# CT Real Estate Investment Trust

# 2022 First Quarter Report to Unitholders

**For the quarter ended March 31, 2022**

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# CT REAL ESTATE INVESTMENT TRUST
# MANAGEMENT'S DISCUSSION AND ANALYSIS
# FIRST QUARTER 2022

**Forward-looking Disclaimer**

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

## 1.0 PREFACE

### 1.1 Basis of Presentation

The following MD&A is intended to provide readers with an assessment of the performance of CT REIT® for the three months ended March 31, 2022 and should be read in conjunction with the REIT's unaudited condensed consolidated interim financial statements ("interim financial statements") and accompanying notes for the three months ended March 31, 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). In addition, the following MD&A should be read in conjunction with CT REIT's forward-looking information statement found in section 14.0 of this MD&A. Information about CT REIT, including its 2021 Annual Information Form ("AIF"), its 2021 audited annual consolidated financial statements and other public filings, is available 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 (other than CT REIT) and their collective businesses unless the context requires otherwise.

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

Any term not defined in this MD&A can be found in the Glossary of Terms in the REIT's 2021 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 interim financial statements in accordance with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the interim financial statements and the reported amounts of revenues and expenses during the reporting period. Refer to section 9.0 in this MD&A for further information.

This MD&A includes material information as at May 9, 2022. Disclosure contained in this document is current to that date, unless otherwise noted.

### 1.4 Quarterly and Annual Comparisons in this MD&A

Unless otherwise indicated, all comparisons of results for Q1 2022 (three months ended March 31, 2022) are against results for Q1 2021 (three months ended March 31, 2021).

### 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 May 9, 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 68.9% effective interest in CT REIT as at March 31, 2022, 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 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.

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 8.7 years;
2. contractual arrangements with CTC whereby CT REIT has a right of first offer ("ROFO") [1] 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] 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 7.0).*

## 3.0 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 1.6, section 10.1 and section 10.2.

| (in thousands of Canadian dollars, except unit, per unit and square footage amounts) | Three Months Ended | | |
|---|---|---|---|
| For the periods ended March 31, | **2022** | 2021 | Change |
| Property revenue | **$ 131,950** | $ 129,903 | 1.6 % |
| EBITFV [1] | **$ 99,598** | $ 97,800 | 1.8 % |
| Net operating income [1] | **$ 102,786** | $ 99,024 | 3.8 % |
| Net income | **$ 93,079** | $ 74,558 | 24.8 % |
| Net income per unit - basic [2] | **$ 0.399** | $ 0.323 | 23.5 % |
| Net income per unit - diluted [3] | **$ 0.345** | $ 0.281 | 22.8 % |
| Funds from operations [1] | **$ 71,825** | $ 71,163 | 0.9 % |
| FFO per unit - diluted (non-GAAP) [2,4,5] | **$ 0.307** | $ 0.308 | (0.3)% |
| Adjusted funds from operations [1] | **$ 65,053** | $ 63,221 | 2.9 % |
| AFFO per unit - diluted (non-GAAP) [2,4,5] | **$ 0.278** | $ 0.273 | 1.8 % |
| Distributions per unit - paid [2] | **$ 0.210** | $ 0.201 | 4.5 % |
| AFFO payout ratio [4] | **75.5 %** | 73.6 % | 2.6 % |
| Excess of AFFO [1] over distributions: | | | |
| Excess of AFFO over distributions paid [1,6] | **$ 16,106** | $ 16,824 | (4.3)% |
| Per unit - diluted (non-GAAP) [2,4,5] | **$ 0.069** | $ 0.073 | (5.5)% |
| Cash generated from operating activities | **$ 99,396** | $ 95,140 | 4.5 % |
| Adjusted cashflow from operations [1] | **$ 61,766** | $ 56,733 | 8.9 % |
| Weighted average number of units outstanding [2] | | | |
| Basic | **233,356,669** | 231,126,631 | 1.0 % |
| Diluted [3] | **315,798,786** | 321,699,476 | (1.8)% |
| Diluted (non-GAAP) [5] | **233,643,504** | 231,421,655 | 1.0 % |
| Period-end units outstanding [2] | **233,788,923** | 231,690,199 | 0.9 % |
| Total assets | **$ 6,592,386** | $ 6,185,305 | 6.6 % |
| Total non-current liabilities | **$ 2,773,153** | $ 2,656,875 | 4.4 % |
| Total indebtedness | **$ 2,697,056** | $ 2,630,244 | 2.5 % |
| Book value per unit [2] | **$ 15.97** | $ 14.74 | 8.3 % |
| Market price per unit - Close (end of period) [2] | **$ 17.68** | $ 16.35 | 8.1 % |
| **OTHER INFORMATION** | | | |
| Weighted average interest rate [7] | **3.87 %** | 3.86 % | 0.3 % |
| Indebtedness ratio | **40.9 %** | 42.5 % | (3.8)% |
| Interest coverage ratio [4, 8] | **3.57** | 3.68 | (3.0)% |
| Weighted average term to debt maturity (in years) [7] | **7.2** | 7.7 | (6.5)% |
| Gross leasable area (square feet) [9] | **29,182,918** | 28,659,903 | 1.8 % |
| Occupancy rate [9,10] | **99.3 %** | 99.3 % | — % |

*[1] Non-GAAP financial measure. Refer to section 10.1 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 7.0.*

*[4] Non-GAAP ratio. Refer to section 10.2 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 7.0.*

*[6] Refer to section 7.0 for further information.*

*[7] Excludes the Credit Facilities. Refer to section 6.10 for definition.*

*[8] Refer to section 6.5 for further information.*

*[9] Excludes Development Properties and Properties Under Development. Refer to the Glossary of Terms in the 2021 AIF 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 March 31, 2022 and March 31, 2021.*

# 4.0 PORTFOLIO OVERVIEW

### 4.1 Portfolio Profile

The portfolio of Properties, as at March 31, 2022, consisted of 363 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 29.2 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 March 31, 2022, CTC represented 92.1% of total GLA (December 31, 2021 - 92.1%) and 91.5% of total annualized base minimum rent (December 31, 2021 - 91.5%). As at March 31, 2022, CTC, including Canadian Tire stores and Other CTC Banners, had leased 26.9 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 March 31, 2022 | | |
|---|---|---|---|
| (in square feet) | **GLA** | **Occupied GLA** | **Occupancy rate [2]** |
| **Property Type** | | | |
| Retail | | | |
| Canadian Tire stores | **22,408,053** | **22,408,053** | **100.0 %** |
| Other CTC Banners [1] | **591,124** | **591,124** | **100.0 %** |
| Third party retail tenants | **2,021,964** | **1,853,436** | **91.7 %** |
| Industrial properties | **3,883,749** | **3,883,749** | **100.0 %** |
| Mixed-use property [3] | **278,028** | **256,308** | **92.2 %** |
| **Total** | **29,182,918** | **28,992,670** | **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 March 31, 2022.*

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

| | 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.*

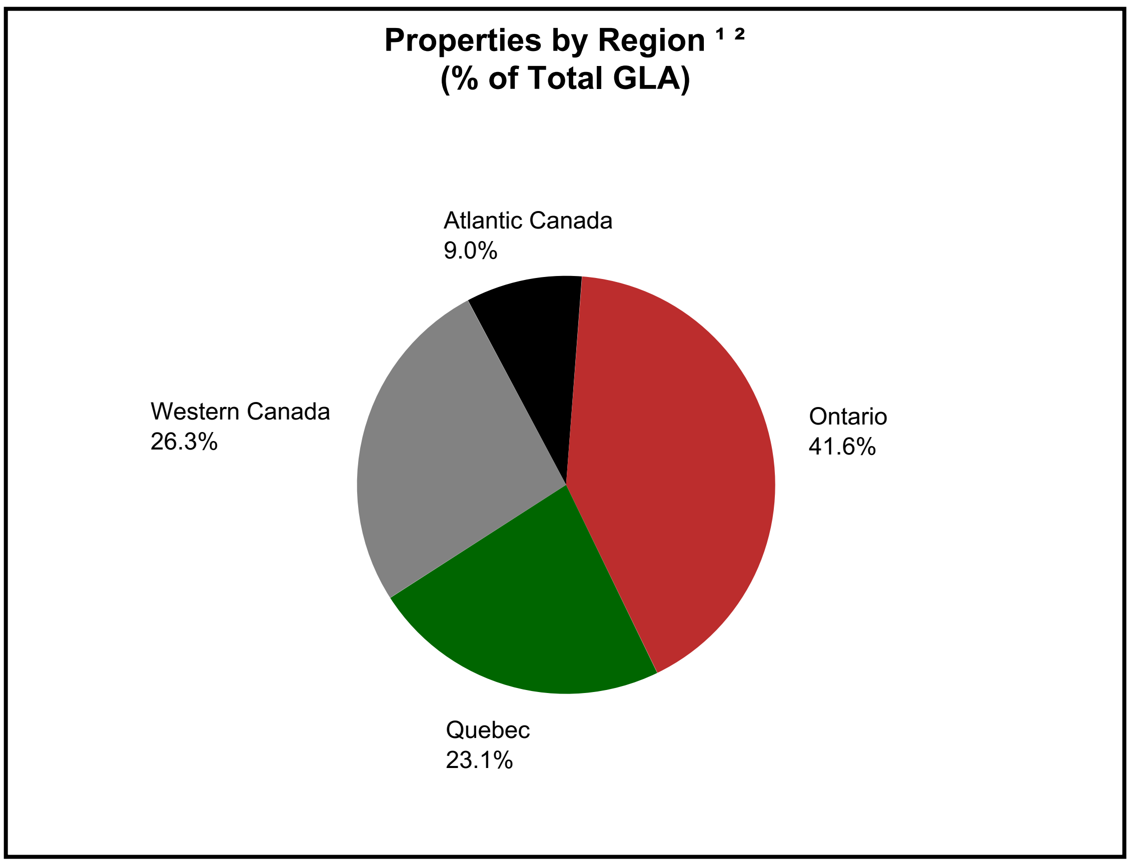
*[3] Relates to the REIT's one-half interest in Canada Square.*

The REIT's property portfolio consists of:

| As at | **March 31, 2022** | December 31, 2021 |
|---|---|---|
| Canadian Tire single tenant properties | **263** | 262 |
| Other single tenant properties | **25** | 25 |
| Multi-tenant properties anchored by Canadian Tire store | **67** | 67 |
| Multi-tenant properties not anchored by Canadian Tire store | **8** | 8 |
| Industrial properties | **4** | 4 |
| Mixed-use property | **1** | 1 |
| **Total operating properties** | **368** | 367 |
| **Development Properties** | **1** | 1 |
| **Total properties** | **369** | 368 |

| As at | **March 31, 2022** | December 31, 2021 |
|---|---|---|
| **Gas bars at retail properties** | **112** | 112 |

CT REIT's Properties by region, as a percentage of total GLA, as at March 31, 2022 are as follows:

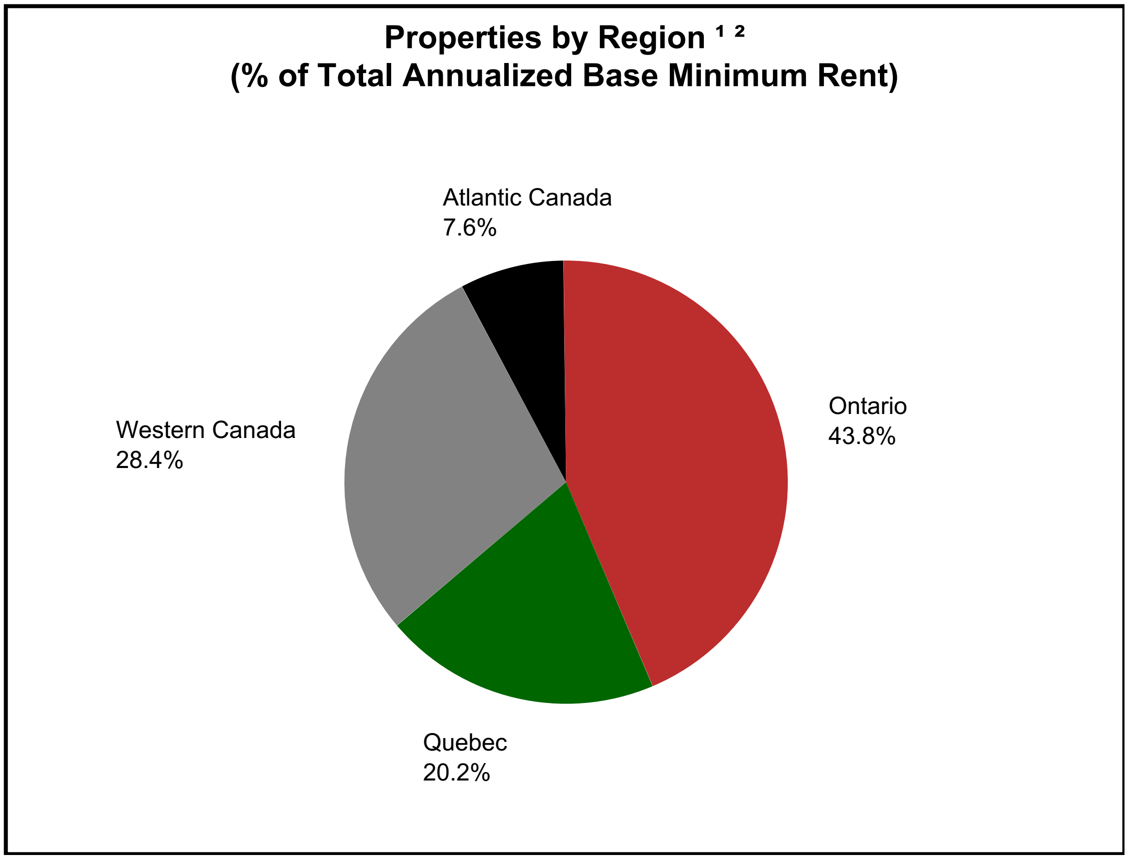



[1] *Excluding Properties Under Development.*

[2] *Occupancy and other leasing key performance measures have been prepared on a committed basis which includes the impact of existing lease agreements contracted on or before March 31, 2022.*

### 4.2 Revenue by Region

CT REIT's Properties by region, as a percentage of total annualized base minimum rent, as at March 31, 2022 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 March 31, 2022.*

### 4.3 Six Largest Urban Markets

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

| As at | **March 31, 2022** | December 31, 2021 |
|---|---|---|
| Vancouver | **3.0 %** | 3.0 % |
| Edmonton | **4.8 %** | 4.8 % |
| Calgary | **3.0 %** | 3.0 % |
| Toronto | **19.9 %** | 19.9 % |
| Ottawa | **3.9 %** | 3.9 % |
| Montreal | **10.6 %** | 10.7 % |
| **Percentage of Total Annualized Base Minimum Rent [1, 2]** | **45.2 %** | 45.3 % |

[1] *Excluding Properties Under Development.*

[2] *Occupancy and other leasing key performance measures have been prepared on a committed basis which includes the impact of existing lease agreements contracted on or before March 31, 2022 and December 31, 2021, respectively.*

**4.4 Fair Value of Portfolio of Properties**

The fair value of the Properties represents 99.2% of the total assets of CT REIT as at March 31, 2022.

| | **Three Months Ended March 31, 2022** | | | Year Ended December 31, 2021 | | |
|---|---|---|---|---|---|---|
| (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** | **6,409,844** | **79,156** | **6,489,000** | 6,083,145 | 57,855 | 6,141,000 |
| Property acquisitions (including transaction costs) | **14,594** | **—** | **14,594** | 100,749 | — | 100,749 |
| Intensifications | **—** | **581** | **581** | — | 16,677 | 16,677 |
| Developments | **—** | **2,565** | **2,565** | — | 7,371 | 7,371 |
| Development land | **—** | **—** | **—** | — | 1,911 | 1,911 |
| Capitalized interest and property taxes | **—** | **621** | **621** | — | 1,488 | 1,488 |
| Transfers from PUD | **9** | **(9)** | **—** | 16,383 | (16,383) | — |
| Transfers to PUD | **—** | **—** | **—** | (10,237) | 10,237 | — |
| Right-of-use assets [1] | **7,134** | **—** | **7,134** | 9,945 | — | 9,945 |
| Fair value adjustment on investment properties | **22,077** | **—** | **22,077** | 169,911 | — | 169,911 |
| Straight-line rent | **462** | **—** | **462** | 6,168 | — | 6,168 |
| Recoverable capital expenditures | **1,966** | **—** | **1,966** | 33,994 | — | 33,994 |
| Dispositions | **—** | **—** | **—** | (214) | — | (214) |
| **Balance, end of period** | **$ 6,456,086** | **$ 82,914** | **$ 6,539,000** | $ 6,409,844 | $ 79,156 | $ 6,489,000 |

*[1] Relates to the impact of a lease amendment.*

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 14 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:

| | Three Months Ended March 31, 2022 | Year Ended December 31, 2021 |
|---|---|---|
| Number of properties | **369** | 368 |
| Value at the period end | **$ 6,539,000** | $ 6,489,000 |
| Discount rate[1] | **6.95 %** | 6.98 % |
| Terminal capitalization rate[1] | **6.46 %** | 6.48 % |
| 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.

| | Three Months Ended March 31, 2022 | | Year Ended December 31, 2021 | |
|---|---|---|---|---|
| **Rate sensitivity** | **Fair value** | **Change in fair value** | Fair value | Change in fair value |
| + 75 basis points | **$ 5,895,000** | **$ (644,000)** | $ 5,852,000 | $ (637,000) |
| + 50 basis points | **6,106,000** | **(433,000)** | 6,056,000 | (433,000) |
| + 25 basis points | **6,350,000** | **(189,000)** | 6,304,000 | (185,000) |
| Period ended | **$ 6,539,000** | **$ —** | $ 6,489,000 | $ — |
| - 25 basis points | **6,794,000** | **255,000** | 6,743,000 | 254,000 |
| - 50 basis points | **7,072,000** | **533,000** | 7,084,000 | 595,000 |
| - 75 basis points | **$ 7,375,000** | **$ 836,000** | $ 7,319,000 | $ 830,000 |

### 4.5 2022 Investment Activities

The following table presents income-producing properties acquired, intensified, developed, or redeveloped during the three months ended March 31, 2022.

| (in thousands of Canadian dollars, except for GLA amounts) | Transaction date | GLA | Total investment cost |
|---|---|---|---|
| **Property Location** | | | |
| Kingston, ON [1] | March 2022 | 77,762 | |
| Napanee, ON [2] | March 2022 | — | |
| **Total** | | **77,762** | **$ 12,107** |

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

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

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

### 4.6 Development Activities

The following table provides details of the REIT's development activities as at March 31, 2022. 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 [9] | Committed additional investment | Total development costs |
| 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 | | | |
| Orillia, ON - Phase 2 [3] | Q2 2022 | 28,000 | 34,000 | 62,000 | | | |
| Coteau-du-Lac, QC [2] | Q2 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 | | | |
| La Plaine, QC [2] | Q4 2022 | 26,000 | — | 26,000 | | | |
| Sept-Iles, QC [2] | Q4 2022 | 18,000 | — | 18,000 | | | |
| Pad Development [5] | Q4 2022 | 4,000 | — | 4,000 | | | |
| Casselman, ON [2] | Q2 2023 | 24,000 | — | 24,000 | | | |
| Summerside, PEI [2] | Q2 2023 | 28,000 | — | 28,000 | | | |
| Fort St John, BC - Phase 2 [6] | Q3 2023 | — | 7,000 | 7,000 | | | |
| Calgary (Dufferin Distribution Centre), AB [6] | Q4 2023 | — | 350,000 | 350,000 | | | |
| 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 | | | |
| Milton, ON [2] | Q4 2023 | 43,000 | — | 43,000 | | | |
| Napanee, ON [2] | Q4 2023 | 29,000 | — | 29,000 | | | |
| Orleans, ON [2] | Q4 2023 | 45,000 | — | 45,000 | | | |
| Chambly, QC [2] | Q4 2023 | 18,000 | — | 18,000 | | | |
| Mission, BC [2] | Q2 2024 | 7,000 | — | 7,000 | | | |
| Dryden, ON [2] | Q2 2024 | 43,000 | — | 43,000 | | | |
| Fenelon Falls, ON [2] | Q2 2024 | 26,000 | — | 26,000 | | | |
| London North, ON [2] | Q2 2024 | 32,000 | — | 32,000 | | | |
| Toronto (Canada Square), ON [7,8] | TBD | TBD | TBD | TBD | | | |
| **TOTAL** | | **1,052,000** | **391,000** | **1,443,000** | **$ 82,914** | **$ 297,083** | **$ 379,997** |

*[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] A redevelopment property.*

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

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

*[6] A development property.*

*[7] A redevelopment property. Potential building area and investment costs to be determined ("TBD").*

*[8] Ground lease.*

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

As at March 31, 2022, CT REIT had committed lease agreements for 1,052,000 square feet, representing 72.9% of total GLA under development, of which 99.7% has been leased to CTC. A total of $82,914 has been expended to date, and CT REIT anticipates investing an additional $297,083 to complete the developments, of which $242,615 is due to CTC. In the next 12 months, the REIT expects to spend $162,000 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 2022, 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 have been amended or have not been, or may not be, extended or renewed, leading to lower occupancy levels which are expected to continue to trend downwards until the commencement of construction.

### 4.7 Investment and Development Funding

Funding of investment and development activities for the three months ended March 31, 2022 was as follows:

| | Q1 2022 Investment and Development Activity | | | |
|---|---|---|---|---|
| (in thousands of Canadian dollars) | Property investments | Developments | Intensifications | Total |
| Funded with working capital to CTC | $ 2,350 | $ — | $ — | $ 2,350 |
| Funded with working capital to third parties [1] | 6,597 | 2,565 | 581 | 9,743 |
| Capitalized interest and property taxes | — | 621 | — | 621 |
| Issuance of Class B LP Units to CTC | 5,647 | — | — | 5,647 |
| **Total costs** | **$ 14,594** | **$ 3,186** | **$ 581** | **$ 18,361** |

*[1] Includes $2,301 for the construction of Other CTC Banner stores.*

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

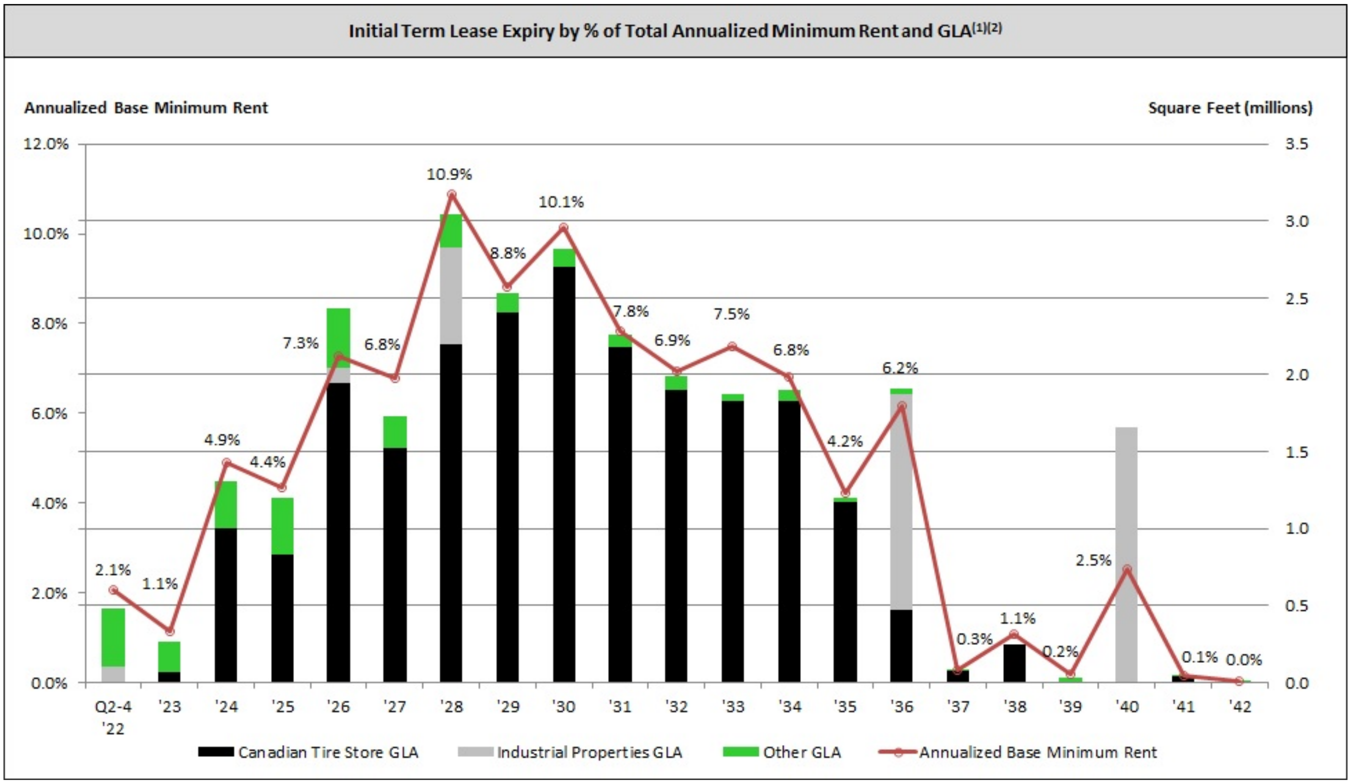
| | 2021 Investment and Development Activity | | | | |
|---|---|---|---|---|---|
| (in thousands of Canadian dollars) | Property investments | Development land | Developments | Intensifications | Total |
| Funded with working capital to CTC | $ 8,096 | $ — | $ — | $ 2,600 | $ 10,696 |
| Funded with working 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.*

### 4.8 Lease Maturities

The weighted average lease term of the portfolio of leases with Canadian Tire is 8.7 years. The weighted average lease term of all leases in the REIT's portfolio, excluding Properties Under Development, is 8.5 years.

The following graph presents the lease maturity profile from 2022 to 2042 (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.




*[1] Excludes Properties Under Development.*
*Total base minimum rent excludes future contractual escalations.*
*Toronto (Canada Square), Ontario is included at the REIT's one-half interest.*
*Occupancy and other leasing key performance measures have been prepared on a committed basis which includes the impact of existing lease agreements contracted on or before March 31, 2022.*
*[2] Excludes any lease renewal terms.*

### 4.9 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/No Frills/Shoppers Drug Mart | 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 | A & W | 0.21 % |
| | **Total** | **3.86 %** |

*[1] Occupancy and other leasing key performance measures have been prepared on a committed basis which includes the impact of existing lease agreements contracted on or before March 31, 2022.*

### 4.10 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 3 Canadian Tire store lease extensions. As at March 31, 2022, the REIT's occupancy rate, excluding Properties Under Development, was 99.3% (Q1 2021 - 99.3%). Refer to section 4.1 for further details.

### 4.11 Recoverable Capital Costs

Many of the capital costs that will be incurred by CT REIT are recoverable from tenants pursuant to the terms of their leases. The recoveries will occur either in the year in which such expenditures are incurred or, in the case of a major item of 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 $1,966 (Q1 2021 - $1,029) were incurred during the three months ended March 31, 2022. Most of the REIT's recoverable capital expenditures relate to parking lots, roofs and heating, ventilation and air conditioning equipment, the timing of which are typically seasonal in nature. As a result, the actual recoverable capital costs may vary widely from period to period.

## 5.0 RESULTS OF OPERATIONS

### 5.1 Financial Results for the Three Months Ended March 31, 2022

CT REIT's financial results for the three months ended March 31, 2022 and March 31, 2021 are summarized below:

| (in thousands of Canadian dollars, except per unit amounts) | | Three Months Ended | | | |
|---|---|---|---|---|---|
| For the periods ended March 31, | | **2022** | | 2021 | Change [1] |
| Property revenue | **$** | **131,950** | $ | 129,903 | 1.6 % |
| Property expense | | **(28,702)** | | (29,145) | (1.5)% |
| General and administrative expense | | **(4,422)** | | (3,977) | 11.2 % |
| Net interest and other financing charges | | **(27,824)** | | (26,569) | 4.7 % |
| Fair value adjustment on investment properties | | **22,077** | | 4,346 | NM |
| **Net income and comprehensive income** | **$** | **93,079** | $ | 74,558 | 24.8 % |
| Net income per unit - basic | **$** | **0.399** | $ | 0.323 | 23.5 % |
| Net income per unit - diluted | **$** | **0.345** | $ | 0.281 | 22.8 % |

[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 March 31, 2022 was $131,950 which was $2,047 (1.6%) 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 2022 and 2021. Total revenue for the three months ended March 31, 2022 also included property operating expense recoveries in the amount of $27,485 (Q1 2021 - $27,554).

The total amount of base rent to be received from operating leases is recognized on a straight-line basis over the term of the lease. For the three months ended March 31, 2022, straight-line rent of $462 (Q1 2021 - $1,734) 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 March 31, 2022 decreased by $443 (1.5%) 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 coronavirus (COVID-19) pandemic (the "Pandemic").

**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 8.0 of this MD&A.

| (in thousands of Canadian dollars) | Three Months Ended | | |
|---|---|---|---|
| For the periods ended March 31, | **2022** | 2021 | Change |
| Personnel expense [1] | **$ 2,569** | $ 2,081 | 23.5 % |
| Services Agreement with CTC | **289** | 287 | 0.7 % |
| Public entity and other [1] | **1,564** | 1,609 | (2.8)% |
| **General and administrative expense** | **$ 4,422** | $ 3,977 | 11.2 % |
| As a percent of property revenue | **3.4 %** | 3.1 % | |
| Adjusted general and administrative expense as a percent of property revenue [2] | **3.2 %** | 2.8 % | |

*[1] Includes unit-based awards, including expense adjustments as a result of the change in the fair market value of the Units of $191 (Q1 2021 - $352) for the three months ended March 31, 2022.*

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

General and administrative expenses amounted to $4,422 or 3.4% of property revenue for the three months ended March 31, 2022 which is $445 (11.2%) higher compared to the same period in the prior year primarily due to:

- increased personnel costs, including CEO retirement expenses; partially offset by
- lower income tax expense recorded in connection with GP's activities.

**Net Interest and Other Financing Charges**

As at March 31, 2022 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 interim statements of income and comprehensive income.

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

| (in thousands of Canadian dollars) | Three Months Ended | | |
|---|---|---|---|
| For the periods ended March 31, | **2022** | 2021 | Change [1] |
| Interest on Class C LP Units [2] | **$ 15,991** | $ 15,991 | — % |
| Interest and financing costs - debentures | **10,410** | 9,058 | 14.9 % |
| Interest and financing costs - Credit Facilities [3] | **307** | 412 | (25.5)% |
| Interest on mortgages payable | **402** | 340 | 18.2 % |
| Interest on lease liabilities | **1,021** | 901 | 13.3 % |
| | **$ 28,131** | $ 26,702 | 5.4 % |
| Less: capitalized interest | **(267)** | (129) | NM |
| Interest expense and other financing charges | **$ 27,864** | $ 26,573 | 4.9 % |
| Less: interest income | **(40)** | (4) | NM |
| **Net interest and other financing charges** | **$ 27,824** | $ 26,569 | 4.7 % |

*[1] NM - not meaningful.*

*[2] 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 ended March 31, 2022 in the amount $10,660 (Q1 2021 - $10,660), 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 interim balance sheets.*

*[3] See section 6.10 for details on Credit Facilities.*

Net interest and other financing charges for the three months ended March 31, 2022 was $1,255 (4.7%) higher compared to the same period in the prior year largely due to a prepayment cost of $744 related to the early redemption of the $150,000 Series A senior unsecured debentures with a coupon of 2.853%, which occurred on February 11, 2022 and the issuance of $250,000 Series H unsecured debentures with a coupon of 3.029% per annum, which closed on February 3, 2022.

**Fair Value Adjustment on Investment Properties**

The fair value adjustment on investment properties for the three months ended March 31, 2022 was $22,077, an increase of $17,731 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.

**Income Tax Expense**

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

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

### Net Income

| (in thousands of Canadian dollars, except per unit amounts) | Three Months Ended | | |
|---|---|---|---|
| For the periods ended March 31, | **2022** | 2021 | Change |
| **Net income and comprehensive income** | **$ 93,079** | $ 74,558 | 24.8 % |
| Net income per unit - basic | **$ 0.399** | $ 0.323 | 23.5 % |
| Net income per unit - diluted | **$ 0.345** | $ 0.281 | 22.8 % |

Net income increased by $18,521 (24.8%) for the three months ended March 31, 2022 compared to the same period in the prior year for the reasons as discussed above.

For the three months ended March 31, 2022 net income per unit - basic increased by $0.076 (23.5%) 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 three months ended March 31, 2022 net income per unit - diluted increased by $0.064 (22.8%) 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.

### 5.2 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 10.0 in this MD&A for further information.

| (in thousands of Canadian dollars, except per unit amounts) | Three Months Ended | | |
|---|---|---|---|
| For the periods ended March 31, | **2022** | 2021 | Change |
| Net operating income [1] | **$ 102,786** | $ 99,024 | 3.8 % |
| Same store NOI [1] | **$ 100,395** | $ 98,143 | 2.3 % |
| Same property NOI [1] | **$ 100,603** | $ 98,143 | 2.5 % |
| Funds from operations [1] | **$ 71,825** | $ 71,163 | 0.9 % |
| FFO per unit - basic [2] | **$ 0.308** | $ 0.308 | — % |
| FFO per unit - diluted (non-GAAP) [2] | **$ 0.307** | $ 0.308 | (0.3)% |
| Adjusted funds from operations [1] | **$ 65,053** | $ 63,221 | 2.9 % |
| AFFO per unit - basic [2] | **$ 0.279** | $ 0.274 | 1.8 % |
| AFFO per unit - diluted (non-GAAP) [2] | **$ 0.278** | $ 0.273 | 1.8 % |
| AFFO payout ratio [2] | **75.5 %** | 73.6 % | 2.6 % |
| ACFO [1] | **$ 61,766** | $ 56,733 | 8.9 % |
| EBITFV [1] | **$ 99,598** | $ 97,800 | 1.8 % |

*[1] Non-GAAP financial measure. Refer to section 10.1 for further information.*

*[2] Non-GAAP ratio. Refer to section 10.2 for further information.*

**Net Operating Income**

NOI for the three months ended March 31, 2022 increased by $3,762 (3.8%) compared to the same period in the prior year primarily due to the acquisition of income-producing properties completed in 2022 and 2021, and the rent escalations for Canadian Tire leases which contributed $1,642 and $1,208 to NOI growth, respectively. NOI is a non-GAAP financial measure. Refer to section 10.1 for further information.

Same store NOI for the three months ended March 31, 2022 increased $2,252 (2.3%), 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 $1,208 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 $604; and
- recovery of capital expenditures and interest earned on the unrecovered balance contributed $595 to NOI.

Same property NOI for the three months ended March 31, 2022 increased $2,460 (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 $208 from intensifications completed in 2022 and 2021.

**Funds From Operations**

FFO for the three months ended March 31, 2022 amounted to $71,825 or $0.307 per unit - diluted (non-GAAP) which was $662 (0.9%) higher than the same period in 2021 primarily due to the impact of NOI variances, partially offset by the debenture pre-payment penalty included in interest expense and increased personnel costs, including CEO retirement expenses, discussed earlier. FFO per unit - diluted (non-GAAP) for the three months ended March 31, 2022 was lower by $(0.001) ((0.3)%) compared to the same period in 2021 due to the growth in the weighted average units outstanding-diluted (non-GAAP) exceeding the growth of FFO.

**Adjusted Funds From Operations**

AFFO for the three months ended March 31, 2022 amounted to $65,053 or $0.278 per unit - diluted (non-GAAP) which was $1,832 (2.9%) and $0.005 (1.8%), respectively, higher than the same period in 2021 primarily due to the impact of NOI variances, partially offset by the debenture pre-payment penalty included in interest expense and increased personnel costs, including CEO retirement expenses, discussed earlier.

**Adjusted Funds From Operations Payout Ratio**

The AFFO payout ratio for the three months ended March 31, 2022 was 75.5%, an increase of 2.6% from the same period in 2021 due to the rate of increase in the monthly distribution exceeding the increase in AFFO per unit.

**Adjusted Cashflow From Operations**

ACFO for the three months ended March 31, 2022 increased by $5,033 or 8.9% over the same period in 2021 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 March 31, 2022 increased by $1,798 (1.8%) over the same period in 2021, primarily due to the impact of NOI variances, discussed earlier.

## 6.0 LIQUIDITY AND FINANCIAL CONDITION

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

### 6.1 Liquidity

CT REIT intends to fund capital expenditures for acquisitions and development activities through a combination of (i) cash on hand, (ii) issuances of Class B LP Units and/or Class C LP Units, (iii) draws on 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 | | March 31, 2022 | | December 31, 2021 |
|---|---|---|---|---|
| Cash and cash equivalents | $ | **40,156** | $ | 3,555 |
| Unused portion of available Bank Credit Facility [1] | | **293,999** | | 294,183 |
| **Liquidity** | $ | **334,155** | $ | 297,738 |

*[1] See section 6.10 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) | | Three Months Ended | | | |
|---|---|---|---|---|---|
| For the periods ended March 31, | | **2022** | | 2021 | Change [1] |
| Cash generated from operating activities | $ | **99,396** | $ | 95,140 | 4.5 % |
| Cash (used for) investing activities | | **(16,601)** | | (10,997) | 51.0 % |
| Cash (used for) financing activities | | **(46,194)** | | (82,091) | (43.7)% |
| **Cash generated in the period** | $ | **36,601** | $ | 2,052 | NM |

*[1] NM - not meaningful.*

### 6.2 Discussion of Cash Flows

Cash generated from the three months ended March 31, 2022 of $36,601 was primarily the result of cash generated from operating activities from rent collection and the issuance of the Series H senior unsecured debentures, partially offset by cash used for repayment on the Credit Facilities, distribution payments, acquisitions and development of investment properties and interest payments on the debentures.

### 6.3 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** | **-** |

### 6.4 Indebtedness and Capital Structure

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

| (in thousands of Canadian dollars) | | |
|---|---|---|
| As at | **March 31, 2022** | December 31, 2021 |
| Class C LP Units | **$ 1,451,550** | $ 1,451,550 |
| Mortgages payable | **75,296** | 75,549 |
| Debentures | **1,170,210** | 1,071,462 |
| Credit Facilities [1] | **—** | 79,300 |
| **Total indebtedness** | **$ 2,697,056** | $ 2,677,861 |
| Unitholders’ equity | **1,647,310** | 1,622,365 |
| Non-controlling interests | **2,085,393** | 2,055,784 |
| **Total capital under management** | **$ 6,429,759** | $ 6,356,010 |

[1] *See section 6.10 for details on Credit Facilities.*

CT REIT’s total indebtedness as at March 31, 2022 was higher than at December 31, 2021 primarily due to the issuance of the Series H senior unsecured debentures, partially offset by the repayment on the Credit Facilities. Refer to section 6.6 of this MD&A for further details.

CT REIT’s Unitholders’ equity and non-controlling interests as at March 31, 2022 increased as compared to December 31, 2021 primarily as a result of net income exceeding distributions.

Future payments in respect of CT REIT's indebtedness as at March 31, 2022 are as follows:

| (in thousands of Canadian dollars) | Mortgages payable: Principal Amortization | Mortgages payable: Maturities | Class C LP Units | Debentures [1] | Credit Facilities | Total |
|---|---|---|---|---|---|---|
| 2022 | 421 | 9,460 | — | — | — | 9,881 |
| 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 | 975,000 | — | 1,983,070 |
| Total contractual obligation | $ 1,696 | $ 73,127 | $ 1,451,550 | $ 1,175,000 | $ — | $ 2,701,373 |
| Unamortized portion of mark to market on mortgages payable assumed on the acquisition of properties | — | 515 | — | — | — | 515 |
| Unamortized transaction costs | — | (42) | — | (4,790) | — | (4,832) |
| | **$ 1,696** | **$ 73,600** | **$ 1,451,550** | **$ 1,170,210** | **$ —** | **$ 2,697,056** |

[1] *Refer to section 6.8.*

Interest rates on CT REIT's indebtedness range from 2.13% to 5.00%. The maturity dates on the indebtedness range from July 2022 to May 2038. On February 3, 2022, CT REIT issued Series H senior unsecured debentures and used a portion of the proceeds to redeem all outstanding Series A senior unsecured debentures due June 9, 2022, on February 11, 2022.

Total indebtedness as at March 31, 2022 had a weighted average interest rate of 3.87% and a weighted average term to maturity of 7.2 years, excluding the Credit Facilities.

As at March 31, 2022, variable rate and fixed rate indebtedness were $55,700 and $2,641,356, respectively.

| As at | **March 31, 2022** | December 31, 2021 |
|---|---|---|
| Variable rate indebtedness | **$ 55,700** | $ 135,000 |
| Total indebtedness | **2,697,056** | 2,677,861 |
| **Variable rate indebtedness / total indebtedness** | **2.07 %** | 5.04 % |

CT REIT's variable rate debt-to-total indebtedness ratio as at March 31, 2022 decreased as compared to December 31, 2021 primarily due to the repayment on the CTC Credit Facility.

The table below presents CT REIT's interest in investment properties at fair value that are available to it to finance and/or refinance its debt as at March 31, 2022:

| (in thousands of Canadian dollars) | Number of properties | Fair value of investment properties | Percentage of total assets | Mortgages payable | Loan to value ratio |
|---|---|---|---|---|---|
| Unencumbered investment properties | 366 | $ 6,375,468 | 96.7 % | $ — | — |
| Encumbered investment properties | 3 | 163,532 | 2.5 % | 75,296 | 46.0 % |
| **Total investment properties** | **369** | **$ 6,539,000** | **99.2 %** | **$ 75,296** | **1.2 %** |

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

| (in thousands of Canadian dollars)<br>As at | March 31, 2022 | December 31, 2021 |
|---|---|---|
| Secured debt | $ 75,296 | $ 75,549 |
| Total indebtedness | 2,697,056 | 2,677,861 |
| **Secured debt / total indebtedness** | **2.79 %** | 2.82 % |

CT REIT's secured debt to total indebtedness ratio as at March 31, 2022 was comparable to December 31, 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)<br>As at | March 31, 2022 | December 31, 2021 |
|---|---|---|
| Total indebtedness | $ 2,697,056 | $ 2,677,861 |
| EBITFV [1] | $ 398,392 | 393,557 |
| **Total indebtedness / EBITFV [2]** | **6.77** | 6.80 |

*[1] Non-GAAP financial measure. Refer to section 10.1 for further information. 2022 EBITFV is annualized based on EBITFV for the three months ended March 31, 2022.*

*[2] Non-GAAP ratio. Refer to section 10.2 for further information.*

CT REIT's indebtedness to EBITFV ratio as at March 31, 2022 decreased as compared to the indebtedness to EBITFV ratio at December 31, 2021 primarily due to the growth of EBITFV exceeding the growth of total indebtedness.

### 6.5 Interest Coverage Ratio

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

| (in thousands of Canadian dollars) | Three Months Ended | |
|---|---|---|
| For the periods ended March 31, | 2022 | 2021 |
| **EBITFV [1] (A)** | $ 99,598 | $ 97,800 |
| **Interest expense and other financing charges (B)** | $ 27,864 | $ 26,573 |
| **Interest coverage ratio [2] (A)/(B)** | 3.57 | 3.68 |

*[1] Non-GAAP financial measure. Refer to section 10.1 for further information.*

*[2] Non-GAAP ratio. Refer to section 10.2 for further information.*

The decrease in interest coverage ratio for the three months ended March 31, 2022, as compared to the same period in 2021 is primarily due to higher interest and financing charges, partially offset by the growth of EBITFV.

### 6.6 Indebtedness Ratio

CT REIT has adopted an indebtedness ratio guideline which management uses as a measure to evaluate its leverage and the strength of its equity position, expressed as a percentage of 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 | | March 31, 2022 | | December 31, 2021 |
|---|---|---|---|---|
| **Total indebtedness [1] (A)** | **$** | **2,697,056** | $ | 2,677,861 |
| **Total assets (B)** | **$** | **6,592,386** | $ | 6,500,102 |
| **Indebtedness ratio (A)/(B)** | | **40.9 %** | | 41.2 % |

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

The indebtedness ratio as at March 31, 2022 decreased compared to the indebtedness ratio as at December 31, 2021 primarily due to the growth from fair value adjustments made to its Properties and the REIT's 2022 acquisition, intensification and development activities exceeding the growth of total indebtedness.

### 6.7 Class C LP Units

As at March 31, 2022, 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 7.0 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 (3.2 years) | 13.78 % |
| Series 4 | | 200,000 | 4.50 % | May 31, 2024 (2.2 years) | 13.78 % |
| Series 5 | | 200,000 | 4.50 % | May 31, 2028 (6.2 years) | 13.78 % |
| Series 6 | | 200,000 | 5.00 % | May 31, 2031 (9.2 years) | 13.78 % |
| Series 7 | | 200,000 | 5.00 % | May 31, 2034 (12.2 years) | 13.78 % |
| Series 8 | | 200,000 | 5.00 % | May 31, 2035 (13.2 years) | 13.78 % |
| Series 9 | | 200,000 | 5.00 % | May 31, 2038 (16.2 years) | 13.78 % |
| Series 16 | | 16,550 | 2.37 % | May 31, 2025 (3.2 years) | 1.14 % |
| Series 17 | | 18,500 | 2.37 % | May 31, 2025 (3.2 years) | 1.27 % |
| Series 18 | | 4,900 | 2.37 % | May 31, 2025 (3.2 years) | 0.34 % |
| Series 19 | | 11,600 | 2.37 % | May 31, 2025 (3.2 years) | 0.79 % |
| **Total / weighted average** | **$** | **1,451,550** | **4.41 %** | **8.7 years** | **100.0 %** |

### 6.8 Debentures

| | **March 31, 2022** | | | | December 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| Series | | **Face value** | | **Carrying amount** | | Face value | | Carrying amount |
| A, 2.85%, June 9, 2022 | **$** | **—** | **$** | **—** | $ | 150,000 | $ | 149,934 |
| B, 3.53%, June 9, 2025 | | **200,000** | | **199,457** | | 200,000 | | 199,416 |
| D, 3.29%, June 1, 2026 | | **200,000** | | **199,435** | | 200,000 | | 199,401 |
| E, 3.47%, June 16, 2027 | | **175,000** | | **174,401** | | 175,000 | | 174,372 |
| F, 3.87%, December 7, 2027 | | **200,000** | | **199,246** | | 200,000 | | 199,213 |
| G, 2.37%, January 6, 2031 | | **150,000** | | **149,150** | | 150,000 | | 149,126 |
| H, 3.03%, February 3, 2029 | | **250,000** | | **248,521** | | — | | — |
| **Total** | **$** | **1,175,000** | **$** | **1,170,210** | $ | 1,075,000 | $ | 1,071,462 |
| Current | **$** | **—** | **$** | **—** | $ | 150,000 | $ | 149,934 |
| Non-current | **$** | **1,175,000** | **$** | **1,170,210** | $ | 925,000 | $ | 921,528 |
| **Total** | **$** | **1,175,000** | **$** | **1,170,210** | $ | 1,075,000 | $ | 1,071,462 |

Debentures as at March 31, 2022 had a weighted average interest rate of 3.28% (December 31, 2021 - 3.28%).

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, a portion of the net proceeds was 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 ended March 31, 2022, amortization of transaction costs of $263 (Q1 2021 - $199) was included in net interest and other financing charges on the interim statement of income and comprehensive income. Refer to Note 12 of the interim 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 6.3 for further details.

### 6.9 Mortgages Payable

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

(in thousands of Canadian dollars)

| As at | **March 31, 2022** | | December 31, 2021 | |
|---|---|---|---|---|
| | **Face value** | **Carrying amount** | Face value | Carrying amount |
| Current | **$ 9,974** | **$ 10,095** | $ 10,081 | $ 10,233 |
| Non-current | **64,849** | **65,201** | 64,942 | 65,316 |
| **Total** | **$ 74,823** | **$ 75,296** | $ 75,023 | $ 75,549 |

Mortgages payable as at March 31, 2022 had a weighted average interest rate of 2.58% (December 31, 2021 – 2.36%).

### 6.10 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 a stipulated bank prime rate or bankers’ acceptance plus a margin. A standby fee is charged on the Bank Credit Facility.

As at March 31, 2022 the Bank Credit Facility had no amounts (December 31, 2021 - nil) drawn under the revolving credit facility, and $6,001 (December 31, 2021 – $5,817) 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 a stipulated bank prime rate or bankers’ acceptance plus a margin.

As at March 31, 2022, there were no borrowings drawn on the CTC Credit Facility (December 31, 2021 – $79,300, interest rate of 2.61%).

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 March 31, 2022:

(in thousands of Canadian dollars)

| | Maximum draw amount | Cash advances | Letters of credit | Available to be drawn |
|---|---|---|---|---|
| Bank Credit Facility | $ 300,000 | $ — | $ 6,001 | $ 293,999 |
| CTC Credit Facility [1] | $ 300,000 | $ — | $ — | $ — |

[1]*Uncommitted facility subject to CTC discretion.*

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

**6.11 Capital Strategy**

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

- Class C LP Units (treated as debt for accounting purposes);
- funds drawn on the 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 March 31, 2022, CT REIT's indebtedness ratio was 40.9%. Refer to section 6.6 of this MD&A for the definition and calculation of CT REIT's indebtedness ratio.

As at March 31, 2022, 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 March 31, 2022, CT REIT's interest coverage ratio was 3.57 times. Refer to section 6.5 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.*

**6.12 Commitments and Contingencies**

As at March 31, 2022, CT REIT had obligations of $297,083 (December 31, 2021 - $273,915) in future payments for the completion of developments, as described in section 4.6 of this MD&A. Included in the commitment is $242,615 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.

**6.13 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.

## 7.0 EQUITY

**7.1 Authorized Capital and Outstanding Units**

CT REIT is authorized to issue an unlimited number of units. As at March 31, 2022, CT REIT had a total of 106,595,090 Units outstanding, 33,989,508 of which were held by CTC, and 127,193,833 Class B LP Units outstanding (together with a corresponding number of Special Voting Units, as hereinafter defined), all of which were held by CTC.

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

The following tables summarize the total number of units issued:

| | | | **As at March 31, 2022** |
|---|---|---|---|
| | **Units** | **Class B LP Units** | **Total** |
| Total outstanding at beginning of year | **106,304,288** | **126,880,857** | **233,185,145** |
| Units issued [1] | **290,802** | **312,976** | **603,778** |
| **Total outstanding at end of period** | **106,595,090** | **127,193,833** | **233,788,923** |

*[1] 290,802 issued pursuant to the REIT's distribution reinvestment plan.*

| | | | 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 year | 106,304,288 | 126,880,857 | 233,185,145 |

*[1] 1,162,913 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 voting 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 voting unitholders or with respect to any written resolution of voting unitholders. Except for the right to attend meetings and vote on resolutions, Special Voting Units do not confer upon the holders thereof any other rights.

Net income attributable to unitholders and weighted average Units outstanding used in determining basic and diluted net income per unit are calculated as follows:

| | For the three months ended March 31, 2022 | | |
|---|---|---|---|
| (in thousands of Canadian dollars, except unit amounts) | **Units** | **Class B LP Units** | **Total** |
| Net income attributable to unitholders - basic | **$ 42,462** | **$ 50,617** | **$ 93,079** |
| Income effect of settling Class C LP Units with Class B LP Units | | | **15,991** |
| **Net income attributable to unitholders - diluted** | | | **$ 109,070** |
| Weighted average units outstanding - basic | **106,447,992** | **126,908,677** | **233,356,669** |
| Dilutive effect of other unit plans | | | **286,835** |
| Dilutive effect of settling Class C LP Units with Class B LP Units | | | **82,155,282** |
| **Weighted average number of units outstanding - diluted** | | | **315,798,786** |

| | For the three months ended March 31, 2021 | | |
|---|---|---|---|
| (in thousands of Canadian dollars, except unit amounts) | Units | Class B LP Units | Total |
| Net income attributable to unitholders - basic | $ 33,955 | $ 40,603 | $ 74,558 |
| Income effect of settling Class C LP Units with Class B LP Units | | | 15,991 |
| Net income attributable to unitholders - diluted | | | $ 90,549 |
| Weighted average units outstanding - basic | 105,255,760 | 125,870,871 | 231,126,631 |
| Dilutive effect of other unit plans | | | 295,024 |
| Dilutive effect of settling Class C LP Units with Class B LP Units | | | 90,277,821 |
| Weighted average number of units outstanding - diluted | | | 321,699,476 |

### 7.2 Equity

| (in thousands of Canadian dollars)<br>As at | March 31, 2022 | December 31, 2021 |
|---|---|---|
| Equity - beginning of period, as previously reported | **$ 3,678,149** | $ 3,375,870 |
| Net income and comprehensive income for the period | **93,079** | 456,859 |
| Issuance of Class B LP Units, net of issue costs | **5,636** | 17,248 |
| Distributions to non-controlling interests | **(26,644)** | (104,175) |
| Distributions to Unitholders | **(22,345)** | (87,176) |
| Issuance of Units under Distribution Reinvestment Plan and other | **4,828** | 19,523 |
| **Equity - end of the period** | **$ 3,732,703** | $ 3,678,149 |

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

### 7.3 Distributions

CT REIT's primary business goal is to accumulate a portfolio of high-quality real estate assets and deliver the benefits of such real estate ownership to Unitholders. The primary benefit to Unitholders is expected to be reliable, durable and growing distributions over time.

In determining the amount of the monthly distributions paid to Unitholders, the Board applies discretionary judgment to forward-looking cash flow information, such as forecasts and budgets, 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 March 15, 2022, CT REIT's Board declared a distribution of $0.06994 per unit payable on April 14, 2022 to holders of Units and Class B LP Units of record on March 31, 2022.

On April 14, 2022, CT REIT's Board declared a distribution of $0.06994 per unit payable on May 16, 2022 to holders of Units and Class B LP Units of record on April 30, 2022.

On May 10, 2022, the REIT announced a 3.4% distribution increase effective with the June 15, 2022 payment to unitholders. Monthly distributions increased to $0.07232 per unit or $0.86784 per unit on an annualized basis.

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 |
|---|---|---|---|---|
| **2022 (Year-to-Date)** | **$ 0.06994** | **2.2 %** | **$ 0.839** | **$ 0.0180** |
| 2021 [3] | $ 0.06844 | 3.6 % | $ 0.821 | $ 0.0280 |
| 2020 [4, 5] | $ 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] The increase in monthly distributions had been payable starting each January, until 2019.*

*[3] 4.5% increase, payable in July 2021.*

*[4] 4.0% increase, payable in January 2020.*

*[5] 2.0% increase, payable in September 2020.*

| (in thousands of Canadian dollars, except per unit amounts) | Three Months Ended | |
|---|---|---|
| For the periods ended March 31, | **2022** | 2021 |
| Distributions before distribution reinvestment - paid | **$ 48,947** | $ 46,397 |
| Distribution reinvestment | **4,827** | 4,589 |
| **Distributions net of distribution reinvestment - paid** | **$ 44,120** | $ 41,808 |
| **Distributions per unit - paid** | **$ 0.210** | $ 0.201 |

Distributions for the three months ended March 31, 2022 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 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 10.0) and other factors when establishing distributions to Unitholders.

CT REIT's distributions for the three months ended March 31, 2022 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 | |
|---|---|---|
| For the periods ended March 31, | **2022** | 2021 |
| AFFO [1] | **$ 65,053** | $ 63,221 |
| Distributions before distribution reinvestment - paid | **48,947** | 46,397 |
| **Excess of AFFO over distributions paid (A) [1]** | **$ 16,106** | $ 16,824 |
| Weighted average units outstanding - diluted (non-GAAP) (B) [2] | **233,643,504** | 231,421,655 |
| **Excess of AFFO over distributions paid per unit (A)/(B) [2]** | **$ 0.069** | $ 0.073 |

*[1] Non-GAAP financial measure. Refer to section 10.1 for further information.*

*[2] Non-GAAP ratio. Refer to section 10.2 for further information.*

### 7.4 Book Value Per Unit

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

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

| As at | **March 31, 2022** | December 31, 2021 |
|---|---|---|
| **Total equity (A)** | **$ 3,732,703** | $ 3,678,149 |
| **Period-end Units and Class B LP Units outstanding (B)** | **233,788,923** | 233,185,145 |
| **Book value per unit (A)/(B)** | **$ 15.97** | $ 15.77 |

CT REIT’s book value per unit as at March 31, 2022 increased from the book value per unit as at December 31, 2021 primarily due to net income exceeding distributions.

## 8.0 RELATED PARTY TRANSACTIONS

On March 31, 2022, CT REIT’s controlling unitholder, CTC, held a 68.9% 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 6.7 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 March 31, 2022.

In the normal course of its operations, CT REIT enters into various transactions with related parties that have been valued at amounts agreed to between the parties and recognized in the interim financial statements. Investment property transactions with CTC amounted to $7,997 (2021 - $10,446) for the three months ended March 31, 2022. Refer to Note 3 to the interim financial statements for additional information.

CT REIT entered into the CTC Credit Facility in December 2019. Refer to section 6.10 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 2022 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 2022 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 a stipulated bank prime rate or bankers' acceptance, plus a margin.

Refer to CT REIT's 2021 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 March 31, 2022, excluding acquisition, intensification and development activities which are contained in section 4.0:

| (in thousands of Canadian dollars) | Three Months Ended | |
|---|---|---|
| For the periods ended March 31, | **2022** | 2021 |
| Rental revenue | **$ 117,613** | $ 116,239 |
| Property Management and Services Agreement expense | **$ 402** | $ 439 |
| Distributions on Units | **$ 7,132** | $ 6,825 |
| Distributions on Class B LP Units [1] | **$ 26,644** | $ 25,273 |
| Interest expense on Class C LP Units | **$ 15,991** | $ 15,991 |
| Interest expense on the CTC Credit Facility | **$ 42** | $ 100 |

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

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

| (in thousands of Canadian dollars) | | |
|---|---|---|
| As at | **March 31, 2022** | December 31, 2021 |
| Tenant and other (receivables) payables | **$ (5,120)** | $ 299 |
| Class C LP Units | **1,451,550** | 1,451,550 |
| Amounts payable on Class C LP Units | **15,991** | 63,962 |
| Loans receivable in respect of payments on Class C LP Units | **(10,660)** | (58,631) |
| Other liabilities | **5,415** | 3,527 |
| Distributions payable on Units and Class B LP Units [1] | **15,594** | 34,149 |
| Loans receivable in respect of distributions on Class B LP Units | **(4,321)** | (22,898) |
| CTC Credit Facility [2] | **—** | 79,300 |
| **Net balance due to CTC** | **$ 1,468,449** | $ 1,551,258 |

*[1] Includes distributions deferred at the election of the holders of the Class B LP Units.*
*[2] See section 6.10 for details on the CTC Credit Facility.*

## 9.0 ACCOUNTING POLICIES AND ESTIMATES

### 9.1 Significant Areas of Estimation

The preparation of the interim financial statements requires management to apply judgments, and to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Estimates are based upon historical experience and on various other assumptions that are reasonable under the circumstances. The result of ongoing evaluation of these estimates forms the basis for applying judgment with regards to the carrying values of assets and liabilities and the reported amounts of revenues and expenses. Actual results may differ from estimates. CT REIT's critical judgments in applying significant accounting policies are described in Note 2 of CT REIT's 2021 audited annual 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 initially recorded at cost and are adjusted to fair value at each balance sheet date with the fair value adjustment recognized in earnings.

**9.2 Standards, Amendments and Interpretations Issued 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.

## 10.0 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.

**10.1 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

**10.1 (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 | | |
|---|---|---|---|
| For the periods ended March 31, | **2022** | 2021 | Change |
| Property revenue | **$ 131,950** | $ 129,903 | 1.6 % |
| Less: | | | |
| Property expense | **(28,702)** | (29,145) | (1.5)% |
| Property straight-line rent revenue | **(462)** | (1,734) | (73.4)% |
| **Net operating income** | **$ 102,786** | $ 99,024 | 3.8 % |

**10.1 (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.

**10.1 (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.

**10.1 (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.

**10.1 (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 | | |
|---|---|---|---|
| For the periods ended March 31, | **2022** | 2021 | Change [1] |
| Same store | **$ 100,395** | $ 98,143 | 2.3 % |
| Intensifications | | | |
| 2022 | **117** | — | — % |
| 2021 | **91** | — | — % |
| Same property | **$ 100,603** | $ 98,143 | 2.5 % |
| Acquisitions, developments and dispositions | | | |
| 2022 | **477** | 876 | (45.5)% |
| 2021 | **1,706** | 5 | NM |
| **Net operating income** | **$ 102,786** | $ 99,024 | 3.8 % |
| Add: | | | |
| Property expense | **28,702** | 29,145 | (1.5)% |
| Property straight-line rent revenue | **462** | 1,734 | (73.4)% |
| **Property Revenue** | **$ 131,950** | $ 129,903 | 1.6 % |

[1] *NM - not meaningful.*

### 10.1 (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 | | |
|---|---|---|---|
| For the periods ended March 31, | **2022** | 2021 | Change [1] |
| **Net Income and comprehensive income** | **$ 93,079** | $ 74,558 | 24.8 % |
| Fair value adjustment on investment property | **(22,077)** | (4,346) | NM |
| GP income tax expense | **541** | 663 | (18.4)% |
| Lease principal payments on right-of-use assets | **(112)** | (225) | (50.2)% |
| Fair value adjustment of unit-based compensation | **191** | 352 | (45.7)% |
| Internal leasing expense | **203** | 161 | 26.1 % |
| **Funds from operations** | **$ 71,825** | $ 71,163 | 0.9 % |
| Property straight-line rent revenue | **(462)** | (1,734) | (73.4)% |
| Capital expenditure reserve | **(6,310)** | (6,208) | 1.6 % |
| **Adjusted funds from operations** | **$ 65,053** | $ 63,221 | 2.9 % |

[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.

**10.1 (g) Capital Expenditure Reserve**

The following table compares and reconciles recoverable capital expenditures during the 2018-2022 period to the capital expenditure reserve used in the calculation of AFFO:

| (in thousands of Canadian dollars)<br>For the periods indicated | | Capital expenditure reserve | | Recoverable capital expenditures | | Variance |
|---|---|---|---|---|---|---|
| Year ended December 31, 2018 | $ | 22,517 | $ | 17,699 | $ | 4,818 |
| Year ended December 31, 2019 | $ | 23,431 | $ | 20,549 | $ | 2,882 |
| 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) |
| **2022** | | | | | | |
| **Q1** | **$** | **6,310** | **$** | **1,966** | **$** | **4,344** |
| **Total** | **$** | **101,405** | **$** | **92,299** | **$** | **9,106** |

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 $9,106 during the period from 2018 through March 31, 2022. The capital expenditure reserve per square foot has increased since 2018, 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 4.11 for additional information.

**10.1 (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 three months ended March 31, 2022 and March 31, 2021) to ACFO is as follows:

| (in thousands of Canadian dollars) | Three Months Ended | | |
|---|---|---|---|
| For the periods ended March 31, | **2022** | 2021 | Change |
| Cash generated from operating activities | **$ 99,396** | $ 95,140 | 4.5 % |
| Non-operating adjustments to changes in working capital and other | **(3,384)** | (5,405) | (37.4)% |
| Net interest and other financing charges | **(27,824)** | (26,569) | 4.7 % |
| Capital expenditure reserve | **(6,310)** | (6,208) | 1.6 % |
| Lease principal payments on right-of-use assets | **(112)** | (225) | (50.2)% |
| **Adjusted cashflow from operations** | **$ 61,766** | $ 56,733 | 8.9 % |

**10.1 (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 ended March 31, 2022, EBITFV was calculated as follows:

| (in thousands of Canadian dollars) | Three Months Ended | | |
|---|---|---|---|
| For the periods ended March 31, | **2022** | 2021 | Change [1] |
| Net income and comprehensive income | **$ 93,079** | $ 74,558 | 24.8 % |
| Fair value adjustment on investment properties | **(22,077)** | (4,346) | NM |
| Fair value adjustment on unit-based awards | **191** | 352 | (45.7) |
| Interest expense and other financing charges | **27,864** | 26,573 | 4.9 % |
| GP income tax expense | **541** | 663 | (18.4)% |
| **EBITFV** | **$ 99,598** | $ 97,800 | 1.8 % |

[1] *NM - not meaningful.*

**10.1 (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 10.1 (f) reconciling net income and comprehensive income to AFFO.

| (in thousands of Canadian dollars) | Three Months Ended | |
|---|---|---|
| For the periods ended March 31, | **2022** | 2021 |
| AFFO | **$ 65,053** | $ 63,221 |
| Distributions before distribution reinvestment - paid | **48,947** | 46,397 |
| **Excess of AFFO over distributions paid** | **$ 16,106** | $ 16,824 |

**10.1 (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 due 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 | |
|---|---|---|
| For the periods ended March 31, | **2022** | 2021 |
| Changes in working capital and other | **$ (491)** | $ 570 |
| Add/(deduct): | | |
| Change in tenant and other receivables | **2,354** | 2,348 |
| Change in other non-current liabilities | **(1,528)** | (1,719) |
| Change in other liabilities | **(3,394)** | (6,643) |
| Other | **(325)** | 39 |
| **Non-operating adjustments to changes in working capital and other** | **$ (3,384)** | $ (5,405) |

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

| (in thousands of Canadian dollars) | Three months ended | |
|---|---|---|
| For the periods ended March 31, | **2022** | 2021 |
| Other non-current assets | **$ 1** | $ 46 |
| Other current assets | **3,270** | 3,060 |
| Tenant and other receivables | **5,408** | 7,624 |
| Other liabilities | **(12,063)** | (16,135) |
| **Non-operating adjustments to changes in working capital and other** | **$ (3,384)** | $ (5,405) |

### 10.2 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

#### 10.2 (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 | | |
|---|---|---|---|
| For the periods ended March 31, | **2022** | 2021 | Change |
| **Distribution per unit - paid (A)** | **$ 0.210** | $ 0.201 | 4.5 % |
| **AFFO per unit - diluted (non-GAAP) [1] (B)** | **$ 0.278** | $ 0.273 | 1.8 % |
| **AFFO payout ratio (A)/(B)** | **75.5 %** | 73.6 % | 2.6 % |

*[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.*

#### 10.2 (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.

| | Three Months Ended | | |
|---|---|---|---|
| For the periods ended March 31, | **2022** | 2021 | Change |
| **Funds from operations/unit - basic** | **$ 0.308** | $ 0.308 | — % |
| **Funds from operations/unit - diluted (non-GAAP)** | **$ 0.307** | $ 0.308 | (0.3)% |

| | Three Months Ended | | |
|---|---|---|---|
| For the periods ended March 31, | **2022** | 2021 | Change |
| **Adjusted funds from operations/unit - basic** | **$0.279** | $0.274 | 1.8 % |
| **Adjusted funds from operations/unit - diluted (non-GAAP)** | **$0.278** | $0.273 | 1.8 % |

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.

### 10.2 (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 | |
|---|---|---|
| For the periods ended March 31, | **2022** | 2021 |
| Excess of AFFO over distributions paid (A) | **$ 16,106** | $ 16,824 |
| Weighted average units outstanding - diluted (non-GAAP) (B) | **233,643,504** | 231,421,655 |
| **Excess of AFFO over distributions paid per unit (A)/(B)** | **$ 0.069** | **$ 0.073** |

### 10.2 (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 | | March 31, 2022 | | December 31, 2021 |
|---|---|---|---|---|
| Total indebtedness | $ | **2,697,056** | $ | 2,677,861 |
| EBITFV | $ | **398,392** | | 393,557 |
| **Total indebtedness / EBITFV** | | **6.77** | | 6.80 |

### 10.2 (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 | | | |
|---|---|---|---|---|
| For the periods ended March 31, | | 2022 | | 2021 |
| **EBITFV (A)** | $ | **99,598** | $ | 97,800 |
| **Interest expense and other financing charges (B)** | $ | **27,864** | $ | 26,573 |
| **Interest coverage ratio (A)/(B)** | | **3.57** | | 3.68 |

### 10.2 (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 three months ended March 31, | | 2022 | | 2021 |
|---|---|---|---|---|
| Personnel expense [1] | $ | **2,569** | $ | 2,081 |
| Services Agreement with CTC | | **289** | | 287 |
| Public entity and other [1] | | **1,564** | | 1,609 |
| **General and administrative expense** | $ | **4,422** | $ | 3,977 |
| Fair value adjustment of unit based compensation | | **191** | | 352 |
| **Adjusted general and administrative expense (A)** | $ | **4,231** | $ | 3,625 |
| Property revenue (B) | $ | **131,950** | $ | 129,903 |
| **Adjusted general and administrative expense % of property revenue (A/B)** | | **3.2 %** | | 2.8 % |

*[1] Includes unit-based awards including loss adjustments as a result of the change in the fair market value of the units and $191 (Q1 2021 - $352) for the three months ended March 31, 2022.*

## 11.0 SELECTED QUARTERLY CONSOLIDATED INFORMATION

| (in thousands of Canadian dollars, except per unit amounts) | 2022 | 2021 | | | | 2020 | | |
|---|---|---|---|---|---|---|---|---|
| As at and for the quarter ended | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 |
| Property revenue | **$ 131,950** | $ 129,537 | $ 125,537 | $ 129,560 | $ 129,903 | $ 126,833 | $ 123,172 | $ 125,498 |
| Net income | **$ 93,079** | $ 125,366 | $ 78,307 | $ 178,628 | $ 74,558 | $ 14,032 | $ 64,107 | $ 61,970 |
| Net income per unit | | | | | | | | |
| - basic | **$ 0.399** | $ 0.538 | $ 0.337 | $ 0.770 | $ 0.323 | $ 0.061 | $ 0.280 | $ 0.271 |
| - diluted | **$ 0.345** | $ 0.443 | $ 0.300 | $ 0.610 | $ 0.281 | $ 0.093 | $ 0.240 | $ 0.235 |
| FFO per unit - diluted (non-GAAP) [1] | **$ 0.307** | $ 0.308 | $ 0.312 | $ 0.310 | $ 0.308 | $ 0.296 | $ 0.299 | $ 0.294 |
| AFFO per unit - diluted (non-GAAP) [1] | **$ 0.278** | $ 0.275 | $ 0.279 | $ 0.277 | $ 0.273 | $ 0.260 | $ 0.262 | $ 0.256 |
| Total assets | **$6,592,386** | $6,500,102 | $6,365,761 | $6,320,435 | $6,185,305 | $6,176,142 | $6,139,575 | $6,112,837 |
| Total indebtedness | **$2,697,056** | $2,677,861 | $2,614,382 | $2,629,518 | $2,630,244 | $2,652,341 | $2,588,976 | $2,588,889 |
| Total distributions, net of distribution reinvestment, to Unitholders - paid | **$ 44,120** | $ 44,055 | $ 43,937 | $ 41,807 | $ 41,808 | $ 41,886 | $ 41,282 | $ 41,326 |
| Total distributions per unit - paid | **$ 0.210** | $ 0.210 | $ 0.210 | $ 0.201 | $ 0.201 | $ 0.201 | $ 0.199 | $ 0.197 |
| Book value per unit | **$ 15.97** | $ 15.77 | $ 15.44 | $ 15.31 | $ 14.74 | $ 14.62 | $ 14.75 | $ 14.67 |
| Market price per unit | | | | | | | | |
| - high | **$ 18.41** | $ 18.42 | $ 18.05 | $ 17.09 | $ 16.51 | $ 15.90 | $ 14.50 | $ 14.30 |
| - low | **$ 16.02** | $ 16.49 | $ 16.38 | $ 16.07 | $ 15.11 | $ 15.04 | $ 13.28 | $ 11.02 |
| - close (end of period) | **$ 17.68** | $ 17.32 | $ 17.03 | $ 16.38 | $ 16.35 | $ 15.67 | $ 13.97 | $ 13.58 |

*[1] Non-GAAP ratio.*

| (in thousands of Canadian dollars) | 2022 | 2021 | | | | 2020 | | |
|---|---|---|---|---|---|---|---|---|
| As at and for the quarter ended | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 |
| **Net Income and comprehensive income** | **$ 93,079** | $ 125,366 | $ 78,307 | $ 178,628 | $ 74,558 | $ 14,032 | $ 64,107 | $ 61,970 |
| Fair value adjustment on investment property | **(22,077)** | (53,254) | (5,849) | (106,462) | (4,346) | 53,869 | 4,341 | 4,908 |
| GP income tax expense | **541** | (465) | (181) | (118) | 663 | (568) | (129) | (367) |
| Lease principal payments on right-of-use assets | **(112)** | (230) | (230) | (367) | (225) | (270) | (201) | (188) |
| Fair value adjustment of unit-based compensation | **191** | 244 | 344 | 50 | 352 | 832 | 178 | 731 |
| Internal leasing expense | **203** | 274 | 144 | 201 | 161 | 254 | 183 | 158 |
| **Funds from operations** | **$ 71,825** | $ 71,935 | $ 72,535 | $ 71,932 | $ 71,163 | $ 68,149 | $ 68,479 | $ 67,212 |
| Property straight-line rent revenue | **(462)** | (1,552) | (1,418) | (1,464) | (1,734) | (2,212) | (2,413) | (2,800) |
| Capital expenditure reserve | **(6,310)** | (6,259) | (6,214) | (6,212) | (6,208) | (6,141) | (6,069) | (5,922) |
| **Adjusted funds from operations** | **$ 65,053** | $ 64,124 | $ 64,903 | $ 64,256 | $ 63,221 | $ 59,796 | $ 59,997 | $ 58,490 |

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

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

## 12.0 ENTERPRISE RISK MANAGEMENT

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

The ERM Framework is designed to provide an integrated and disciplined approach to risk management that safeguards the REIT's reputation, supports the achievement of the REIT's growth strategy and objectives, preserves and enhances Unitholder value, and supports business planning and operations by providing a cross-functional perspective to risk management. It is integrated with strategic planning and reporting processes which are described in further detail in section 12.0 of CT REIT's 2021 annual MD&A and section 4 of the REIT's 2021 AIF, both of which are 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.

## 13.0 INTERNAL CONTROLS AND PROCEDURES

Details related to disclosure controls and procedures, and internal control over financial reporting are disclosed in section 13.0 of CT REIT's 2021 MD&A.

**Changes in Internal Control Over Financial Reporting**

During the three months ended March 31, 2022, there were no changes in CT REIT's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, CT REIT's internal control over financial reporting.

## 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. 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. Statements regarding future acquisitions, developments, distributions, results, performance, achievements, and prospects or opportunities for CT REIT or the real estate industry are forward-looking statements. In some cases, forward-looking information can be identified by such terms such as “may”, “might”, “will”, “could”, “should”, “would”, “occur”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “potential”, “continue”, “likely”, “schedule”, or the negative thereof or other similar expressions concerning matters that are not historical facts.

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

- growth strategy and objectives under section 2.0;
- fair value of property portfolio under section 4.4;
- development activities under section 4.6;
- leasing activities under section 4.10;
- recoverable capital costs under section 4.11;
- capital expenditures to fund acquisitions and development activities under section 6.1;
- capital strategy under section 6.11;
- commitments as at March 31, 2022 under section 6.12;
- distributions under section 7.3;
- capital expenditures under section 10.1 (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 2021 AIF.

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 2021 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;
- Condensed Consolidated financial statements and accompanying notes for the three months ended March 31, 2022;
- 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 647-518-4461 or email investor.relations@ctreit.com.

May 9, 2022

# FIRST QUARTER 2022

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

# Condensed Consolidated Balance Sheets (Unaudited)

(Canadian dollars, in thousands)

| As at | Note | March 31, 2022 | December 31, 2021 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Investment properties | 3 | $ **6,539,000** | $ 6,489,000 |
| Other assets | | **1,081** | 1,658 |
| | | **6,540,081** | 6,490,658 |
| **Current assets** | | | |
| Tenant and other receivables | | **5,938** | 2,884 |
| Other assets | | **6,211** | 3,005 |
| Cash and cash equivalents | | **40,156** | 3,555 |
| | | **52,305** | 9,444 |
| **Total assets** | | $ **6,592,386** | $ 6,500,102 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Class C LP Units | 4 | $ **1,451,550** | $ 1,451,550 |
| Mortgages payable | 5 | **65,201** | 65,316 |
| Debentures | 6 | **1,170,210** | 921,528 |
| Lease liabilities | | **82,223** | 74,707 |
| Other liabilities | | **3,969** | 5,497 |
| | | **2,773,153** | 2,518,598 |
| **Current liabilities** | | | |
| Mortgages payable | 5 | **10,095** | 10,233 |
| Credit facilities | 7 | **—** | 79,300 |
| Debentures | 6 | **—** | 149,934 |
| Lease liabilities | | **573** | 1,067 |
| Other liabilities | | **59,511** | 46,512 |
| Distributions payable | 8 | **16,351** | 16,309 |
| | | **86,530** | 303,355 |
| **Total liabilities** | | **2,859,683** | 2,821,953 |
| **Equity** | | | |
| Unitholders' equity | 8 | **1,647,310** | 1,622,365 |
| Non-controlling interests | 8, 9 | **2,085,393** | 2,055,784 |
| **Total equity** | | **3,732,703** | 3,678,149 |
| **Total liabilities and equity** | | $ **6,592,386** | $ 6,500,102 |

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

# Condensed Consolidated Statements of Income and Comprehensive Income (Unaudited)

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

| For the three months ended March 31, | Note | | 2022 | | 2021 |
|---|---|---|---|---|---|
| Property revenue | 10 | $ | **131,950** | $ | 129,903 |
| Property expense | 10 | | **(28,702)** | | (29,145) |
| General and administrative expense | 11 | | **(4,422)** | | (3,977) |
| Net interest and other financing charges | 12 | | **(27,824)** | | (26,569) |
| Fair value adjustment on investment properties | 3 | | **22,077** | | 4,346 |
| **Net income and comprehensive income** | | $ | **93,079** | $ | 74,558 |
| **Net income and comprehensive income attributable to:** | | | | | |
| Unitholders | | $ | **42,462** | $ | 33,955 |
| Non-controlling interests | 9 | | **50,617** | | 40,603 |
| | | $ | **93,079** | $ | 74,558 |
| **Net income per unit - basic** | 8 | $ | **0.399** | $ | 0.323 |
| **Net income per unit - diluted** | 8 | $ | **0.345** | $ | 0.281 |

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

# Condensed Consolidated Statements of Changes in Equity (Unaudited)

(Canadian dollars, in thousands)

| | Note | Units | Retained Earnings | Unitholders' Equity | Non-controlling interests | Total Equity |
|---|---|---|---|---|---|---|
| **Balance at December 31, 2021** | | **$ 1,093,257** | **$ 529,108** | **$ 1,622,365** | **$ 2,055,784** | **$ 3,678,149** |
| Net income and comprehensive income for the period | | **—** | **42,462** | **42,462** | **50,617** | **93,079** |
| Issuance of Class B LP Units, net of issue costs | 8 | **—** | **—** | **—** | **5,636** | **5,636** |
| Distributions | 8 | **—** | **(22,345)** | **(22,345)** | **(26,644)** | **(48,989)** |
| Issuance of Units under Distribution Reinvestment Plan and other | 8 | **4,828** | **—** | **4,828** | **—** | **4,828** |
| **Balance at March 31, 2022** | | **$ 1,098,085** | **$ 549,225** | **$ 1,647,310** | **$ 2,085,393** | **$ 3,732,703** |

| | 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 | | — | 33,955 | 33,955 | 40,603 | 74,558 |
| Issuance of Class B LP Units, net of issue costs | 8 | — | — | — | 6,880 | 6,880 |
| Distributions | 8 | | (21,146) | (21,146) | (25,273) | (46,419) |
| Issuance of Units under Distribution Reinvestment Plan and other | 8 | 4,526 | — | 4,526 | — | 4,526 |
| **Balance at March 31, 2021** | | **$ 1,078,260** | **$ 420,924** | **$ 1,499,184** | **$ 1,916,231** | **$ 3,415,415** |

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

# Condensed Consolidated Statements of Cash Flows (Unaudited)

(Canadian dollars, in thousands)

| | | Three months ended | |
|---|---|---|---|
| For the three months ended March 31, | Note | **2022** | 2021 |
| **Cash generated from (used for):** | | | |
| **Operating activities** | | | |
| Net income | | **$ 93,079** | $ 74,558 |
| Add/(deduct): | | | |
| Fair value adjustment on investment properties | 3 | **(22,077)** | (4,346) |
| Property straight-line rent revenue | 10 | **(462)** | (1,734) |
| Deferred income tax | | **541** | 663 |
| Net interest and other financing charges | 12 | **27,824** | 26,569 |
| Changes in working capital and other | 13 | **491** | (570) |
| **Cash generated from operating activities** | | **$ 99,396** | $ 95,140 |
| **Investing activities** | | | |
| Income-producing property | | **(8,889)** | (4,155) |
| Development activities and land investments | | **(4,412)** | (25,472) |
| Capital expenditures recoverable from tenants | | **(3,300)** | (2,341) |
| Proceeds of disposition | | **—** | 20,971 |
| **Cash (used for) investing activities** | | **$ (16,601)** | $ (10,997) |
| **Financing activities** | | | |
| Proceeds from issuance of debentures | 6 | **250,000** | 150,000 |
| Redemption of debentures | 6 | **(150,000)** | (150,000) |
| Unit distributions | | **(17,497)** | (16,535) |
| Class B LP Unit distributions paid or loaned | | **(26,623)** | (25,273) |
| Payments on Class C LP Units paid or loaned | 4 | **(15,991)** | (15,991) |
| Credit facilities draws (repayments), net | 7 | **(79,300)** | (21,200) |
| Lease principal payments on right-of-use assets | | **(112)** | (225) |
| Mortgage principal repayments | 5 | **(200)** | (105) |
| Net interest paid | | **(4,261)** | (1,955) |
| Debenture issuance costs | | **(1,455)** | — |
| Debt settlement costs | | **(744)** | (743) |
| Class B LP Unit issuance costs | | **(11)** | (64) |
| **Cash (used for) financing activities** | | **$ (46,194)** | $ (82,091) |
| **Cash generated in the period** | | **$ 36,601** | $ 2,052 |
| Cash and cash equivalents, beginning of period | | **3,555** | 4,531 |
| **Cash and cash equivalents, end of period** | | **$ 40,156** | $ 6,583 |

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

# Notes to the Condensed Consolidated Financial Statements (Unaudited)

For the three months ended March 31, 2022 and 2021

(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 68.9% effective interest in CT REIT as of March 31, 2022, consisting of 33,989,508 of the issued and outstanding units of CT REIT ("Units") and all of the issued and outstanding Class B limited partnership units ("Class B LP Units") of CT REIT Limited Partnership (the "Partnership"), which are economically equivalent to and exchangeable for Units. CTC also owns all of the issued and outstanding Class C limited partnership units ("Class C LP Units") of the Partnership (see Note 4). The Units are listed on the Toronto Stock Exchange (the "TSX") under the symbol CRT.UN.

## 2. SIGNIFICANT ACCOUNTING POLICIES

**(a) Statement of compliance**

These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). CT REIT prepared these interim financial statements for the three months ended March 31, 2022 in accordance with International Accounting Standard ("IAS") 34 – *Interim Financial Reporting*. These interim financial statements should be read in conjunction with the REIT's 2021 audited annual consolidated financial statements. These interim financial statements have been prepared using the accounting policies that were described in Note 3 to the REIT's 2021 audited annual consolidated financial statements.

These interim financial statements were approved for issuance by CT REIT's Board of Trustees (the "Board"), on the recommendation of its Audit Committee, on May 9, 2022.

**(b) Basis of presentation**

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

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

### (c) Judgments and estimates

The preparation of these interim financial statements in accordance with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of these interim financial statements and the reported amounts of revenues and expenses during the reporting periods presented. Actual results may differ from estimates made in these interim financial statements.

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

Details of the accounting policies subject to judgments and estimates that CT REIT believes could have the most significant impact on the amounts recognized in these interim financial statements are described in Note 2 to CT REIT's 2021 audited annual consolidated financial statements.

### (d) Standards, amendments and interpretations issued and 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.

## 3. INVESTMENT PROPERTIES

The following table summarizes CT REIT's property portfolio:

| | **Three Months Ended March 31, 2022** | | | Year Ended December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | **Income-producing properties** | **Properties Under Development** | **Total investment properties** | Income-producing properties | Properties Under Development | Total investment properties |
| **Balance, beginning of period** | **6,409,844** | **79,156** | **6,489,000** | 6,083,145 | 57,855 | 6,141,000 |
| Property acquisitions (including transaction costs) | **14,594** | **—** | **14,594** | 100,749 | — | 100,749 |
| Intensifications | **—** | **581** | **581** | — | 16,677 | 16,677 |
| Developments | **—** | **2,565** | **2,565** | — | 7,371 | 7,371 |
| Development land | **—** | **—** | **—** | — | 1,911 | 1,911 |
| Capitalized interest and property taxes | **—** | **621** | **621** | — | 1,488 | 1,488 |
| Transfers from PUD | **9** | **(9)** | **—** | 16,383 | (16,383) | — |
| Transfers to PUD | **—** | **—** | **—** | (10,237) | 10,237 | — |
| Right-of-use assets [1] | **7,134** | **—** | **7,134** | 9,945 | — | 9,945 |
| Fair value adjustment on investment properties | **22,077** | **—** | **22,077** | 169,911 | — | 169,911 |
| Straight-line rent | **462** | **—** | **462** | 6,168 | — | 6,168 |
| Recoverable capital expenditures | **1,966** | **—** | **1,966** | 33,994 | — | 33,994 |
| Dispositions | **—** | **—** | **—** | (214) | — | (214) |
| **Balance, end of period** | **$ 6,456,086** | **$ 82,914** | **$ 6,539,000** | $ 6,409,844 | $ 79,156 | $ 6,489,000 |

*[1] Relates to the impact of a lease amendment.*

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, 2021 – 10) properties which are situated on ground leases with remaining current terms up to 34 years (December 31, 2021 – up to 34 years), and an average remaining current term of 14 years (December 31, 2021 – 15 years).

Investment properties include right-of-use assets of $84,134 as at March 31, 2022 (December 31, 2021 - $77,122).

The fair value of investment properties is based on Level 3 inputs (see Note 21 (a) to the REIT's 2021 audited annual consolidated financial statements for definition of levels). There have been no transfers between levels during the period.

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

| | Three Months Ended March 31, 2022 | Year Ended December 31, 2021 |
|---|---|---|
| Number of properties | **369** | 368 |
| Value at the period end | **$ 6,539,000** | $ 6,489,000 |
| Discount rate[1] | **6.95 %** | 6.98 % |
| Terminal capitalization rate[1] | **6.46 %** | 6.48 % |
| 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.

| | Three Months Ended March 31, 2022 | | Year Ended December 31, 2021 | |
|---|---|---|---|---|
| **Rate sensitivity** | **Fair value** | **Change in fair value** | Fair value | Change in fair value |
| + 75 basis points | **$ 5,895,000** | **$ (644,000)** | $ 5,852,000 | $ (637,000) |
| + 50 basis points | **6,106,000** | **(433,000)** | 6,056,000 | (433,000) |
| + 25 basis points | **6,350,000** | **(189,000)** | 6,304,000 | (185,000) |
| Period ended | **$ 6,539,000** | **$ —** | $ 6,489,000 | $ — |
| - 25 basis points | **6,794,000** | **255,000** | 6,743,000 | 254,000 |
| - 50 basis points | **7,072,000** | **533,000** | 7,084,000 | 595,000 |
| - 75 basis points | **$ 7,375,000** | **$ 836,000** | $ 7,319,000 | $ 830,000 |

*2022 Investment and Development Activity*

Funding of investment and development activities for the three months ended March 31, 2022 was as follows:

| | **Q1 2022 Investment and Development Activity** | | | |
|---|---|---|---|---|
| | **Property investments** | **Developments** | **Intensifications** | **Total** |
| Funded with working capital to CTC | **$ 2,350** | **$ —** | **$ —** | **$ 2,350** |
| Funded with working capital to third parties | **6,597** | **2,565** | **581** | **9,743** |
| Capitalized interest and property taxes | **—** | **621** | **—** | **621** |
| Issuance of Class B LP Units to CTC | **5,647** | **—** | **—** | **5,647** |
| **Total costs** | **$ 14,594** | **$ 3,186** | **$ 581** | **$ 18,361** |

*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 |

## 4. 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 March 31, 2022 | | Carrying amount at December 31, 2021 |
|---|---|---|---|---|---|---|
| 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 three months ended March 31, 2022, interest expense of $15,991 (Q1 2021 - $15,991), was recognized in respect of the Class C LP Units (see Note 12). The holders of the Class C LP Units may elect to defer receipt of all or a portion of distributions declared by CT REIT until the first business day following the end of the fiscal year. If the holder so elects to defer receipt of payments, CT REIT will loan the holder an amount equal to the deferred payment without interest, and the loan will be due and payable in full on the first business day following the end of the fiscal year in which the loan was advanced, the holder having irrevocably directed that any payment of the deferred payments be applied to repay such loans. At the election of the holder, payments on the Class C LP Units for the three months ended March 31, 2022 of $10,660 (Q1 2021 – $10,660), 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 as at March 31, 2022 of $5,331 (December 31, 2021 – $5,331) is included in other liabilities on the Condensed Consolidated Balance Sheets.

## 5. MORTGAGES PAYABLE

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

| | | **March 31, 2022** | | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|---|---|
| | | **Face value** | | **Carrying amount** | | Face value | | Carrying amount |
| Current | **$** | **9,974** | **$** | **10,095** | $ | 10,081 | $ | 10,233 |
| Non-current | | **64,849** | | **65,201** | | 64,942 | | 65,316 |
| **Total** | **$** | **74,823** | **$** | **75,296** | $ | 75,023 | $ | 75,549 |

| Future repayments are as follows: | | Principal amortization | | Maturities | | Total |
|---|---|---|---|---|---|---|
| 2022 | $ | 421 | $ | 9,460 | $ | 9,881 |
| 2023 | | 378 | | 55,700 | | 56,078 |
| 2024 | | 391 | | — | | 391 |
| 2025 | | 403 | | — | | 403 |
| 2026 and thereafter | | 103 | | 7,967 | | 8,070 |
| Total contractual obligation | $ | 1,696 | $ | 73,127 | $ | 74,823 |
| Unamortized portion of mark to market on mortgages payable assumed on the acquisition of properties | | | | | | 515 |
| Unamortized transaction costs | | | | | | (42) |
| | | | | | $ | 75,296 |

Mortgages payable have interest rates that range from 2.13% to 4.50%, and have maturity dates that range from July 2022 to March 2026. Mortgages payable at March 31, 2022 had a weighted average interest rate of 2.58% (December 31, 2021 – 2.36%). At March 31, 2022, variable rate and fixed rate mortgages were $55,700 (December 31, 2021 – $55,700) and $19,123 (December 31, 2021 – $19,323), respectively.

Investment properties having a fair value of $163,532 (December 31, 2021 – $162,838) have been pledged as security for mortgages payable.

## 6. DEBENTURES

| | | March 31, 2022 | | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|---|---|
| Series | | **Face value** | | **Carrying amount** | | Face value | | Carrying amount |
| A, 2.85%, June 9, 2022 | **$** | **—** | **$** | **—** | $ | 150,000 | $ | 149,934 |
| B, 3.53%, June 9, 2025 | | **200,000** | | **199,457** | | 200,000 | | 199,416 |
| D, 3.29%, June 1, 2026 | | **200,000** | | **199,435** | | 200,000 | | 199,401 |
| E, 3.47%, June 16, 2027 | | **175,000** | | **174,401** | | 175,000 | | 174,372 |
| F, 3.87%, December 7, 2027 | | **200,000** | | **199,246** | | 200,000 | | 199,213 |
| G, 2.37%, January 6, 2031 | | **150,000** | | **149,150** | | 150,000 | | 149,126 |
| H, 3.03%, February 3, 2029 | | **250,000** | | **248,521** | | — | | — |
| **Total** | **$** | **1,175,000** | **$** | **1,170,210** | **$** | **1,075,000** | **$** | **1,071,462** |
| Current | **$** | **—** | **$** | **—** | $ | 150,000 | $ | 149,934 |
| Non-current | | **1,175,000** | | **1,170,210** | | 925,000 | | 921,528 |
| **Total** | **$** | **1,175,000** | **$** | **1,170,210** | $ | 1,075,000 | $ | 1,071,462 |

Debentures as at March 31, 2022, had a weighted average interest rate of 3.28% (December 31, 2021 – 3.28%).

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, a portion of the net proceeds was 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 ended March 31, 2022, amortization of transaction costs of $263 (March 31, 2021 – $199) are included in net interest and other financing charges on the Condensed Consolidated Statements of Income and Comprehensive Income (see Note 12).

## 7. CREDIT FACILITIES

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

| | **March 31, 2022** | December 31, 2021 |
|---|---|---|
| Bank Credit Facility | **$ —** | $ — |
| CTC Credit Facility | **—** | 79,300 |
| | **$ —** | $ 79,300 |

**(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 a stipulated bank prime rate or bankers' acceptance plus a margin. A standby fee is charged on the Bank Credit Facility.

As at March 31, 2022 the Bank Credit Facility had no amounts (December 31, 2021 - nil) drawn under the revolving credit facility, and $6,001 (December 31, 2021 – $5,817) 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 a stipulated bank prime rate or bankers' acceptance plus a margin.

As at March 31, 2022, there were no borrowings drawn on the CTC Credit Facility (December 31, 2021 – $79,300, interest rate of 2.61%).

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

## 8. EQUITY

**Authorized and outstanding units**

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

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

| | | | **As at March 31, 2022** |
|---|---|---|---|
| | **Units** | **Class B LP Units** | **Total** |
| Total outstanding at beginning of year | **106,304,288** | **126,880,857** | **233,185,145** |
| Units issued [1] | **290,802** | **312,976** | **603,778** |
| **Total outstanding at end of period** | **106,595,090** | **127,193,833** | **233,788,923** |

*[1] 290,802 issued pursuant to the REIT's distribution reinvestment plan.*

| | | | 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 year | 106,304,288 | 126,880,857 | 233,185,145 |

*[1] 1,162,913 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 three months ended March 31, 2022 and 2021, are calculated as follows, respectively:

| | | | **For the three months ended March 31, 2022** |
|---|---|---|---|
| | **Units** | **Class B LP Units** | **Total** |
| Net income attributable to unitholders - basic | **$ 42,462** | **$ 50,617** | **$ 93,079** |
| Income effect of settling Class C LP Units with Class B LP Units | | | **15,991** |
| **Net income attributable to unitholders - diluted** | | | **$ 109,070** |
| Weighted average units outstanding - basic | **106,447,992** | **126,908,677** | **233,356,669** |
| Dilutive effect of other unit plans | | | **286,835** |
| Dilutive effect of settling Class C LP Units with Class B LP Units | | | **82,155,282** |
| **Weighted average number of units outstanding - diluted** | | | **315,798,786** |

| | For the three months ended March 31, 2021 | | |
|---|---|---|---|
| | Units | Class B LP Units | Total |
| Net income attributable to unitholders - basic | $ 33,955 | $ 40,603 | $ 74,558 |
| Income effect of settling Class C LP Units with Class B LP Units | | | 15,991 |
| Net income attributable to unitholders - diluted | | | $ 90,549 |
| Weighted average units outstanding - basic | 105,255,760 | 125,870,871 | 231,126,631 |
| Dilutive effect of other unit plans | | | 295,024 |
| Dilutive effect of settling Class C LP Units with Class B LP Units | | | 90,277,821 |
| Weighted average number of units outstanding - diluted | | | 321,699,476 |

**Distributions on Units and Class B LP Units**

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

| For the three months ended March 31, | **2022** | 2021 |
|---|---|---|
| | **Distributions per unit** | Distributions per unit |
| Units | **$ 0.210** | $ 0.201 |
| Class B LP Units | **$ 0.210** | $ 0.201 |

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

On April 14, 2022, CT REIT's Board declared a distribution of $0.06994 per unit payable on May 16, 2022 to holders of Units and Class B LP Units of record on April 30, 2022.

On May 10, 2022, the REIT announced a 3.4% distribution increase effective with the June 15, 2022 payment to unitholders. Monthly distributions increased to $0.07232 per unit or $0.86784 per unit on an annualized basis.

Details and descriptions of the Units, and Class B LP Units are available in Note 11 of CT REIT's 2021 audited annual consolidated financial statements.

## 9. NON-CONTROLLING INTERESTS

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

| | Proportion of ownership interests held by non-controlling interests | | Net income and comprehensive income allocated to non-controlling interests | |
|---|---|---|---|---|
| | **As at March 31, 2022** | As at March 31, 2021 | **For the three months ended March 31, 2022** | For the three months ended March 31, 2021 |
| **Name of Subsidiary** | | | | |
| CT REIT Limited Partnership | **54.41 %** | 54.51 % | **$ 50,617** | $ 40,603 |

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

## 10. REVENUES AND EXPENSES

### (a) Property revenue

The components of property revenue are as follows:

| | **CTC** | **Other** | **For the three months ended March 31, 2022** |
|---|---|---|---|
| Base minimum rent | **$ 91,517** | **$ 9,088** | **$ 100,605** |
| Straight-line rent | **259** | **203** | **462** |
| Subtotal base rent | **$ 91,776** | **$ 9,291** | **$ 101,067** |
| Property operating expense recoveries | **22,644** | **4,841** | **27,485** |
| Capital expenditure and interest recovery charge | **3,190** | **31** | **3,221** |
| Other revenues | **3** | **174** | **177** |
| **Property revenue** | **$ 117,613** | **$ 14,337** | **$ 131,950** |

| | CTC | Other | For the three months ended March 31, 2021 |
|---|---|---|---|
| Base minimum rent | $ 89,238 | $ 8,550 | $ 97,788 |
| Straight-line rent | 1,417 | 317 | 1,734 |
| Subtotal base rent | $ 90,655 | $ 8,867 | $ 99,522 |
| Property operating expense recoveries | 22,991 | 4,563 | 27,554 |
| Capital expenditure and interest recovery charge | 2,592 | 35 | 2,627 |
| Other revenues | 1 | 199 | 200 |
| Property revenue | $ 116,239 | $ 13,664 | $ 129,903 |

### (b) Property expense

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

| For the three months ended March 31, | | 2022 | | 2021 |
|---|---|---|---|---|
| Property taxes | $ | **23,478** | $ | 23,979 |
| Operating costs | | **4,230** | | 4,380 |
| Property management [1] | | **994** | | 786 |
| Property expense | $ | **28,702** | $ | 29,145 |

*[1] Includes $113 (2021 - $152) payable to CTC. See Note 16.*

## 11. GENERAL AND ADMINISTRATIVE EXPENSE

General and administrative expense is comprised of the following:

| For the three months ended March 31, | | 2022 | | 2021 |
|---|---|---|---|---|
| Personnel expense [1] | $ | **2,569** | | 2,081 |
| Services Agreement with CTC [2] | | **289** | | 287 |
| Public entity and other [1] | | **1,564** | | 1,609 |
| **General and administrative expense** | $ | **4,422** | $ | 3,977 |

*[1] Includes unit-based awards, including expense adjustments as a result of the change in the fair market value of the Units of $191 (2021 - $352) for the three months ended March 31, 2022.*

*[2] See Note 16.*

## 12. NET INTEREST AND OTHER FINANCING CHARGES

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

| For the three months ended March 31, | | 2022 | | 2021 |
|---|---|---|---|---|
| Interest on Class C LP Units [1] | $ | **15,991** | $ | 15,991 |
| Interest and financing costs - debentures | | **10,410** | | 9,058 |
| Interest and financing costs - Credit Facilities [2] | | **307** | | 412 |
| Interest on mortgages payable | | **402** | | 340 |
| Interest on lease liabilities | | **1,021** | | 901 |
| | $ | **28,131** | $ | 26,702 |
| Less: capitalized interest | | **(267)** | | (129) |
| **Interest expense and other financing charges** | $ | **27,864** | $ | 26,573 |
| Less: interest income | | **(40)** | | (4) |
| **Net interest and other financing charges** | $ | **27,824** | $ | 26,569 |

*[1] Paid or payable to CTC.*

*[2] See Note 16.*

## 13. CHANGES IN WORKING CAPITAL AND OTHER

Changes in working capital are comprised of the following:

| For the three months ended March 31, | | 2022 | | 2021 |
|---|---|---|---|---|
| Changes in working capital and other | | | | |
| Tenant and other receivables | **$** | **(3,054)** | $ | (5,277) |
| Other assets | | **(3,271)** | | (3,107) |
| Other liabilities | | **7,142** | | 7,774 |
| Other | | **(326)** | | 40 |
| **Changes in working capital and other** | **$** | **491** | $ | (570) |

## 14. 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.

## 15. COMMITMENTS AND CONTINGENCIES

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

As at March 31, 2022, CT REIT had obligations of $297,083 (December 31, 2021 – $273,915) in future payments for the completion of developments. Included in the commitments is $242,615 due to CTC.

## 16. RELATED-PARTY TRANSACTIONS

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

### (a) Arrangements with CTC

*Services Agreement*

Under the services agreement 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 2022 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 2022 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 a stipulated bank prime rate or bankers' acceptance, plus a margin.

**(b) Transactions and balances with related parties**

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

| For the three months ended March 31, | Note | | **2022** | | 2021 |
|---|---|---|---|---|---|
| Rental revenue | 10 | **$** | **117,613** | $ | 116,239 |
| Property Management and Services Agreement expense | | **$** | **402** | $ | 439 |
| Distributions on Units | | **$** | **7,132** | $ | 6,825 |
| Distributions on Class B LP Units [1] | | **$** | **26,644** | $ | 25,273 |
| Interest expense on Class C LP Units | 12 | **$** | **15,991** | $ | 15,991 |
| Interest expense on the CTC Credit Facility | 12 | **$** | **42** | $ | 100 |

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

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

| As at | | **March 31, 2022** | | December 31, 2021 |
|---|---|---|---|---|
| Tenant and other (receivables) payables | **$** | **(5,120)** | $ | 299 |
| Class C LP Units | | **1,451,550** | | 1,451,550 |
| Amounts payable on Class C LP Units | | **15,991** | | 63,962 |
| Loans receivable in respect of payments on Class C LP Units | | **(10,660)** | | (58,631) |
| Other liabilities | | **5,415** | | 3,527 |
| Distributions payable on Units and Class B LP Units [1] | | **15,594** | | 34,149 |
| Loans receivable in respect of distributions on Class B LP Units | | **(4,321)** | | (22,898) |
| CTC Credit Facility [2] | | **—** | | 79,300 |
| **Net balance due to CTC** | **$** | **1,468,449** | $ | 1,551,258 |

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

*[2] See Note 7.*

## 17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair 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 March 31, 2022, was $1,454,362, $1,129,846 and $74,187, respectively. The fair value measurement of the Class C LP Units and mortgages payable is based on Level 2 inputs. The significant inputs used to determine the fair value of the Class C LP Units and mortgages payable are interest rates, term to maturity, and credit spreads. The debentures are actively traded on the secondary market and the fair value is determined using Level 1 inputs. There have been no transfers during the period between levels.

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

## 18. CAPITAL MANAGEMENT AND LIQUIDITY

CT REIT's objectives when managing capital are to ensure access to capital and sufficient liquidity is available to 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.

As at March 31, 2022, CT REIT was in compliance with the financial covenants contained in the Declaration of Trust, the Credit Facilities, and the Trust Indenture.

## CORPORATE INFORMATION

### Home Office

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Toronto, Ontario M4P 2V8
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Toll-free: 1-855-770-7348 (REIT)
Website: www.ctreit.com

### Registrar and Transfer Agent

Computershare Trust Company of Canada
100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1
Canada
Telephone: 514-982-7555
Toll-free: 1-877-982-8768
Fax: 1-866-249-7775
Email: service@computershare.com

### Exchange Listings

The Toronto Stock Exchange (CRT.UN)

### Corporate and Unitholder Information

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