December 31,	**2021**	2020	**2021**	2020
Changes in working capital and other	**20,494**	1,170	**$ (20,816)**	$ (2,245)
Add/(deduct):				
Change in tenant and other receivables	**2,085**	729	**1,253**	(1,801)
Change in other non-current liabilities	**(1,083)**	1,088	**192**	301
Change in other liabilities	**(18,999)**	(405)	**16,699**	4,925
Other	**(5,753)**	(2,357)	**(930)**	(18)
Non-operating adjustments to changes in working capital and other	**(3,256)**	225	**$ (3,602)**	$ 1,162

The composition of non-operating adjustments to working capital is made up of:

(in thousands of Canadian dollars)	Three months ended		Year ended	
For the periods ended December 31,	**2021**	2020	**2021**	2020
Other non-current assets	**(4)**	(15)	**$ (46)**	$ (21)
Other current assets	**(16,837)**	(14,188)	**(214)**	31
Tenant and other receivables	**(2,419)**	(3,880)	**(772)**	228
Other liabilities	**16,004**	18,308	**(2,570)**	924
Non-operating adjustments to changes in working capital and other	**(3,256)**	225	**$ (3,602)**	$ 1,162

11.2 Non-GAAP Ratios

Non-GAAP ratios are not standardized financial measures under the IFRS financial reporting framework used to prepare the REIT's financial statements to which the measure relates. As such, non-GAAP ratios may not be comparable to similar financial measures disclosed by other public entities.

Management has identified the following non-GAAP ratios in this MD&A:

- AFFO payout ratio
- FFO per unit - basic
- FFO per unit - diluted (non-GAAP)
- AFFO per unit - basic
- AFFO per unit - diluted (non-GAAP)
- Excess of AFFO over distributions paid per unit
- Total indebtedness to EBITFV
- Interest coverage ratio
- Adjusted general and administrative expense as a percent of property revenue

11.2 (a) AFFO Payout Ratio

The AFFO payout ratio is a non-GAAP ratio which is a measure of the sustainability of the REIT's distribution payout. Management believes this is a useful measure to investors since this metric provides transparency on performance. Management considers the AFFO payout ratio to be the best measure of the REIT's distribution capacity. The AFFO payout ratio is not a standardized financial measure under IFRS and should not be considered as an alternative to other ratios determined in accordance with IFRS. The component of the AFFO payout ratio which is a non-GAAP financial measure is AFFO and the composition of the AFFO payout ratio is as follows:

	Three Months Ended			Year Ended		
For the periods ended December 31,	**2021**	2020	Change	**2021**	2020	Change
Distribution per unit - paid (A)	**$ 0.210**	$ 0.201	4.5 %	**$ 0.822**	$ 0.793	3.6 %
AFFO per unit - diluted (non-GAAP) [1] (B)	**$ 0.275**	$ 0.260	5.8 %	**$ 1.104**	$ 1.032	7.0 %
AFFO payout ratio (A)/(B)	**76.4 %**	77.3 %	(1.2)%	**74.5 %**	76.8 %	(3.0)%

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

11.2 (b) FFO per Unit - Basic, FFO per Unit - Diluted (non-GAAP), AFFO per Unit - Basic and AFFO per Unit - Diluted (non-GAAP)

FFO per unit - basic, FFO per unit - diluted (non-GAAP), AFFO per unit - basic and AFFO per unit - diluted (non-GAAP) are non-GAAP ratios and reflect FFO and AFFO on a weighted average per unit basis. Management believes these non-GAAP ratios are useful measures to investors since the measures indicate the impact of FFO and AFFO respectively in relation to an individual per unit investment in the REIT. For the purpose of calculating diluted per unit amounts, diluted units include restricted and deferred units issued under various plans and excludes the effects of settling the Class C LP Units with Class B LP Units.

Management believes that FFO per unit ratios are useful measures of operating performance 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 per unit determined in accordance with IFRS. Management believes that AFFO per unit ratios are useful measures of operating performance similar to FFO as described above, adjusted for the impact of non-cash income and expense items. The FFO per unit and AFFO per unit ratios are not standardized financial measures under IFRS and should not be considered as an alternative to other ratios determined in accordance with IFRS. The component of the FFO per unit ratios which is a non-GAAP financial measure is FFO and the component of AFFO per unit ratios which is a non-GAAP financial measure is AFFO.

The composition of FFO per unit - basic, FFO per unit - diluted (non-GAAP), AFFO per unit - basic and AFFO per unit - diluted (non-GAAP) is as follows:

(in thousands of Canadian dollars, except per unit amounts)	Three Months Ended			Year Ended		
For the periods ended December 31,	**2021**	2020	Change	**2021**	2020	Change
Funds from operations (A)	**$ 71,935**	$ 68,149	5.6 %	**$ 287,565**	$ 270,725	6.2 %
Weighted average units outstanding basic (B)	**232,928,800**	229,712,658	1.4 %	**232,026,661**	228,934,001	1.4 %
Funds from operations/unit - basic (A/B)	**$ 0.309**	$ 0.297	4.0 %	**$ 1.239**	$ 1.183	4.7 %
Weighted average units outstanding diluted (non-GAAP) (C)	**233,233,571**	229,996,707	1.4 %	**232,324,806**	229,199,901	1.4 %
Funds from operations/unit - diluted (non-GAAP) (A/C)	**$ 0.308**	$ 0.296	4.1 %	**$ 1.238**	$ 1.181	4.8 %

(in thousands of Canadian dollars, except per unit amounts)	Three Months Ended			Year Ended		
For the periods ended December 31,	**2021**	2020	Change	**2021**	2020	Change
Adjusted funds from operations (A)	**$ 64,124**	$ 59,796	7.2 %	**$ 256,504**	$ 236,457	8.5 %
Weighted average units outstanding basic (B)	**232,928,800**	229,712,658	1.4 %	**232,026,661**	228,934,001	1.4 %
Adjusted funds from operations/unit - basic (A/B)	**$0.275**	$0.260	5.8 %	**$1.105**	$1.033	7.0 %
Weighted average units outstanding diluted (non-GAAP) (C)	**233,233,571**	229,996,707	1.4 %	**232,324,806**	229,199,901	1.4 %
Adjusted funds from operations/unit - diluted (non-GAAP) (A/C)	**$0.275**	$0.260	5.8 %	**$1.104**	$1.032	7.0 %

Management calculates the weighted average units outstanding - diluted (non-GAAP) by excluding the full conversion of the Class C LP Units to 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		Year Ended	
For the periods ended December 31,	**2021**	2020	**2021**	2020
Weighted average units outstanding - diluted (non-GAAP)	**233,233,571**	229,996,707	**232,324,806**	229,199,901
Dilutive effect of settling Class C LP Units with Class B LP Units	**86,182,413**	93,374,550	**86,182,413**	93,374,550
Weighted average number of units outstanding - diluted	**319,415,984**	323,371,257	**318,507,219**	322,574,451

11.2 (c) Excess of AFFO over Distributions Paid per Unit

Excess of AFFO over distributions paid per unit is a non-GAAP ratio and reflects excess of AFFO over distributions on a weighted average unit basis. Management believes this non-GAAP ratio is a useful measure to investors since it is an indicator of CT REIT's distribution capacity in relation to an individual per unit investment in the REIT. The excess of AFFO over distributions paid per unit is not a standardized financial measure under IFRS and should not be considered as an alternative to other ratios determined in accordance with IFRS. The component of the excess of AFFO over distributions paid per unit which is a non-GAAP financial measure is excess of AFFO over distributions paid. The composition of the excess of AFFO over distributions paid per unit is as follows:

(in thousands of Canadian dollars, except per unit amounts)	Three Months Ended		Year Ended	
For the periods ended December 31,	**2021**	2020	**2021**	2020
Excess of AFFO over distributions paid (A)	**$ 15,264**	$ 13,707	**$ 66,002**	$ 55,063
Weighted average units outstanding - diluted (non-GAAP) (B)	**233,233,571**	229,996,707	**232,324,806**	229,199,901
Excess of AFFO over distributions paid per unit (A)/(B)	**$ 0.065**	**$ 0.060**	**$ 0.284**	**$ 0.240**

11.2 (d) Total Indebtedness to EBITFV

Total indebtedness to EBITFV is a non-GAAP ratio. Management believes this non-GAAP ratio is a useful measure to investors since it provides an understanding of the REIT's ability to meet its debt obligations in relation to the degree it is leveraged. Total indebtedness to EBITFV should not be considered as an alternative to other ratios determined in accordance with IFRS. The component of total indebtedness to EBITFV which is a non-GAAP financial measure is EBITFV.

The composition of this ratio is as follows:

(in thousands of Canadian dollars)		
As at	**December 31, 2021**	December 31, 2020
Total indebtedness	**$ 2,677,861**	$ 2,652,341
EBITFV	**$ 393,557**	378,814
Total indebtedness / EBITFV	**6.80**	7.00

11.2 (e) Interest Coverage Ratio

Interest coverage ratio is a non-GAAP ratio which management believes to be a useful indicator of an entity's ability to service its debt. Generally, the higher the ratio is, the lower the risk of default on debt. This non-GAAP ratio is not a standardized financial measure under IFRS and should not be considered as an alternative to other ratios determined in accordance with IFRS. The component of interest coverage ratio which is a non-GAAP financial measure is EBITFV.

(in thousands of Canadian dollars)	Three Months Ended				Year Ended			
For the periods ended December 31,		**2021**		2020		**2021**		2020
EBITFV (A)	**$**	**98,322**	$	95,416	**$**	**393,557**	$	378,814
Interest expense and other financing charges (B)	**$**	**26,431**	$	27,251	**$**	**105,720**	$	108,043
Interest coverage ratio (A)/(B)		**3.72**		3.50		**3.72**		3.51

11.2 (f) Adjusted General and Administrative Expense as a Percent of Property Revenue

Adjusted general and administrative expense as a percent of property revenue is a non-GAAP ratio. Management believes this ratio is a useful measure since it is an indicator of an entity's ability to manage its general and administrative expenses in relation to property revenue without the influence of non-controllable fair value adjustments on unit-based awards. This non-GAAP ratio is not a standardized financial measure under IFRS and should not be considered as an alternative to other ratios determined in accordance with IFRS. The component of adjusted general and administrative expense as a percent of property revenue which is a non-GAAP financial measure is adjusted general and administrative expense.

(in thousands of Canadian dollars) For the year ended December 31,		**2021**		2020
Personnel expense [1]	**$**	**9,637**		7,988
Services Agreement with CTC		**1,081**		1,112
Public entity and other [1]		**3,875**		3,918
General and administrative expense	**$**	**14,593**	$	13,018
Fair value adjustment of unit based compensation		**990**		134
Adjusted general and administrative expense (A)	**$**	**13,603**	$	12,884
Property revenue (B)	**$**	**514,537**	$	502,348
Adjusted general and administrative expense % of property revenue (A/B)		**2.6 %**		2.6 %

[1] *Includes unit-based awards including loss (gain) adjustments as a result of the change in the fair market value of the Units of $244 (Q4 2020 - $832) and $990 (YTD 2020 - $134) for the three and year ended December 31, 2021.*

11.3 Supplementary Financial Measures

Management has identified the following supplementary financial measures in this MD&A listed below. The composition of all these financial supplementary measures has been outlined previously as referenced below or is self-evident by the description of the measure as labelled.

- Future development obligation payments - *refer to section 7.4*
- Loan to value ratio - encumbered investment properties - *refer to section 7.4*
- Loan to value ratio - total investment properties - *refer to section 7.4*
- Total development costs - *refer to section 5.6*

11.4 Selected Quarterly Consolidated Information

(in thousands of Canadian dollars, except per unit amounts)	2021				2020			
As at and for the quarter ended	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Property revenue	**$ 129,537**	**$ 125,537**	**$ 129,560**	**$ 129,903**	$ 126,833	$ 123,172	$ 125,498	$ 126,845
Net income	**$ 125,366**	**$ 78,307**	**$ 178,628**	**$ 74,558**	$ 14,032	$ 64,107	$ 61,970	$ 43,196
Net income per unit								
- basic	**$ 0.538**	**$ 0.337**	**$ 0.770**	**$ 0.323**	$ 0.061	$ 0.280	$ 0.271	$ 0.189
- diluted	**$ 0.443**	**$ 0.300**	**$ 0.610**	**$ 0.281**	$ 0.093	$ 0.240	$ 0.235	$ 0.173
FFO per unit - diluted (non-GAAP) [1]	**$ 0.308**	**$ 0.312**	**$ 0.310**	**$ 0.308**	$ 0.296	$ 0.299	$ 0.294	$ 0.293
AFFO per unit - diluted (non-GAAP) [1]	**$ 0.275**	**$ 0.279**	**$ 0.277**	**$ 0.273**	$ 0.260	$ 0.262	$ 0.256	$ 0.254
Total assets	**$6,500,102**	**$6,365,761**	**$6,320,435**	**$6,185,305**	$6,176,142	$6,139,575	$6,112,837	$6,069,044
Total indebtedness	**$2,677,861**	**$2,614,382**	**$2,629,518**	**$2,630,244**	$2,652,341	$2,588,976	$2,588,889	$2,588,789
Total distributions, net of distribution reinvestment, to Unitholders - paid	**$ 44,055**	**$ 43,937**	**$ 41,807**	**$ 41,808**	$ 41,886	$ 41,282	$ 41,326	$ 40,657
Total distributions per unit - paid	**$ 0.210**	**$ 0.210**	**$ 0.201**	**$ 0.201**	$ 0.201	$ 0.199	$ 0.197	$ 0.197
Book value per unit	**$ 15.77**	**$ 15.44**	**$ 15.31**	**$ 14.74**	$ 14.62	$ 14.75	$ 14.67	$ 14.60
Market price per unit								
- high	**$ 18.42**	**$ 18.05**	**$ 17.09**	**$ 16.51**	$ 15.90	$ 14.50	$ 14.30	$ 17.22
- low	**$ 16.49**	**$ 16.38**	**$ 16.07**	**$ 15.11**	$ 15.04	$ 13.28	$ 11.02	$ 9.14
- close (end of period)	**$ 17.32**	**$ 17.03**	**$ 16.38**	**$ 16.35**	$ 15.67	$ 13.97	$ 13.58	$ 11.70

[1] Non-GAAP financial measure.

(in thousands of Canadian dollars)	2021				2020			
For the periods ended December 31,	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Income and comprehensive income	**$ 125,366**	**$ 78,307**	**$ 178,628**	**$ 74,558**	$ 14,032	$ 64,107	$ 61,970	$ 43,196
Fair value adjustment on investment property	**(53,254)**	**(5,849)**	**(106,462)**	**(4,346)**	53,869	4,341	4,908	24,241
GP income tax expense	**(465)**	**(181)**	**(118)**	**663**	(568)	(129)	(367)	1,037
Lease principal payments on right-of-use assets	**(230)**	**(230)**	**(367)**	**(225)**	(270)	(201)	(188)	(163)
Fair value adjustment of unit-based compensation	**244**	**344**	**50**	**352**	832	178	731	(1,607)
Internal leasing expense	**274**	**144**	**201**	**161**	254	183	158	181
Funds from operations	**$ 71,935**	**$ 72,535**	**$ 71,932**	**$ 71,163**	$ 68,149	$ 68,479	$ 67,212	$ 66,885
Property straight-line rent revenue	**(1,552)**	**(1,418)**	**(1,464)**	**(1,734)**	(2,212)	(2,413)	(2,800)	(2,589)
Capital expenditure reserve	**(6,259)**	**(6,214)**	**(6,212)**	**(6,208)**	(6,141)	(6,069)	(5,922)	(6,122)
Adjusted funds from operations	**$ 64,124**	**$ 64,903**	**$ 64,256**	**$ 63,221**	$ 59,796	$ 59,997	$ 58,490	$ 58,174

Property revenue, distributions and other financial and operational results noted above have grown at a steady rate. However, macroeconomic, market trends, and the Pandemic 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 the above periods.

12.0 ENTERPRISE RISK MANAGEMENT

Enterprise Risk Management Framework

To preserve and enhance Unitholder value over the long term, CT REIT takes a balanced approach to risk taking together with effective risk management. The effective management of risk within CT REIT is a key priority for the Board of Trustees and senior management, 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 approach to the management of risks, through a disciplined manner that:

- Safeguards the REIT's reputation;
- Support the achievement of the REIT's strategic objectives, including financial goals;
- Preserves and enhances Unitholder value; and
- Supports business planning and operations by providing a cross-functional perspective to risk management, integrated with strategic planning and reporting processes.

Risk Governance

The foundation of the REIT's ERM Framework is a governance approach that includes a comprehensive set of policies that, together with the REIT's Declaration of Trust, require the identification, assessment, monitoring, mitigation and reporting of all Key Risks on a timely basis. The key elements of risk governance are the Board and Chief Executive Officer, supported by senior management and the three lines of defense operating model (which includes (i) business and support functions, (ii) oversight functions and (iii) internal audit). Clearly defined roles and responsibilities, coupled with timely monitoring and reporting, assist in supporting a strong risk culture and effective governance of risk.

Fundamental to risk governance at the REIT is the oversight by senior management and the Audit Committee of all Key Risks and emerging risks faced by the REIT. Members of senior management of the REIT assist the Chief Executive Officer in discharging responsibilities with respect to managing strategies in alignment with the REIT's risk appetite, recommending various risk-related policies for the Board's approval and evaluating the effectiveness of controls the REIT has in place to mitigate risk and support the REIT's strategy. The REIT monitors its risk exposures to assess that its business activities are operating within approved limits or guidelines and risk appetite. Exceptions, if any, are reported to the Chief Financial Officer, the Chief Executive Officer and to the Audit Committee and the Board, as appropriate.

Key Risks

A key element of the ERM Framework is the identification and assessment of the REIT's Key Risks. A Key Risk is defined as one that, alone or in combination with other interrelated risks, could have a material adverse effect on the REIT's reputation, financial position, and/or ability to achieve its strategic objectives. Management has developed mitigation plans for each of the Key Risks, which are reviewed regularly by senior management and reported to the Audit Committee and the Board. Although the REIT believes the measures taken to mitigate risks are reasonable, there can be no assurance that they will effectively control all risks that may have a negative impact. In addition, there are numerous other risk factors that are difficult to predict and could adversely affect the REIT’s reputation, financial results, operations and strategic objectives.

During the quarter, the Pandemic continued to have a significant impact on the Canadian and global economies. The duration and severity of the Pandemic remain uncertain and difficult to predict, as does its adverse short and long term impacts on CT REIT. The REIT has implemented a number of comprehensive and evolving risk management strategies to support its business and operations and to protect the health and safety of its employees, tenants, tenants' employees and customers.

The following table provides an overview of each of the REIT’s key risks and related risk management strategies. Further information on the REIT’s key risks is presented in the REIT’s 2021 AIF. CT REIT cautions that the discussion of risks, including those risks described in the REIT’s 2021 AIF, is not exhaustive. When considering whether to purchase or sell Units of the REIT, investors and others should carefully consider these factors as well as other uncertainties, potential events and industry specific factors that may adversely impact the REIT’s future results.

Key Risks	Risk Management Strategy
External Economic Environment The REIT is subject to risks resulting from fluctuations or fundamental changes in the external business environment, including those driven or compounded by the Pandemic. These fluctuations or fundamental shifts in the macroeconomic environment as well as the regions and local marketplaces where the REIT conducts its business could include: • changes in the current economic environment and uncertainty with respect to potential future economic disruption including recession, depression, or high inflation impacting business and consumer confidence and spending; • changes in the economic stability of local markets such as business layoffs, industry slow-downs, changing demographics and other factors impacting tenants' revenues and their ability to pay rent, and the REIT's ability to lease space, renew leases and derive income from the properties in the affected market; • changes in the economic condition and regulatory environment of the regions in which the REIT's properties are concentrated, which may have a material adverse effect on the REIT's business, cash flows, financial condition, results of operations and ability to make distributions to Unitholders; • changes in retail shopping behaviours and habits of consumers and the introduction of new "technologies" and competitors impacting the relevance of the products, sales channels, or services offered by the REIT's key tenant, which may result in a negative impact on their financial position culminating in a decrease in the demand for physical space, which could adversely affect the REIT's financial performance; and • increased competition amongst investors, developers, owners and operators of properties similar to those of the REIT could negatively impact the availability of suitable acquisition opportunities thereby increasing the REIT's cost of acquisition as well as its' ability to lease properties, renew leases and achieve rental increases, which may adversely impact the REIT's financial condition and results of operations.	The REIT regularly monitors and analyzes external economic, demographic, consumer behaviour and competitive developments in Canada related to its business. Results are shared with the REIT executives, who are accountable for any necessary amendments to the strategic and operational plans and for on-going investment decisions in order to respond to evolving market and economic trends. In response to the Pandemic, government authorities implemented significant assistance programs to provide economic support to individuals and businesses. While in the short term these measures mitigated some effects of the Pandemic, over the long term they may not be sufficient to fully offset its negative impact or advert recessionary conditions. While in the short term these measures have mitigated some effects of the Pandemic, over the long term they may not be sufficient to fully offset its negative impact or advert recessionary conditions. Upon cessation of these measures, the REIT may expect to see an increase in rental payment delinquencies or defaults. The REIT has continued to support certain tenants facing financial challenges, either by participating in government rent assistance programs with qualified tenants or providing rent abatement or deferral options.

Key Risks	Risk Management Strategy
Key Business Relationship The REIT's relationship with its majority Unitholder, CTC, is integral to its business strategy and could affect the REIT's cash flows, operating results, overall financial performance and its ability to make distributions. Key factors inherent to this relationship include: • situations where the interests of CTC and the REIT are in conflict, CTC may utilize its ownership interest in, and contractual rights with the REIT, to further CTC's own interest which may not be the same as the REIT's interest in all cases, causing the REIT not to be able to operate in a manner that is to its favour, which could adversely affect the REIT's cash flows, operating results, valuation, and overall financial condition; • the dependence of the REIT's revenues on the ability of its key tenant, CTC, to meet its rent obligations and renew its tenancies. While CTC has held investment grade credit ratings for over 20 years, there is no assurance that it will maintain such ratings or that its financial position will not change over time. The future financial performance and operating results of CTC's business are subject to inherent risks, perceptions and uncertainties, including the uncertain long term impact of the Pandemic on its operations and customer behaviours. A downturn in CTC's business resulting in an inability to meet their obligations under their leases or if a significant amount of available space in the properties was not able to be leased on economically favourable lease terms could have a material effect on the financial performance of the REIT, its cash flows, and the REIT's ability to make distributions to Unitholders; and • the REIT's dependency on the services of key personnel including certain CTC personnel who supply necessary services to operate the REIT for its effective management and governance. Failure to receive these services or the need to replace the service provider in a short period of time could have a material adverse effect on the REIT.	The REIT benefits from the stability offered by CTC businesses including Canadian Tire Retail, one of Canada's most shopped general merchandise retailers with high recognition and a strong reputation throughout the communities it serves. Appropriate governance structures, including policies, processes and other management activities and practices are in place to maintain and monitor the relationship between the REIT and CTC. In addition, Management regularly monitors the operating results and credit ratings of CTC. From the onset of the Pandemic, the REIT has worked closely with CTC and its other tenants to help maintain safe facilities and business operations for their employees and customers, following guidance from public health authorities.

Key Risks	Risk Management Strategy
Financial	
Risks associated with macroeconomic conditions which are highly cyclical and volatile could have a material effect on the REIT's financial position and its ability to achieve its strategic goals and aspirations. Such risks include: • fundamental changes in the economic environment, significant events such as the Pandemic, or volatility in the financial markets resulting in changes in interest rates that affect the value of real estate, the value of the REIT's Units, the economics of acquisition activity and the availability of capital impacting the financial position of the REIT and its ability to make distributions to its Unitholders; and • the REIT's ability to manage fluctuations in interest rates, access to capital and liquidity, the price of the REIT's Units and the REIT's degree of leverage. Failure to develop, implement, and execute effective strategies to manage these risks may result in insufficient capital to absorb unexpected losses and/or changes in asset value negatively affecting the REIT's financial performance and increasing the REIT's vulnerability to a downturn in business or the economy.	The REIT has a Board-approved financial risk management policy in place that governs the management of capital, funding, and other financial risks. The indebtedness and Class C LP Units of the REIT are predominantly at fixed rates and its variable interest rate exposure is minimal. The weighted average term to redemption/ maturity of the REIT's debt portfolio is managed to generally align with the weighted average term to maturity of the REIT's assets. The REIT manages refinancing risk by maintaining a diversified debt redeeming/ maturity schedule to limit the amount of debt maturing in any one year. The REIT may use interest rate hedges from time to time to manage interest rate risk and to provide more certainty regarding the FFO available to Unitholders, subject to the REIT's investment and guidelines and operating policies. In response to the Pandemic, the REIT increased its focus on maintaining liquidity and a strong balance sheet and ensuring continued access to capital.
Legal and Regulatory Compliance	
Failure to adhere to laws and regulations by the REIT may result in regulatory related issues or decrease investor confidence and a decline in the REIT's Unit price. Changes to laws and regulations applicable to the REIT may adversely affect the REIT's financial condition, results of operation, and distributions to Unitholders, including: • changes in income tax laws such that the REIT would not qualify as a mutual fund trust for purposes of the Income Tax Act ("ITA"), including the treatment of real estate investment trusts and mutual fund trusts, or the exclusion from the definition of "SIFT TRUST" for a trust qualifying as a "real estate investment trust" for a taxation year under the ITA, which could have a material and adverse impact on the value of the Units, and on distributions to Unitholders; and • changes in various federal, provincial, territorial and municipal laws relating to environmental matters, including climate change, which may result in the REIT bearing the risk of cost-intensive assessment, technologies, and the removal of contamination, hazardous or other regulated substances causing an adverse effect on the REIT's financial condition, results of operation, cash available for distribution to Unitholders.	The REIT has appropriate governance structures, including policies, processes and controls in place to comply with legal and regulatory requirements, including but not limited to the REIT's ability to continue to satisfy the conditions to qualify as a closed end mutual fund trust and to comply with environmental laws and address any material environmental issues, including climate change. Environmental risks continue to evolve as they relate to the global transition to a net-zero economy and physical climate change risks.

Key Risks	Risk Management Strategy
Operations The REIT is subject to the risk that a direct or indirect loss of operating capabilities may occur due to: • inadequate or failed operations processes (property management, development, redevelopment and renovation risks such as substantial unanticipated delays and expenses or the inability to initiate or complete activities) that could have an adverse effect on the REIT's reputation, financial condition, results of operations, cash flow, trading price of the Units, distributions to Unitholders and the ability of the REIT to satisfy its principal and interest obligations; • internal or outsourced business activities and business disruptions (such as disasters, health crises such as the Pandemic, cyber incidents, and climate change) and ineffective business continuity and contingency planning, which could adversely affect the reputation, operations and financial performance of the REIT; • Government issued guidelines and restrictions in response to the Pandemic that have resulted in the implementation of operational measures that impact REIT properties, including the temporary closure of tenants' businesses, reduced hours and capacity, enhanced cleaning protocols and actions to promote physical distancing; and • talent shortages due to external pressure or the inability to effectively attract and retain talented and experienced employees, which may negatively impact the REIT's ability to operate its business and execute its strategy.	The REIT has appropriate governance structures, including policies, processes, contracts, service agreements and other management activities in place to maintain the operational performance of the REIT and to support the REIT's reputation, business and strategic objectives. CT REIT is subject to the risk that a direct or indirect loss of operating capabilities may occur due to property, development, redevelopment and renovation risks, disasters, health events such as pandemics, cyber incidents, climate change, ineffective business continuity and contingency planning, and talent shortages. Further government actions in response to the Pandemic and future pandemics could have additional adverse impact on the REIT's operations and financial performance. The health and well-being of CT REIT's employees, tenants, tenants' employees and customers, has remained a top priority throughout the Pandemic and the REIT has continued to take necessary measures and precautions to help protect and support them, reflecting best guidance by government and public health authorities.

13.0 INTERNAL CONTROLS AND PROCEDURES

13.1 Disclosure Controls and Procedures

Management is responsible for establishing and maintaining a system of controls and procedures over the public disclosure of financial and non-financial information regarding CT REIT. Such controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported, on a timely basis, to senior management, including the CEO and the Chief Financial Officer ("CFO"), so that they can make appropriate decisions regarding public disclosure.

CT REIT's system of disclosure controls and procedures include, but are not limited to, its Disclosure Policy, its Code of Conduct, the effective functioning of its Disclosure Committee, procedures in place to systematically identify matters warranting consideration of disclosure by the Disclosure Committee, verification processes for individual financial and non-financial metrics, and information contained in annual and interim filings, including the consolidated financial statements, MD&A, AIF and other documents and external communications.

As required by CSA National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), an evaluation of the adequacy of the design (quarterly) and effective operation (annually) of CT REIT's disclosure controls and procedures was conducted, under the supervision of management, including the CEO and CFO, as at December 31, 2021. The evaluation included documentation review, enquiries and other procedures considered by management to be appropriate in the circumstances. Based on that evaluation, the CEO and the CFO have concluded that the design and operation of the system of disclosure controls and procedures were effective as at December 31, 2021.

13.2 Internal Control Over Financial Reporting

Management is also responsible for establishing and maintaining appropriate internal controls over financial reporting. CT REIT's internal controls over financial reporting include, but are not limited to, detailed policies and procedures related to financial accounting, reporting and controls over systems that process and summarize transactions. CT REIT's procedures for financial reporting also include the active involvement of qualified financial professionals, senior management and its Audit Committee.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

As also required by NI 52-109, management, including the CEO and CFO, evaluated the adequacy of the design (quarterly) and effective operation (annually) of CT REIT's internal controls over financial reporting as defined in NI 52-109, as at December 31, 2021. In making this assessment, management, including the CEO and CFO, used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (2013). This evaluation included review of the documentation of controls, evaluation of the design and testing the operating effectiveness of controls, and a conclusion about this evaluation. Based on that evaluation, the CEO and the CFO have concluded that the design and operation of CT REIT's internal controls over financial reporting were effective as at December 31, 2021, in providing reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS.

13.3 Changes in Internal Control Over Financial Reporting

During the quarter and year ended December 31, 2021, there have been 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 controls 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 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 the Pandemic, including variants of concern and any future waves, create additional uncertainties. In particular, the impact of any variants of concern and government authorities' and public health officials' responses thereto may affect: 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' employees and customers; and domestic and global supply chains. Given the evolving circumstances surrounding the Pandemic, such as its duration, any future waves, the continued availability and distribution of vaccines, the 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 any additional actions taken to contain any variants of concern. Statements regarding future acquisitions, developments, distributions, results, performance, achievements, prospects or opportunities for CT REIT or the real estate industry and the impact of the Pandemic 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 the Pandemic under section 2.0;
- growth strategy and objectives under section 3.0;
- fair value of property portfolio under section 5.4;
- development activities under section 5.6;
- leasing activities under section 5.10;
- recoverable capital costs under section 5.11;
- capital expenditures to fund acquisitions and development activities under section 7.1;
- capital strategy under section 7.11;
- commitments as at December 31, 2021 under section 7.12;
- distributions under section 8.3;
- capital expenditures under section 11.1 (f);
- access to available sources of debt and/or equity financing;
- expected tax treatment of CT REIT 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 will continue to manage its liquidity and debt covenants; 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 equity and/or debt at reasonable rates when required; and that CTC will continue its involvement with the REIT on the basis described in its 2020 AIF. However, given the uncertainty surrounding the Pandemic, including future waves of the virus and/or the distribution of vaccines, it is difficult to predict how significant the adverse impact of the Pandemic will be on the global and domestic economy, interest or tax rates, the general business environments and the operations and financial position of the REIT's tenants, including Canadian Tire, the fair value ascribed to CTC tenanted properties and the business, operations and future financial position of the REIT.

Although the forward-looking statements contained in this MD&A are based upon assumptions that the REIT believes are reasonable, given 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 12.0 of this MD&A and under the "Risk Factors" section of the 2020 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 can 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, accessible by a link at www.ctreit.com includes the following documents and information of interest to investors:

- Annual Information Form;
- Consolidated financial statements and accompanying notes for the year ended December 31, 2021;
- Management Information Circular;
- the Base Shelf Prospectus and related prospectus supplements;
- quarterly financial statements and related MD&As; 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.

February 15, 2022

CT REAL ESTATE INVESTMENT TRUST
2021 FINANCIAL STATEMENTS
(AUDITED)

Management's Responsibility for Financial Statements

The management of CT Real Estate Investment Trust ("CT REIT") is responsible for the integrity and reliability of the accompanying consolidated financial statements. These consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards, and include amounts based on judgments and estimates. All financial information in our Management's Discussion and Analysis is consistent with these consolidated financial statements.

Management is responsible for establishing and maintaining adequate systems of internal control over financial reporting. These systems are designed to provide reasonable assurance that the financial records are reliable and form a proper basis for the timely and accurate preparation of financial statements. Management has assessed the effectiveness of CT REIT's internal control over financial reporting based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and concluded that CT REIT's internal control over financial reporting was effective as at the date of these consolidated statements.

The Board of Trustees oversees management's responsibilities for the consolidated financial statements primarily through the activities of its Audit Committee, which is comprised solely of trustees who are neither officers nor employees of CT REIT. This Committee meets with management and CT REIT's independent auditors, Deloitte LLP, to review the consolidated financial statements and recommend approval to the Board of Trustees. The Audit Committee is responsible for making recommendations to the Board of Trustees with respect to the appointment of and, subject to the approval of the Unitholders authorizing the Board of Trustees to do so, approving the remuneration and terms of engagement of CT REIT's auditors. The Audit Committee also meets with the auditors, without the presence of management, to discuss the results of their audit.

The consolidated financial statements have been audited by Deloitte LLP, in accordance with Canadian generally accepted auditing standards. Their report is presented below.

<< Kenneth Silver >>

<< Lesley Gibson >>

Kenneth Silver
Chief Executive Officer

Lesley Gibson
Chief Financial Officer

February 15, 2022

Independent Auditor's Report

To the Unitholders of
CT Real Estate Investment Trust

Opinion

We have audited the consolidated financial statements of CT Real Estate Investment Trust (the "REIT"), which comprise the consolidated balance sheets as at December 31, 2021 and 2020, and the consolidated statements of income and comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the REIT as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the REIT in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Fair Value of Investment Properties — Refer to Note 5 to the financial statements

Key Audit Matter Description

The REIT measures investment properties at fair value subsequent to acquisition. The fair value of each investment property is estimated using the discounted cash flow (“DCF”) method. This method requires management to make estimates and assumptions.

The assumptions with the highest degree of subjectivity and impact on fair values are the discount rates and terminal capitalization rates. Auditing these assumptions required a high degree of auditor judgment and this resulted in an increased extent of audit effort, including the need to involve fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the discount rates and terminal capitalization rates used to determine the fair value of the investment properties included the following, among others:

- Evaluated the effectiveness of controls over management's process for determining the fair value of investment properties, including those over the determination of the discount rates and terminal capitalization rates.

- With the assistance of fair value specialists, evaluated the reasonableness of management's discount rates and terminal capitalization rates by considering recent market transactions and industry surveys.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

- The information, other than the financial statements and our auditor's report thereon, in the CT REIT 2021 Annual Report (the "Annual Report").

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the REIT's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the REIT or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the REIT's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the REIT's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the REIT's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the REIT to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Timothy Wilson.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
February 15, 2022

Consolidated Balance Sheets

(Canadian dollars, in thousands)

As at	Note	**December 31, 2021**	December 31, 2020
Assets			
Non-current assets			
Investment properties	5	**$ 6,489,000**	$ 6,141,000
Other assets		**1,658**	1,486
		6,490,658	6,142,486
Current assets			
Tenant and other receivables		**2,884**	4,911
Other assets		**3,005**	3,614
Cash and cash equivalents		**3,555**	4,531
		9,444	13,056
Asset classified as held for sale		**—**	20,600
Total assets		**$ 6,500,102**	$ 6,176,142
Liabilities			
Non-current liabilities			
Class C LP Units	6	**$ 1,451,550**	$ 1,451,550
Mortgages payable	7	**65,316**	65,442
Debentures	8	**921,528**	921,635
Lease liabilities	9	**74,707**	65,830
Other liabilities		**5,497**	5,276
		2,518,598	2,509,733
Current liabilities			
Mortgages payable	7	**10,233**	514
Credit facilities	10	**79,300**	63,200
Debentures	8	**149,934**	150,000
Lease liabilities	9	**1,067**	1,052
Other liabilities		**46,512**	60,314
Distributions payable	11	**16,309**	15,459
		303,355	290,539
Total liabilities		**2,821,953**	2,800,272
Equity			
Unitholders' equity	11	**1,622,365**	1,481,849
Non-controlling interests	11, 13	**2,055,784**	1,894,021
Total equity		**3,678,149**	3,375,870
Total liabilities and equity		**$ 6,500,102**	$ 6,176,142

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

<<David Laidley>>

David Laidley

Trustee

<<Anna Martini>>

Anna Martini

Trustee

Consolidated Statements of Income and Comprehensive Income

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

For the year ended December 31,	Note		2021		2020
Property revenue	14	$	**514,537**	$	502,348
Property expense	14		**(107,290)**		(110,768)
General and administrative expense	15		**(14,593)**		(13,018)
Net interest and other financing charges	16		**(105,706)**		(107,898)
Fair value adjustment on investment properties	5		**169,911**		(87,359)
Net income and comprehensive income		**$**	**456,859**	$	183,305
Net income and comprehensive income attributable to:					
Unitholders		**$**	**208,169**	$	83,694
Non-controlling interests	13		**248,690**		99,611
		$	**456,859**	$	183,305
Net income per unit - basic	11	**$**	**1.969**	$	0.801
Net income per unit - diluted	11	**$**	**1.635**	$	0.772

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

Consolidated Statements of Changes in Equity

(Canadian dollars, in thousands)

	Note	Units	Retained Earnings	Unitholders' Equity	Non-controlling interests	Total Equity
Balance at December 31, 2020		**$ 1,073,734**	**$ 408,115**	**$ 1,481,849**	**$ 1,894,021**	**$ 3,375,870**
Net income and comprehensive income for the period		**—**	**208,169**	**208,169**	**248,690**	**456,859**
Issuance of Class B LP Units, net of issue costs	11	**—**	**—**	**—**	**17,248**	**17,248**
Distributions	11	**—**	**(87,176)**	**(87,176)**	**(104,175)**	**(191,351)**
Issuance of Units under Distribution Reinvestment Plan and other	11	**19,523**	**—**	**19,523**	**—**	**19,523**
Balance at December 31, 2021		**$ 1,093,257**	**$ 529,108**	**$ 1,622,365**	**$ 2,055,784**	**$ 3,678,149**

	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		—	83,694	83,694	99,611	183,305
Issuance of Class B LP Units, net of issue costs	11	—	—	—	24,101	24,101
Distributions	11	—	(83,022)	(83,022)	(98,857)	(181,879)
Issuance of Units under Distribution Reinvestment Plan and other	11	16,238	—	16,238	—	16,238
Balance at December 31, 2020		**$ 1,073,734**	**$ 408,115**	**$ 1,481,849**	**$ 1,894,021**	**$ 3,375,870**

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

Consolidated Statements of Cash Flows

(Canadian dollars, in thousands)

		Year ended	
For the year ended December 31,	Note	**2021**	2020
Cash generated from (used for):			
Operating activities			
Net income		**$ 456,859**	$ 183,305
Add/(deduct):			
Fair value adjustment on investment properties	5	**(169,911)**	87,359
Property straight-line rent revenue	14	**(6,168)**	(10,014)
Deferred income tax		**(101)**	(27)
Net interest and other financing charges	16	**105,706**	107,898
Changes in working capital and other	17	**20,816**	2,245
Cash generated from operating activities		**$ 407,201**	$ 370,766
Investing activities			
Income-producing property		**(73,229)**	(89,547)
Development activities and land investments		**(58,865)**	(56,398)
Capital expenditures recoverable from tenants		**(35,857)**	(17,558)
Proceeds of disposition		**21,185**	820
Cash (used for) investing activities		**$ (146,766)**	$ (162,683)
Financing activities			
Proceeds from issuance of debentures	8	**150,000**	—
Redemption of debentures	8	**(150,000)**	—
Unit distributions		**(67,880)**	(66,563)
Class B LP Unit distributions paid or loaned		**(103,723)**	(98,588)
Payments on Class C LP Units paid or loaned	6	**(63,962)**	(65,736)
Credit facilities draws (repayments), net	10	**16,100**	61,200
Lease principal payments on right-of-use assets		**(1,052)**	(991)
Mortgage principal repayments	7	**(450)**	(400)
Net interest paid		**(39,591)**	(42,189)
Debt settlement costs		**(743)**	—
Class B LP Unit issuance costs		**(110)**	(19)
Cash (used for) financing activities		**$ (261,411)**	$ (213,286)
Cash (used) in the period		**$ (976)**	$ (5,203)
Cash and cash equivalents, beginning of period		**4,531**	9,734
Cash and cash equivalents, end of period		**$ 3,555**	$ 4,531

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021 and 2020

(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 69.0% effective interest in CT REIT as of December 31, 2021, 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 6). The Units are listed on the Toronto Stock Exchange (the “TSX”) under the symbol CRT.UN.

2. BASIS OF PRESENTATION

(a) Fiscal year

The fiscal years for the consolidated financial statements and the notes presented are for the years ended December 31, 2021 and 2020.

(b) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) using the accounting policies that are described herein.

These consolidated financial statements were approved for issuance by CT REIT’s Board of Trustees (the “Board”), on the recommendation of its Audit Committee, on February 15, 2022.

(c) Basis of presentation

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

(d) Critical judgments in applying significant accounting policies

The following are the critical judgments that have been made in applying CT REIT's accounting policies and that have the most significant effect on the amounts in the consolidated financial statements:

(i) Leases

CT REIT as a lessor

The REIT's policy for revenue recognition as a lessor is described in Note 3(e). In applying this policy, judgments are made with respect to whether tenant improvements provided in connection with a lease enhance the value of the leased property, which determines whether such amounts are treated as additions to investment property as well as the point in time at which revenue recognition under the lease commences, or constitutes a tenant incentive that is amortized as a reduction of lease revenue over the initial term of the lease.

The REIT also makes judgments in assessing the classification of its leases with tenants as operating leases, in particular long-term leases in single tenant properties. The REIT has determined that all of its leases are operating leases.

CT REIT as a lessee

For the measurement of lease liabilities with respect to the ground leases with third party landlords, the REIT considers all factors that create an economic incentive to exercise extension options, or not exercise termination options available in its leasing arrangements. Extension options, or periods subject to termination options, are only included in the lease term if the REIT determines it is reasonably certain to be extended or not terminated. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The REIT uses its incremental borrowing rate to account for the ground leases with third party landlords. The implicit rates in the ground leases, fair value of the underlying property and the initial direct costs incurred by the lessor related to the leased assets are not readily available information from the lessor. The REIT determines the incremental borrowing rate as the rate of interest that it would pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

(ii) Investment properties

CT REIT applies judgment in determining whether the properties it acquires are considered to be asset acquisitions or business combinations. CT REIT considers all properties acquired to date to be asset acquisitions.

Judgment is applied in determining whether certain costs are additions to the carrying amount of the investment property. For properties under development, CT REIT exercises judgment in determining when development activities have commenced, when and how much borrowing costs are to be capitalized to the development project, and the point of practical completion.

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

(iii) Income taxes

CT REIT makes judgments that, with the exception of transactions involving CT REIT GP Corp. (the "GP"), deferred income taxes are not recognized in CT REIT's financial statements on the basis that CT REIT can deduct distributions paid such that its liability for income taxes is substantially reduced or eliminated for the period, CT REIT intends to continue to distribute its taxable income and therefore continue to qualify as a real estate investment trust for the foreseeable future.

(iv) Consolidation

CT REIT makes judgments in the application of IFRS 10 - *Consolidated Financial Statements* in its assessment of control over the Partnership and its subsidiaries collectively the "Consolidated Partnership", including the purpose for which the Consolidated Partnership was created, the power to direct the relevant activities of the Consolidated Partnership, its exposure or rights to the variable returns of the Consolidated Partnership and its ability to use its power to affect its returns.

(v) Proportionate consolidation of interest in Canada Square

CT REIT makes judgments in the application of IFRS 11 - *Joint Arrangements* in its assessment of joint control over the one-half interest it holds in Canada Square, a mixed-use commercial property in Toronto, Ontario (the "Co-Ownership"), and its rights to the assets and obligations for the liabilities related to the Co-Ownership.

(e) Critical accounting estimates and assumptions

CT REIT makes estimates and assumptions that affect the carrying amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amount of earnings for the period. Actual results may differ from estimates. The estimates and assumptions underlying the valuation of investment properties are set out in Note 5 and are considered critical.

(f) Standards, amendments and interpretations issued but not yet adopted

(i) Improving accounting policy disclosures and clarifying distinction between accounting policies and accounting estimates (Amendments to IAS 1 and IAS 8)

In February 2021, the International Accounting Standards Board issued narrow-scope amendments to IAS 1 Presentation of Financial Statements, IFRS Practice Statement 2 Making Materiality Judgements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to IAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. CT REIT is assessing the potential impact of these amendments.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

These consolidated financial statements include the accounts of CT REIT and its consolidated subsidiaries consisting of the Consolidated Partnership and the GP and their subsidiaries, which are the entities over which CT REIT has control. Control exists when CT REIT has the ability to direct the relevant activities of an entity, has exposure or rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. CT REIT reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when CT REIT obtains control over the subsidiary and ceases when CT REIT loses control of the subsidiary. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between CT REIT and its subsidiaries, and among subsidiaries of CT REIT, are eliminated on consolidation.

Net income and comprehensive income are attributed to the Unitholders of CT REIT and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

CT REIT holds all of the issued and outstanding Class A limited partnership units (“Class A LP Units”) of the Partnership, which are the sole class of Partnership units that carry voting rights. In addition, CT REIT holds all of the issued and outstanding shares of the GP, the general partner of the Partnership, which has the power to direct the relevant activities of the Partnership. Accordingly, CT REIT is exposed to variable returns from its interest in the Partnership and has the ability to direct the relevant activities thereof to affect its returns. Therefore CT REIT consolidates the Partnership and their subsidiaries.

Non-controlling interests in the equity of the Partnership, which consists of Class B LP Units held by a wholly owned subsidiary of CTC, are shown separately in equity on the Consolidated Balance Sheets.

(b) Joint arrangements

A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control whereby decisions about relevant activities require unanimous consent of the parties sharing control. A joint arrangement is classified as a joint operation when the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities related to the arrangement. A joint arrangement is classified as a joint venture when the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A party to a joint operation records its interest in the assets, liabilities, revenue and expenses of the joint operation.

CT REIT has a one-half interest in the Co-Ownership, pursuant to a co-ownership arrangement. The Co-Ownership is a joint arrangement as the material decisions about relevant activities require unanimous consent of the co-owners. This joint arrangement is a joint operation as each co-owner has rights to the assets and obligations for the liabilities related to the Co-Ownership. Accordingly, CT REIT recognizes its proportionate share of the assets, liabilities, revenue and expenses of the Co-Ownership in its financial statements.

(c) Investment properties

Investment properties include income-producing properties and properties under development that are held by CT REIT to earn rental income. CT REIT accounts for its investment properties in accordance with IAS 40 - *Investment Property*. For acquired investment properties that meet the definition of a business, the acquisition is accounted for as a business combination in accordance with IFRS 3 - *Business Combinations*, otherwise they are initially measured at cost including directly attributable acquisition costs. Subsequent to acquisition, investment properties are carried at fair value, which is determined based on available market evidence at the balance sheet date including, among other things, rental revenue from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental revenue from future leases less future cash outflows in respect of capital expenditures. Gains and losses arising from changes in fair value are recognized in net income in the period of change.

The initial cost of properties under development includes the acquisition cost of the properties, direct development costs, realty taxes and borrowing costs attributable to properties under development. Borrowing costs associated with direct expenditures on properties under development are capitalized. The amount of capitalized borrowing costs is determined first by reference to property-specific borrowings, where relevant, and otherwise by applying a weighted average cost of borrowings to eligible expenditures after adjusting for borrowings associated with other specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross cost incurred on those borrowings less any investment income arising on their temporary investment. Borrowing costs are capitalized from the commencement of the development until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Practical completion is when the property is capable of operating in the manner intended by management. Generally, this occurs on completion of construction and receipt of all necessary occupancy and other material permits.

If considered reliably measurable, properties under development are carried at fair value. Properties under development are measured at cost if fair value is not reliably measurable. In determining the fair value of properties under development, management considers, among other things, the development risk of the property, the provisions of the construction contract, the stage of completion and the level of reliability of cash inflows after completion.

Leasing costs incurred by CT REIT in negotiating and arranging tenant leases are added to the carrying amount of investment properties. Payments to tenants under lease contracts are characterized as either capital expenditures in the form of tenant improvements that enhance the value of the property or as lease inducements. Tenant improvements are capitalized as part of investment properties. Lease inducements are capitalized as a component of investment properties and are amortized over the term of the lease as a reduction of lease revenue.

When an investment property is sold, the gain or loss is determined as the difference between the net disposal proceeds and the carrying amount of the property and is recognized in net income in the period of disposal.

(d) Leases

Lessee

The REIT assesses whether a contract is or contains a lease, at inception of the contract. Leases are recognized as a right-of-use asset and corresponding liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. The finance cost is recognized in net interest and other financing charges in the Consolidated Statements of Income and Comprehensive Income over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), variable lease payments that are based on an index or a rate or subject to a fair market value renewal, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option. The REIT allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate stand-alone price of the non-lease components. The lease liability is net of lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. The period over which the lease payments are discounted is the reasonably certain lease term, including renewal options that the REIT is reasonably certain to exercise. Renewal options are included in a number of leases across the REIT.

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in General and Administrative Expenses or Property Expenses in the Consolidated Statements of Income and Comprehensive Income. Short-term leases are leases with a lease term of 12 months or less. Variable lease payments that do not depend on an index or a rate or subject to a fair market value renewal are expensed as incurred and recognized in General and Administrative Expenses in the Consolidated Statements of Income and Comprehensive Income.

Right-of-use assets are measured at fair value and are included in investment properties in the Consolidated Balance Sheets; and corresponding fair value adjustments are reflected in Fair Value Adjustment on investment properties in the Consolidated Statements of Income and Comprehensive Income.

Sale and Leaseback

The accounting treatment of a sale and leaseback transaction is assessed based upon the substance of the transaction and whether the transfer of an asset is considered as a sale when the control of the asset has been transferred to the purchaser.

If the transfer of the asset to the REIT as buyer-lessor is considered a sale, the REIT assesses the classification of the lease as a finance or operating lease; and follows IFRS 16 - *Leases* accordingly. If the transfer is not considered a sale, the REIT does not recognize the underlying asset and records a financial asset under IFRS 9 - *Financial Instruments* for amounts paid to the seller-lessee.

(e) Revenue recognition

CT REIT has retained substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. Generally, this occurs on the lease inception date or, where CT REIT is required to make additions to the property in the form of tenant improvements that enhance the value of the property, upon substantial completion of those improvements. Property revenue includes all amounts earned from tenants related to lease agreements including property tax, operating cost and other recoveries.

The total amount of lease payments to be received from operating leases is recognized on a straight-line basis over the term of the lease. A straight-line rent receivable, which is included in the carrying amount of investment properties, is recorded for the difference between the rental revenue recorded and the contractual amount of minimum base rent received or receivable.

(f) Income taxes

CT REIT is a “mutual fund trust” under the *Income Tax Act (Canada)*. The Trustees intend to distribute or designate all taxable income directly earned by CT REIT to Unitholders and to deduct such distributions for income tax purposes.

Legislation relating to the federal income taxation of Specified Investment Flow Through (“SIFT”) trusts or partnerships provide that certain distributions from a SIFT will not be deductible in computing the SIFT’s taxable income and that the SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. However, distributions paid by a SIFT as a return of capital should generally not be subject to tax.

Under the SIFT rules, the taxation regime will not apply to a real estate investment trust that meets prescribed conditions relating to the nature of its assets and revenue (the “REIT Exception”). CT REIT has reviewed the SIFT rules and has assessed their interpretation and application to CT REIT’s assets and revenue. While there are uncertainties in the interpretation and application of the SIFT rules, CT REIT believes that it meets the REIT Exception. Accordingly, with the exception of transactions with the GP, no net current income tax expense or deferred income tax assets or liabilities have been recorded in the consolidated financial statements.

(g) Class C LP Units

Each series of the Class C LP Units are redeemable, at the option of the holder, at a specified future date and can be settled at the option of the Partnership in cash or a variable number of Class B LP Units. Accordingly, the Class C LP Units are classified as financial liabilities and fixed payments on the Class C LP Units are presented as interest expense in the consolidated statement of income and comprehensive income using the effective interest method.

(h) Non-controlling interests

Class B LP Units are classified as non-controlling interests and are presented as a component of equity as they represent equity interests in the Partnership not attributable, directly or indirectly, to CT REIT.

(i) Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognized when CT REIT has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Provisions are remeasured at each balance sheet date using the then current discount rate. The increase in the provision due to the passage of time is recognized as interest expense.

(j) Unit based compensation plans

CT REIT offers a Deferred Unit Plan (the “DU Plan”) for trustees who are not employees or officers of CT REIT or any of its affiliates, whereby such trustees may elect to receive all or a portion of their annual compensation in deferred units (“DUs”). CT REIT has a Restricted Unit Plan (the “RU Plan”) for executives, whereby the executives of CT REIT may be issued discretionary grants or may elect to receive all or a portion of their annual short-term incentive plan awards in restricted units (“RUs”), and a Performance Unit Plan (the “PU Plan”) whereby the performance units (“PUs”) are granted to certain employees of CT REIT as part of their long-term incentive plan.

DUs, RUs and PUs are recorded as liabilities and expensed as compensation expense over the vesting period. Accrued compensation costs under the plans are adjusted to the fair value of the vested units at each reporting date.

(k) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with original maturities of three months or less.

(l) Financial instruments and derivatives

Financial assets and financial liabilities are recognized in the consolidated balance sheets when the REIT becomes a party to the contractual provisions of a financial instrument or non-financial derivative contract. All financial instruments are measured at fair value on initial recognition.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as fair value through profit & loss (“FVTPL”), are added to or deducted from the fair value on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in net income.

The REIT classifies financial assets, at the time of initial recognition, according to the REIT’s business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are subsequently measured at amortized cost if both of the following conditions are met and they are not designated as at FVTPL: a) the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and b) the contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding. These assets are subsequently measured at amortized cost using the effective interest rate method, less any impairment, with gains and losses recognized in net income in the period that the asset is derecognized or impaired.

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method with gains and losses recognized in net income in the period that the liability is derecognized. The REIT measures all financial instruments at amortized cost, except for liabilities for unit-based compensation plans which are included in other liabilities and carried at fair value.

The REIT recognizes a loss allowance on a forward-looking basis at an amount equal to the lifetime expected credit losses ("ECL") on its financial assets measured at amortized cost. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

(m) Assets as Held for Sale

Investment properties are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale and it should be expected to qualify for recognition as a completed sale within one year from the date of classification.

4. THE PANDEMIC

The global spread of the coronavirus (COVID-19) disease (the "Pandemic") continues to impact the Canadian and global economies. The REIT remains committed to the health and safety of its employees and tenants, as well as its tenants' employees and customers. Many of the measures that were introduced at the outset of the Pandemic to reduce the spread of the virus, remain in place, including the majority of REIT employees continuing to work from home.

Despite the positive impact of vaccination programs throughout Canada, industries, including retail and commercial real estate, continue to be affected to varying degrees by the Pandemic. It continues to be difficult to predict the duration and impact of the Pandemic, if any, 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 impacts on its key risks. The impact of the Pandemic 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 have been successful to date and have allowed the REIT to maintain a financially strong business and to continue to support employees, tenants and their employees and customers.

5. INVESTMENT PROPERTIES

The following table summarizes CT REIT's property portfolio:

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Income-producing properties	**Properties Under Development**	**Total investment properties**	Income-producing properties	Properties Under Development	Total investment properties
Balance, beginning of period	**6,083,145**	**57,855**	**6,141,000**	5,932,864	74,118	6,006,982
Property acquisitions (including transaction costs)	**100,749**	**—**	**100,749**	131,762	—	131,762
Intensifications	**—**	**16,677**	**16,677**	—	23,047	23,047
Developments	**—**	**7,371**	**7,371**	—	53,197	53,197
Development land	**—**	**1,911**	**1,911**	—	—	—
Capitalized interest and property taxes	**—**	**1,488**	**1,488**	—	1,283	1,283
Transfers from PUD	**16,383**	**(16,383)**	**—**	111,224	(111,224)	—
Transfers to PUD	**(10,237)**	**10,237**	**—**	(17,434)	17,434	—
Transfer to asset held for sale	**—**	**—**	**—**	(20,600)	—	(20,600)
Right-of-use assets	**9,945**	**—**	**9,945**	5,403	—	5,403
Fair value adjustment on investment properties	**169,911**	**—**	**169,911**	(87,359)	—	(87,359)
Straight-line rent	**6,168**	**—**	**6,168**	10,014	—	10,014
Recoverable capital expenditures	**33,994**	**—**	**33,994**	18,091	—	18,091
Dispositions	**(214)**	**—**	**(214)**	(820)	—	(820)
Balance, end of period	**$ 6,409,844**	**$ 79,156**	**$ 6,489,000**	$ 6,083,145	$ 57,855	$ 6,141,000

Investment properties are measured at fair value, determined using the discounted cash flow method. Under this methodology, discount rates are applied to the projected annual operating cash flows, generally over a minimum term of ten years, and include a terminal value based on a capitalization rate applied to the estimated net operating income in the terminal year. The portfolio is internally valued each quarter with external appraisals performed for a portion of the portfolio on a semi-annual basis. Approximately 80% of the property portfolio (by value) is appraised externally by an independent national real estate appraisal firm over a four-year period.

Included in the portfolio of properties are 10 (December 31, 2020 – 10) properties which are situated on ground leases with remaining current terms up to 34 years (December 31, 2020 – up to 35 years), and an average remaining current term of 15 years (December 31, 2020 – 15 years).

The investment property balance includes right-of-use assets of $77,122 as at December 31, 2021 (December 31, 2020 - $68,270).

The fair value of investment properties is based on Level 3 inputs (see Note 21 (a) 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 using the discounted cash flow method are as follows:

	Year Ended December 31, 2021	Year Ended December 31, 2020
Number of properties	368	363
Value at the period end	$ 6,489,000	$ 6,141,000
Discount rate[1]	6.98 %	7.15 %
Terminal capitalization rate[1]	6.48 %	6.67 %
Hold period (years)	12	12

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

The estimates of fair value are sensitive to changes in the investment metrics and forecasted future cash flows for each Property. The sensitivity analysis in the table below indicates the approximate impact on the fair value of the portfolio of Properties resulting from changes in the terminal capitalization and discount rates assuming no changes in other inputs.

	Year Ended December 31, 2021		Year Ended December 31, 2020	
Rate sensitivity	**Fair value**	**Change in fair value**	Fair value	Change in fair value
+ 75 basis points	$ 5,852,000	$ (637,000)	$ 5,545,000	$ (596,000)
+ 50 basis points	6,056,000	(433,000)	5,742,000	(399,000)
+ 25 basis points	6,304,000	(185,000)	5,967,000	(174,000)
Period ended	$ 6,489,000	$ —	$ 6,141,000	$ —
- 25 basis points	6,743,000	254,000	6,371,000	230,000
- 50 basis points	7,084,000	595,000	6,623,000	482,000
- 75 basis points	$ 7,319,000	$ 830,000	$ 6,898,000	$ 757,000

2021 Investment and Development Activity

Funding of investment and development activities for the year ended December 31, 2021 was as follows:

	2021 Investment and Development Activity				
	Property investments	**Development land**	**Developments**	**Intensifications**	**Total**
Funded with working capital to CTC	$ 8,096	$ —	$ —	$ 2,600	$ 10,696
Funded with working capital to third parties	3,727	1,161	7,371	14,056	26,315
Funded with CTC Credit Facility	61,423	750	—	21	62,194
Capitalized interest and property taxes	—	—	1,488	—	1,488
Issuance of Class B LP Units to CTC	17,357	—	—	—	17,357
Mortgage assumed	10,146	—	—	—	10,146
Total costs	**$ 100,749**	**$ 1,911**	**$ 8,859**	**$ 16,677**	**$ 128,196**

2020 Investment and Development Activity

Funding of investment and development activities for the year ended December 31, 2020 was as follows:

	2020 Investment and Development Activity			
	Property investments	Developments	Intensifications	Total
Funded with working capital to CTC	$ 3,050	$ 38,091	$ 20,765	$ 61,906
Funded with working capital to third parties	22,825	15,106	2,282	$ 40,213
Funded with CTC Credit Facility	63,200	—	—	$ 63,200
Capitalized interest and property taxes	—	1,283	—	$ 1,283
Issuance of Class B LP Units to CTC	24,120	—	—	$ 24,120
Mortgage assumed	18,567	—	—	$ 18,567
Total costs	$ 131,762	$ 54,480	$ 23,047	$ 209,289

6. CLASS C LP UNITS

The Class C LP Units entitle the holder to a fixed cumulative monthly payment, during the fixed rate period for each Series of Class C LP Units (the “Current Fixed Rate Period”). Such payments are made 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 Current 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.

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 variable rate option.

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

Series	Expiry of Current Fixed Rate Period	Annual distribution rate during Current Fixed Rate Period	**Carrying amount at December 31, 2021**	Carrying amount at December 31, 2020
Series 3	May 31, 2025	2.37 %	**$ 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, 2025	2.37 %	**16,550**	16,550
Series 17	May 31, 2025	2.37 %	**18,500**	18,500
Series 18	May 31, 2025	2.37 %	**4,900**	4,900
Series 19	May 31, 2025	2.37 %	**11,600**	11,600
Weighted average / Total		4.41 %	**$ 1,451,550**	$ 1,451,550

For the year ended December 31, 2021, interest expense of $63,962 (2020 - $65,736) was recognized in respect of the Class C LP Units (see Note 16). 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 year ended December 31, 2021 of $58,631 (2020 – $59,898), 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 December 31, 2021 of $5,330 (2020 – $5,330) is included in other liabilities on the consolidated balance sheets. The loans deferred as at December 31, 2021 were settled on January 3, 2022.

7. MORTGAGES PAYABLE

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

	December 31, 2021		December 31, 2020	
	Face value	**Carrying amount** [1]	Face value	Carrying amount
Current	**$ 10,081**	**$ 10,233**	$ 420	$ 514
Non-current	**64,942**	**65,316**	65,415	65,442
Total	**$ 75,023**	**$ 75,549**	$ 65,835	$ 65,956

[1] *Includes the fair value of the $10,146 mortgage assumed in connection with a Property acquisition. See Note 5.*

Future repayments are as follows:		Principal amortization		Maturities		Total
2022	$	621	$	9,460	$	10,081
2023		378		55,700		56,078
2024		391		—		391
2025		403		—		403
2026 and thereafter		103		7,967		8,070
Total contractual obligation	$	1,896	$	73,127	$	75,023
Unamortized portion of mark to market on mortgages payable assumed on the acquisition of properties						579
Unamortized transaction costs						(53)
					$	75,549

In Q4 2021, CT REIT assumed a mortgage payable for $9,638 in connection with the acquisition of an investment property.

Mortgages payable have interest rates that range from 1.84% to 4.50%, and have maturity dates that range from July 2022 to March 2026. Mortgages payable at December 31, 2021 had a weighted average interest rate of 2.36% (December 31, 2020 – 2.27%). At December 31, 2021, variable rate and fixed rate mortgages were $55,700 (December 31, 2020 – $55,700) and $19,323 (December 31, 2020 – $10,134), respectively.

Investment properties having a fair value of $162,838 (December 31, 2020 – $138,143) have been pledged as security for mortgages payable.

8. DEBENTURES

		December 31, 2021				December 31, 2020		
Series		**Face value**		**Carrying amount**		Face value		Carrying amount
A, 2.85%, June 9, 2022	**$**	**150,000**	**$**	**149,934**	$	150,000	$	149,777
B, 3.53%, June 9, 2025		**200,000**		**199,416**		200,000		199,255
C, 2.16%, June 1, 2021		**—**		**—**		150,000		150,000
D, 3.29%, June 1, 2026		**200,000**		**199,401**		200,000		199,266
E, 3.47%, June 16, 2027		**175,000**		**174,372**		175,000		174,257
F, 3.87%, December 7, 2027		**200,000**		**199,213**		200,000		199,080
G, 2.37%, January 6, 2031		**150,000**		**149,126**		—		—
Total	**$**	**1,075,000**	**$**	**1,071,462**	**$**	**1,075,000**	**$**	**1,071,635**
Current	**$**	**150,000**	**$**	**149,934**	$	150,000	$	150,000
Non-current	**$**	**925,000**	**$**	**921,528**	$	925,000	$	921,635
Total	**$**	**1,075,000**	**$**	**1,071,462**	$	1,075,000	$	1,071,635

Debentures as at December 31, 2021, had a weighted average interest rate of 3.28% (December 31, 2020 – 3.25%).

On January 6, 2021, CT REIT completed the issuance of $150,000 of Series G unsecured debentures with a ten-year term and a coupon of 2.371% per annum. On January 10, 2021, the net proceeds, along with cash on hand, were used to redeem the Series C senior unsecured debentures in the aggregate principal amount of $150,000 with a coupon of 2.159% due June 1, 2021.

For the year ended December 31, 2021, amortization of transaction costs of $798 (December 31, 2020 – $940) are included in net interest and other financing charges on the Consolidated Statements of Income and Comprehensive Income (see Note 16).

9. LEASES

(a) CT REIT as lessee

CT REIT is the tenant under 10 ground leases with third party landlords. The remaining current terms of the ground leases are between one and 34 years, with an average remaining initial term of 15 years. The majority of the ground lease agreements are renewable at the end of the current lease term. Assuming all extensions are exercised, the ground leases have remaining terms between 21 and 49 years with an average remaining lease term of 32 years. For the calculation of lease liabilities, it was determined that all lease renewal options are reasonably certain to be exercised. There are no variable lease payments or guaranteed residual payments with respect to the ground leases.

	December 31, 2021	December 31, 2020
Current	$ 1,067	$ 1,052
Non-current	74,707	65,830
Total	$ 75,774	$ 66,882

The increase of $8,892 from prior year is primarily due to lease amendments.

The contractual undiscounted cash flows of CT REIT lease liabilities are as follows:

	December 31, 2021	December 31, 2020
Less than one year	$ 4,520	$ 4,512
Between one and five years	18,334	17,051
More than five years	150,056	138,772
Total	$ 172,910	$ 160,335

CT REIT has in place a leverage and liquidity policy to manage its exposure to liquidity risk associated with the contractual lease liabilities. Details of how CT REIT manages this risk are further discussed under Note 21.

There were no expenses in 2020 and 2021 relating to leases of low-value assets or short-term leases. As well, there were no variable lease payments included in lease liabilities at any time during 2020 and 2021.

The total cash outflow for leases in 2021 was $4,667 (2020 - $4,615). There were no gains or losses arising from sale and leaseback transactions in 2020 and 2021.

(b) CT REIT as a lessor

CT REIT leases income-producing properties (investment properties) to tenants under operating leases. The leases have staggered initial terms ranging from 1 to 20 years, with a weighted average remaining initial term of approximately 8.5 years. The portfolio of leases with Canadian Tire generally contain contractual rent escalations of approximately 1.5% per year.

For all income-producing properties, the rental income is fixed under the contracts, but some leases require the lessee to reimburse certain cost incurred by CT REIT, such as property taxes and operating costs. When this is the case, these amounts are determined annually.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2022	2023	2024	2025	2026	Thereafter	Total
Minimum lease receivable	$ 399,533	394,297	386,955	372,757	356,367	1,792,050	$ 3,701,959

10. CREDIT FACILITIES

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

	December 31, 2021	December 31, 2020
Bank Credit Facility	$ —	$ —
CTC Credit Facility	79,300	63,200
	$ 79,300	$ 63,200

(a) Bank Credit Facility

CT REIT has a committed, unsecured $300,000 revolving credit facility with a syndicate of major Canadian banks ("Bank Credit Facility") expiring in September 2026. The Bank Credit Facility bears interest at a rate based on the banks' prime rate of interest or bankers' acceptances plus a margin. A standby fee is charged on the Bank Credit Facility.

As at December 31, 2021 the Bank Credit Facility had no amounts (December 31, 2020 - nil) drawn under the revolving credit facility, and $5,817 (December 31, 2020 – $5,564) of outstanding letters of credit.

(b) CTC Credit Facility

CT REIT has an uncommitted, unsecured $300,000 revolving credit facility with CTC ("CTC Credit Facility") expiring in December 2022. 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 December 31, 2021, $79,300 of borrowings were drawn on the CTC Credit Facility (December 31, 2020 – $63,200). As at December 31, 2021, borrowings under the CTC Credit Facility had an interest rate of 2.61% (December 31, 2020 – 2.45%).

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

11. 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 December 31, 2021
	Units	**Class B LP Units**	**Total**
Total outstanding at beginning of year	**105,103,391**	**125,866,203**	**230,969,594**
Units issued [1]	**1,200,897**	**1,014,654**	**2,215,551**
Total outstanding at end of period	**106,304,288**	**126,880,857**	**233,185,145**

[1] 1,162,913 issued pursuant to the REIT's distribution reinvestment plan.

			As at December 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]	1,176,006	1,576,712	2,752,718
Total outstanding at end of year	105,103,391	125,866,203	230,969,594

[1] 1,176,006 issued pursuant to the REIT's distribution reinvestment plan.

Net income attributable to Unitholders and weighted average units outstanding used in determining basic and diluted net income per unit for years ended December 31, 2021 and 2020, are calculated as follows, respectively:

			For the Year ended December 31, 2021
	Units	**Class B LP Units**	**Total**
Net income attributable to Unitholders - basic	**$ 208,169**	**$ 248,690**	**$ 456,859**
Income effect of settling Class C LP Units with Class B LP Units			**63,962**
Net income attributable to Unitholders - diluted			**$ 520,821**
Weighted average Units outstanding - basic	**105,714,887**	**126,311,774**	**232,026,661**
Dilutive effect of other unit plans			**298,145**
Dilutive effect of settling Class C LP Units with Class B LP Units			**86,182,413**
Weighted average number of units outstanding - diluted			**318,507,219**

	For the Year ended December 31, 2020		
	Units	Class B LP Units	Total
Net income attributable to Unitholders - basic	$ 83,694	$ 99,611	$ 183,305
Income effect of settling Class C LP Units with Class B LP Units			65,736
Net income attributable to Unitholders - diluted			$ 249,041
Weighted average Units outstanding - basic	104,524,871	124,409,130	228,934,001
Dilutive effect of other unit plans			265,900
Dilutive effect of settling Class C LP Units with Class B LP Units			93,374,550
Weighted average number of units outstanding - diluted			322,574,451

Distributions on Units and Class B LP Units

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

For the year ended December 31,	**2021**	2020
	Distributions per unit	Distributions per unit
Units	**$ 0.822**	$ 0.793
Class B LP Unit	**$ 0.822**	$ 0.793

On December 15, 2021, CT REIT's Board declared a distribution of $0.06994 per unit payable on January 17, 2022 to holders of Units and Class B LP Units of record on December 31, 2021.

On January 14, 2022, CT REIT's Board declared a distribution of $0.06994 per unit payable on February 15, 2022 to holders of Units and Class B LP Units of record on January 31, 2022.

Units

Each Unit is transferable and represents an equal, undivided, beneficial interest in CT REIT and any distributions from the REIT, whether of net income, net realized capital gains, or other amounts, and in the event of the termination or winding-up of CT REIT, in CT REIT's net assets remaining after satisfaction of all liabilities. All Units rank among themselves equally and ratably without discrimination, preference or priority. Each Unit entitles the holder thereof to one vote at all meetings of Unitholders or with respect to any written resolution of Unitholders. The Units have no conversion, retraction or redemption rights.

Non-controlling interests

The Class B LP Units are exchangeable on a one-for-one basis (subject to customary anti-dilution provisions) for Units at the option of the holder. Each Class B LP Unit is accompanied by a Special Voting Unit. The holders of Class B LP Units are entitled to receive distributions when declared by the Partnership equal to the per Unit amount of distributions payable to each holder of Units. However, the Class B LP Units have limited voting rights over the Partnership.

Special Voting Units

Special Voting Units are only issued (i) in tandem with Class B LP Units of the Partnership or (ii) 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, as the case may be, to which they relate. Upon any transfer of Class B LP Units or Class C LP Units, as the case may be, such Special Voting Units will automatically be transferred to the transferee of the Class B LP Units. As Class B LP Units are exchanged for Units or purchased for cancellation, the corresponding Special Voting Units will be cancelled for no consideration.

Each Special Voting Unit entitles the holder thereof to one vote at all meetings of Unitholders or with respect to any resolution in writing of Unitholders. Except for the right to attend and vote at meetings of the Unitholders or with respect to written resolutions of the Unitholders, Special Voting Units do not confer upon the holders thereof any other rights. A Special Voting Unit does not entitle its holder to any economic interest in CT REIT, or to any interest or share in CT REIT, or to any interest in any distributions (whether of net income, net realized capital gains, or other amounts), or to any interest in any net assets in the event of termination or winding-up.

CT REIT's Board retains full discretion with respect to the timing and quantum of distributions. Declared distributions are paid to Unitholders of record at the close of business on the last day of the month on or about the 15th day of the following month.

12. UNIT-BASED COMPENSATION PLANS

Deferred Unit Plan for Trustees

CT REIT offers a Deferred Unit ("DU") Plan for members of its Board who are not also employees or officers of the REIT or any of its Affiliates. Under this plan, eligible trustees may elect to receive all or a portion of their annual trustee fees in DUs. DUs are paid out in equivalent Units of CT REIT or, at the election of the trustee, in cash, following the trustee's departure from the Board.

As at December 31, 2021, accrued DU compensation costs, which are included in other liabilities, totalled $4,156 (2020 – $3,136). Compensation expense recorded related to DU's for the year ended December 31, 2021 was $454 (2020 - $(17)). The fair value of DUs is equal to the trading price of Units, which is a Level 1 input (see Note 21(a)).

Performance Unit Plan for Employees

CT REIT offers Performance Units ("PUs") to certain employees that generally vest after three years. Each PU entitles the employee to receive a cash payment equal to the fair market value of Units of CT REIT, multiplied by a factor determined by specific performance-based criteria, as set out in the PU Plan.

As at December 31, 2021, accrued PU compensation costs, which are included in other liabilities, totalled $4,294 (2020 - $3,865). Compensation expense recorded for the year ended December 31, 2021 for PUs granted to employees was $2,671 (2020 - $2,029). The fair value of PUs is equal to the trading price of Units, which is a Level 1 input (see Note 21(a)).

Restricted Unit Plan for Executives

CT REIT offers a Restricted Unit ("RU") Plan for its executives. RUs may be issued as discretionary grants or executives may elect to receive all or a portion of their short term incentive plan in RUs. At the end of the vesting period which is generally three years from the date of grant (in the case of discretionary grants) or five years from the short term incentive plan bonus payment date (in the case of deferred bonus grants), the executives will receive an equivalent number of Units issued by CT REIT or, at the executive's election, the cash equivalent thereof.

As at December 31, 2021, accrued RU compensation costs, which are included in other liabilities, totalled $1,038 (2020 - $1,414). Compensation expense for the year ended December 31, 2021 was $253 (2020 - $53). The fair value of RUs is equal to the trading price of Units, which is a Level 1 input (see Note 21(a)).

13. 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 December 31, 2021	As at December 31, 2020	**For the year ended December 31, 2021**	For the year ended December 31, 2020
Name of Subsidiary				
CT REIT Limited Partnership	**54.41 %**	54.49 %	**$ 248,690**	$ 99,611

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.

14. REVENUES AND EXPENSES

(a) Property revenue

The components of property revenue are as follows:

	CTC	**Other**	**For the Year ended December 31, 2021**
Base minimum rent	**$ 358,175**	**$ 34,520**	**$ 392,695**
Straight-line rent	**5,349**	**819**	**6,168**
Subtotal base rent	**$ 363,524**	**$ 35,339**	**$ 398,863**
Property operating expense recoveries	**86,338**	**17,010**	**103,348**
Capital expenditure and interest recovery charge	**11,270**	**136**	**11,406**
Other revenues	**3**	**917**	**920**
Property revenue	**$ 461,135**	**$ 53,402**	**$ 514,537**

		CTC		Other		For the Year ended December 31, 2020
Base minimum rent	$	344,092	$	34,869	$	378,961
Straight-line rent		9,251		763		10,014
Subtotal base rent	$	353,343	$	35,632	$	388,975
Property operating expense recoveries		85,360		16,897		102,257
Capital expenditure and interest recovery charge		9,924		155		10,079
Other revenues		2		1,035		1,037
Property revenue	$	448,629	$	53,719	$	502,348

(b) Property expense

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

For the year ended December 31,		2021		2020
Property taxes	$	**89,097**	$	89,237
Operating costs		**14,156**		18,393
Property management [1]		**4,037**		3,138
Property expense	$	**107,290**	$	110,768

[1] Includes $599 (2020 - $643) payable to CTC. See Note 20.

15. GENERAL AND ADMINISTRATIVE EXPENSE

General and administrative expense is comprised of the following:

For the year ended December 31,		2021		2020
Personnel expense [1]	$	**9,637**		7,988
Services Agreement with CTC [2]		**1,081**		1,112
Public entity and other [1]		**3,875**		3,918
General and administrative expense	$	**14,593**	$	13,018

[1] Includes unit-based awards, including (gain) loss adjustments as a result of the change in the fair market value of the Units of $990 (2020 - $134) for the year ended December 31, 2021.

[2] See Note 20.

16. NET INTEREST AND OTHER FINANCING CHARGES

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

For the year ended December 31,		2021		2020
Interest on Class C LP Units [1]	$	63,962	$	65,736
Interest and financing costs - debentures		36,108		36,615
Interest and financing costs - Credit Facilities [2]		1,503		1,247
Interest on mortgages payable		1,408		1,665
Interest on lease liabilities		3,615		3,624
	$	106,596	$	108,887
Less: capitalized interest		(876)		(844)
Interest expense and other financing charges	$	105,720	$	108,043
Less: interest income		(14)		(145)
Net interest and other financing charges	$	105,706	$	107,898

[1] Paid or payable to CTC.

[2] See Note 20.

17. CHANGES IN WORKING CAPITAL AND OTHER

Changes in working capital are comprised of the following:

For the year ended December 31,		2021		2020
Changes in working capital and other				
Tenant and other receivables	$	2,027	$	(2,029)
Other assets		260		(13)
Other liabilities		19,493		4,304
Other		(964)		(17)
Changes in working capital and other	$	20,816	$	2,245

18. SEGMENTED INFORMATION

CT REIT has one segment for financial reporting purposes which comprises the ownership and management of primarily net lease single-tenant retail investment properties located across Canada.

19. COMMITMENTS AND CONTINGENCIES

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

As at December 31, 2021, CT REIT had obligations of $273,915 (December 31, 2020 – $132,715) in future payments for the completion of developments. Included in the commitments is $219,147 due to CTC.

20. 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 between 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 2021 and CTC will continue to provide such Services on a cost recovery basis.

Property Management Agreement

Under the property management agreement, between 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 2021 and CTC will continue to provide such Property Management Services on a cost recovery basis.

CTC Credit Facility

CT REIT entered into the CTC Credit Facility made as of December 18, 2019 which is automatically renewed for one year terms, unless otherwise terminated in accordance with its terms. The CTC Credit Facility was renewed in December 2021 and expires on December 31, 2022. 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 5:

For the year ended December 31,	Note		2021		2020
Rental revenue	14	$	461,135	$	448,629
Property Management and Services Agreement expense		$	1,680	$	1,755
Distributions on Units		$	28,016	$	26,988
Distributions on Class B LP Units [1]		$	104,175	$	98,857
Interest expense on Class C LP Units	16	$	63,962	$	65,736
Interest expense on the CTC Credit Facility	16	$	386	$	72

[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	December 31, 2021	December 31, 2020
Tenant and other receivables	$ 299	$ (1,549)
Class C LP Units	1,451,550	1,451,550
Amounts payable on Class C LP Units	63,962	65,228
Loans receivable in respect of payments on Class C LP Units	(58,631)	(59,898)
Other liabilities	3,527	29,467
Distributions payable on Units and Class B LP Units [1]	34,149	31,343
Loans receivable in respect of distributions on Class B LP Units	(22,898)	(20,643)
CTC Credit Facility [2]	79,300	63,200
Net balance due to CTC	$ 1,551,258	$ 1,558,698

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

[2] See Note 10.

(c) Compensation of executives and independent trustees

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

For the year ended December 31,	2021	2020
Salaries and short-term employee benefits	$ 3,283	$ 3,127
Unit-based awards [1]	2,435	1,394
Total	$ 5,718	$ 4,521

[1] Unit-based awards, as described in Note 12, includes increase in expense as a result of the change in the fair market value of the Units of $849 (2020 - $96).

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

The compensation of trustees, who are not employees or officers of CT REIT or any of its affiliates, consists of an annual retainer and meeting fees.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value of financial instruments

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs: Are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs: Are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs: Are unobservable inputs for the asset or liability.

The fair values of the Class C LP Units and mortgages payable are 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 each of the Class C LP Units, debentures and mortgages payable at December 31, 2021, was $1,635,161, $1,109,225 and $75,853, 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.

(b) Financial risk management

In the normal course of business, CT REIT has exposure to risks from its use of financial instruments. CT REIT is exposed to liquidity and credit risk in connection with its financial instruments. Financial risk management policies are established for CT REIT to identify and analyze the risks faced by CT REIT, to set acceptable risk tolerance limits and controls and to monitor risks and adherence to limits. CT REIT is not exposed to significant currency or market risk arising from financial instruments. Additionally, CT REIT's exposure to interest rate changes is limited as a significant portion of its indebtedness is at fixed interest rates. Exposure to variable interest rates is dependent on the extent to which CT REIT has short term borrowings under its credit facilities, any new debt is issued or assumed on acquisitions, new series of Class C LP Units are issued to finance future real estate transactions or any existing Class C LP Units being re-priced or redeemed, as all are market dependent (see Note 6).

Liquidity risk

Liquidity risk is the risk that CT REIT will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. CT REIT's approach to managing liquidity is to ensure that it has sufficient liquidity available through cash, assets readily convertible to cash and committed bank lines of credit to support its monthly cash distributions to Unitholders, meet operating and plan requirements and meet unexpected financial challenges. CT REIT has in place a leverage and liquidity policy to manage its exposure to liquidity risk.

Management has identified key financial credit metric ratios and calculates these ratios in a manner to approximate the methodology of credit rating agencies. Management monitors these metrics against the credit rating agencies' targets to maintain investment-grade ratings from two credit rating agencies.

CT REIT uses a detailed consolidated cash flow forecast model to regularly monitor its near-term and longer-term cash flow requirements, which assists in optimizing its cash distributions to Unitholders and evaluating longer-term funding strategies.

CT REIT has access to several financing sources to ensure that the appropriate level of liquidity is available to meet its monthly distributions and objectives, including both its committed and uncommitted Credit Facilities, each totaling $300,000, direct access to debt and equity markets (subject to consent from CTC), and cash flows from property operations.

Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from CT REIT's tenants (which may experience financial difficulty and be unable to meet their lease obligations) and from investment securities counterparties. CTC is CT REIT's most significant tenant and will be for the foreseeable future. CT REIT's revenues will be largely dependent on the ability of CTC to meet its rent obligations.

CT REIT has a Financial Risk Management Board Policy in place for management of counterparty risk related to investing activity. The overall credit risk compliance mechanisms established in this policy include credit rating requirements, approval authorities, counterparty limits, notional limits, term to maturity and portfolio diversification requirements. CT REIT limits its exposure to credit risk by investing only in highly liquid and rated term deposits, bankers' acceptances or other approved securities and only with highly rated financial institutions and government counterparties.

Interest rate risk

Interest rate risk is the potential for financial loss arising from increases in interest rates. CT REIT has minimal exposure to interest rate changes as the initial rate on the Class C LP Units, debentures and certain mortgages payable are at fixed interest rates. CT REIT incurs variable rate indebtedness through certain mortgages payable and borrowings under its Credit Facilities. CT REIT currently has $79,300 (2020 - $63,200) in short-term borrowings outstanding under its Credit Facilities. CT REIT may incur indebtedness in the future that bears interest at a variable interest rate or may be required to issue new debt or refinance existing debt at higher interest rates.

22. CAPITAL MANAGEMENT AND LIQUIDITY

CT REIT's objectives when managing capital are to ensure access to capital and sufficient liquidity is available to meet its financial obligations when due, 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 as amended and restated as of October 22, 2013 and as further amended and restated as of April 5, 2020 and as may be further amended from time to time ("Declaration of Trust"), the trust indenture dated June 9, 2015, as supplemented by supplemental indentures thereto (collectively, the "Trust Indenture") and the Credit Facilities.

The following schedule details the capitalization of CT REIT:

As at	December 31, 2021	December 31, 2020
Liabilities		
Class C LP Units	**$ 1,451,550**	$ 1,451,550
Mortgages payable	**75,549**	65,956
Debentures	**1,071,462**	1,071,635
Credit Facilities	**79,300**	63,200
Equity		
Unitholders' equity	**1,622,365**	1,481,849
Non-controlling interests	**2,055,784**	1,894,021
Total	**$ 6,356,010**	$ 6,028,211

CT REIT's Class C LP Units have a fixed, cumulative, preferential cash distribution, if, as and when declared by the board of directors of the GP.

Under the Declaration of Trust, the Trust Indenture, and the Credit Facilities, key financial covenants are reviewed on an ongoing basis by management to monitor compliance with the agreements. The key financial covenants for CT REIT are as follows:

- a requirement to maintain, at all times:
  - a specified maximum ratio of total indebtedness of CT REIT (plus the aggregate par value of the Class C LP Units) to gross book value of assets
  - a specified maximum ratio of total secured indebtedness of CT REIT (plus the aggregate par value of the Class C LP Units) to gross book value of assets
  - a minimum Unitholders' equity
  - a ratio of unencumbered assets to unconsolidated unsecured indebtedness
  - a specified minimum debt service coverage ratio defined as earnings before interest and taxes as a percentage of interest expense, which for greater clarity includes payments on the Class C LP Units

As at December 31, 2021, CT REIT was in compliance with all of its financial covenants. Under these financial covenants, CT REIT has sufficient flexibility to fund business growth and maintain or amend distribution rates within its existing distribution policy.

CT REIT's strategy is to satisfy its liquidity needs using cash flows generated from operating activities and cash provided by financing activities. Rental income, recoveries from tenants, interest and other income, draws on the Credit Facilities and further issuance of debt and equity are CT REIT's principal sources of liquidity used to pay operating expenses, distributions, debt service, and recurring capital and leasing costs for its Properties.

The principal liquidity needs for periods beyond the next year are for redemptions of Class C LP Units upon scheduled expiry of the Initial Fixed Rate Period, refinancing and interest on debentures, capital expenditures, Credit Facilities and Unit distributions. CT REIT's strategy is to meet these needs through cash flows generated from operating activities and further issuance of debt and equity.

The following table presents the contractual maturities of CT REIT's financial liabilities:

	Total	2022	2023	2024	2025	2026	2027 and thereafter
Class C LP Units [1]	$ 1,451,550	$ —	$ —	$ 200,000	$251,550	$ —	$ 1,000,000
Debentures [2]	1,075,000	150,000	—	—	200,000	200,000	525,000
Payments on Class C LP Units [1]	616,537	63,962	63,962	58,712	51,484	49,000	329,417
Interest on debentures	168,207	33,128	30,989	30,989	27,462	20,646	24,993
Credit Facilities	79,300	79,300	—	—	—	—	—
Future undiscounted lease liabilities payments	172,910	4,520	4,480	4,490	4,619	4,745	150,056
Mortgages payable	75,023	10,081	56,078	391	403	8,070	—
Other liabilities	40,665	35,168	5,497	—	—	—	—
Distributions payable [3]	16,309	16,309	—	—	—	—	—
Payable on Class C LP Units, net of loans receivable	5,330	5,330	—	—	—	—	—
Interest on mortgages payable	2,871	1,742	517	280	267	65	—
Interest on CTC Credit Facility	131	131	—	—	—	—	—
Total	$ 3,703,833	$ 399,671	$ 161,523	$ 294,862	$ 535,785	$ 282,526	$ 2,029,466

[1] Assumes redemption on Current Fixed Rate Period for each series.

[2] Refer to Note 23.

[3] On Units and Class B LP Units.

23. SUBSEQUENT EVENT

On February 3, 2022, CT REIT completed the issuance of $250,000 of Series H unsecured debentures with a seven-year term and a coupon of 3.029% per annum. On February 11, 2022, the net proceeds were used to redeem the Series A senior unsecured debentures in the aggregate principal amount of $150,000 with a coupon of 2.852% due June 9, 2022. The remaining net proceeds were used to repay amounts outstanding on the CTC Credit Facility and for general business purposes.