

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

Forward-looking Disclaimer

This Management's Discussion and Analysis ("MD&A") contains statements that are forward-looking. Actual results or events may differ materially from those forecasted in this disclosure because of the risks and uncertainties associated with the business of CT Real Estate Investment Trust and its subsidiaries, (referred to herein as "CT REIT", the "Trust" or the "REIT", unless the context requires otherwise), and the general economic environment. CT REIT cannot provide any assurance that any forecasted financial or operational performance will actually be achieved or, if achieved, that it will result in an increase in the price of CT REIT's units. See section 13.0 in this MD&A for a more detailed discussion of the REIT's use of forward-looking statements.

1.0 Preface

1.1 Basis of Presentation

The following MD&A is intended to provide readers with an assessment of the performance of CT REIT for the three and nine months ended September 30, 2017 and should be read in conjunction with the REIT's unaudited condensed consolidated interim financial statements ("interim financial statements") and accompanying notes for the three and nine months ended September 30, 2017 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). In addition, the following MD&A should be read in conjunction with CT REIT's forward-looking information statement found in section 13.0 of this MD&A. Information about CT REIT, including the 2016 Annual Information Form ("AIF"), 2016 Annual Report and all other continuous disclosure documents required by the Canadian securities regulators, can be found on the System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com and on CT REIT's website in the Investors section by a link at www.ctreit.com.

1.2 Definitions

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

1.3 Accounting Estimates and Assumptions

The preparation of the interim financial statements in accordance with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the interim financial statements and the reported amounts of revenue and expenses during the reporting period. Refer to section 9.0 in this MD&A for further information.

Financial data included in this MD&A includes material information as of November 6, 2017. Disclosure contained in this document is current to that date, unless otherwise noted.

1.4 Quarterly Comparisons in this MD&A

Unless otherwise indicated, all comparisons of results for Q3 2017 (three months ended September 30, 2017) are against results for Q3 2016 (three months ended September 30, 2016). Certain of the prior period figures have been aligned to management's current view of CT REIT's operations.

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

1.5 Key Operating Performance Measures and Additional Non-GAAP Measures

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

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

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

1.6 Review and Approval by the Board of Trustees

The Board of Trustees (the "Board"), on the recommendation of its Audit Committee, authorized for issuance the contents of this MD&A on November 6, 2017.

1.7 Nature and Formation

CT REIT is an unincorporated, closed-end real estate investment trust established on July 15, 2013 pursuant to a declaration of trust under, and governed by, the laws of the Province of Ontario as amended and restated as at October 22, 2013 (the "Declaration of Trust"). CT REIT commenced operations on October 23, 2013. The principal, registered and head office of CT REIT is located at 2180 Yonge Street, Toronto, Ontario M4P 2V8. CTC owned an 85.5% effective interest in CT REIT as of September 30, 2017, consisting of 59,711,094 of the issued and outstanding units of CT REIT ("Units") and all of the issued and outstanding Class B limited partnership units ("Class B LP Units") of CT REIT Limited Partnership (the "Partnership"), which are economically equivalent to and exchangeable for Units. CTC also owns all of the Class C limited partnership units ("Class C LP Units") of the Partnership. The Units are listed on the Toronto Stock Exchange ("TSX") under the symbol CRT.UN.

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

2.0 Growth Strategy and Objectives

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

The principal objective of CT REIT is to create Unitholder value over the long-term by generating reliable, durable and growing monthly distributions on a tax-efficient basis. To achieve this objective, management is focused on expanding the REIT's asset base while also increasing its AFFO¹ per unit.

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

1. The portfolio of Canadian Tire store leases generally contain contractual rent escalations of approximately 1.5% per year, on average, over the initial term of the leases and have a weighted average remaining lease term of 12.0 years;
2. CT REIT has contractual arrangements with CTC whereby CT REIT has a right of first offer² ("ROFO") on all CTC properties which meet the REIT's investment criteria and preferential rights, subject to certain exceptions, to participate in the development of, and to acquire, certain new retail properties; and
3. CT REIT will continue to seek to use its relationship with CTC to obtain insights into potential real estate acquisitions and development opportunities in markets across Canada.

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

²The ROFO Agreement has a remaining initial term of approximately 6 years and thereafter will continue in effect until such time as CTC ceases to hold a majority of the voting units, being the Units and Special Voting Units (as defined in section 7.0).

3.0 Summary of Selected Financial and Operational Information

Summary of Selected Financial and Operational Information

Readers are reminded that certain key performance measures may not have standardized meanings under GAAP. For further information on the REIT's operating measures and non-GAAP measures, refer to sections 1.0 and 10.0.

(in thousands of Canadian dollars, except unit, per unit and square footage amounts)	Three Months Ended			Nine Months Ended		
For the periods ended September 30,	2017	2016	Change	2017	2016	Change
Property revenue	\$ 109,290	\$ 102,932	6.2 %	\$ 332,039	\$ 302,935	9.6 %
Income before interest and other financing charges, taxes and fair value adjustments ¹	\$ 84,294	\$ 76,614	10.0 %	\$ 249,519	\$ 223,107	11.8 %
Net operating income ¹	\$ 80,928	\$ 72,812	11.1 %	\$ 240,345	\$ 213,414	12.6 %
Net income	\$ 70,562	\$ 72,124	(2.2)%	\$ 220,183	\$ 193,624	13.7 %
Net income per unit (basic) ²	\$ 0.330	\$ 0.349	(5.4)%	\$ 1.046	\$ 0.976	7.2 %
Net income per unit (diluted) ⁴	\$ 0.275	\$ 0.290	(5.2)%	\$ 0.854	\$ 0.811	5.3 %
Funds from operations ¹	\$ 59,691	\$ 56,486	5.7 %	\$ 177,176	\$ 158,112	12.1 %
FFO per unit (diluted, non-GAAP) ^{1,2,3}	\$ 0.279	\$ 0.273	2.2 %	\$ 0.841	\$ 0.797	5.5 %
Adjusted funds from operations ¹	\$ 48,884	\$ 45,889	6.5 %	\$ 144,735	\$ 126,788	14.2 %
AFFO per unit (diluted, non-GAAP) ^{1,2,3}	\$ 0.229	\$ 0.222	3.2 %	\$ 0.687	\$ 0.639	7.5 %
Distributions per unit - paid ²	\$ 0.175	\$ 0.170	2.9 %	\$ 0.525	\$ 0.510	2.9 %
AFFO payout ratio ¹	76%	77%	(1.3)%	76%	80%	(5.0)%
Excess of AFFO over distributions:						
Cash retained from operations before distribution reinvestment ⁶	\$ 11,528	\$ 10,733	7.4 %	\$ 34,556	\$ 26,605	29.9 %
Per unit (diluted, non-GAAP) ^{1,2,3}	\$ 0.054	\$ 0.052	3.8 %	\$ 0.164	\$ 0.134	22.4 %
Adjusted cashflow from operations ^{1,7}	\$ 48,408	\$ 46,326	4.5 %	\$ 142,604	\$ 129,116	10.4 %
Weighted average number of units outstanding ²						
Basic	213,551,876	206,793,551	3.3 %	210,498,977	198,294,662	6.2 %
Diluted ⁴	318,825,160	308,370,794	3.4 %	318,578,987	306,412,920	4.0 %
Diluted (non-GAAP) ^{1,3}	213,706,652	206,925,409	3.3 %	210,639,855	198,412,568	6.2 %
Period-end units outstanding ²				213,696,081	206,810,451	3.3 %
Total assets				\$ 5,265,077	\$ 4,915,172	7.1 %
Total indebtedness				\$ 2,394,785	\$ 2,290,422	4.6 %
Book value per unit ²				\$ 13.11	\$ 12.38	5.9 %
Market price per Unit - Close (end of period)				\$ 13.89	\$ 15.40	(9.8)%
OTHER DATA						
Weighted average interest rate ⁸				4.07%	4.05%	NM
Indebtedness ratio ⁸				45.5%	46.6%	NM
Interest coverage (times) ⁸	3.45	3.78	NM	3.46	3.41	NM
Weighted average term to debt maturity (in years) ⁸				10.1	10.9	NM
Gross leasable area (square feet) ⁵				25,201,449	22,865,231	10.2 %
Occupancy rate ^{5,8}				99.6%	99.7%	NM

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

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

³ Diluted units used in calculating non-GAAP measures include restricted and deferred units issued under various plans and exclude the effect of assuming that all of the Class C LP Units will be settled with Class B LP Units.

⁴ Diluted units determined in accordance with IFRS includes restricted and deferred units issued under various plans and the effect of assuming that all of the Class C LP Units will be settled with Class B LP Units. Refer to section 7.0.

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

⁶ Refer to section 7.0 for further information.

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

⁸ NM - not meaningful.

4.0 Overview of the Property Portfolio

4.1 Property Profile

The property portfolio as at September 30, 2017 consists of 315 retail properties, four distribution centres ("DC"), one mixed-use commercial property and five properties under development (collectively, the "Properties"). The Properties are located in each of the provinces and in two territories across Canada. The retail properties, distribution centres and mixed-use commercial property contain approximately 25.2 million square feet of gross leasable area ("GLA").

CT REIT's consolidated financial position, results of operations and property portfolio analyses include the REIT's one-third interest in Canada Square, a mixed-use commercial property in Toronto, Ontario. CTC is CT REIT's largest tenant. At September 30, 2017, CTC represented 93.7% of total GLA (December 31, 2016 - 94.2%) and 93.2% of annualized base minimum rent (December 31, 2016 - 93.8%).

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

	As at September 30, 2017		
(in square feet)	GLA	Occupied GLA	Occupancy
Property Type			
Canadian Tire stores	19,692,564	19,692,564	100%
Distribution centres	3,920,269	3,920,269	100%
Mixed-use property	281,280	274,863	97.7%
Third party tenants	872,460	784,957	90.0%
Other CTC Banners ¹	434,876	434,876	100%
Total	25,201,449	25,107,529	99.6%

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

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

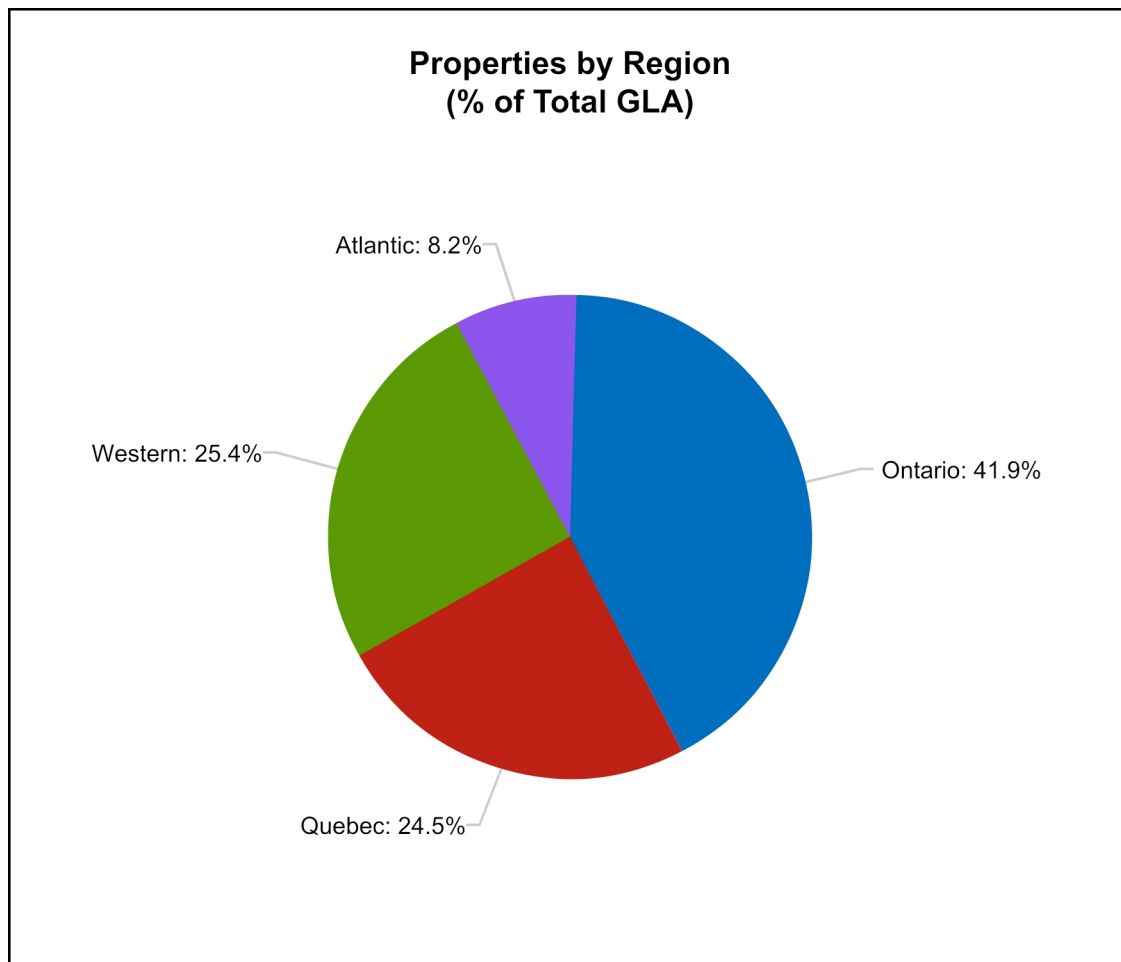
¹Includes Mark's and various FGL Sports banners, including Sport Chek, Sports Experts and Atmosphere (referred to herein as "Other CTC Banners").

The REIT's property portfolio consists of:

As at	September 30, 2017	December 31, 2016
Single tenant properties	269	254
Multi-tenant properties anchored by Canadian Tire store	42	37
Multi-tenant properties not anchored by Canadian Tire store	4	4
Distribution centres	4	4
Mixed-use property	1	1
Total operating properties	320	300
Development properties	5	3
Total Properties	325	303

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

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



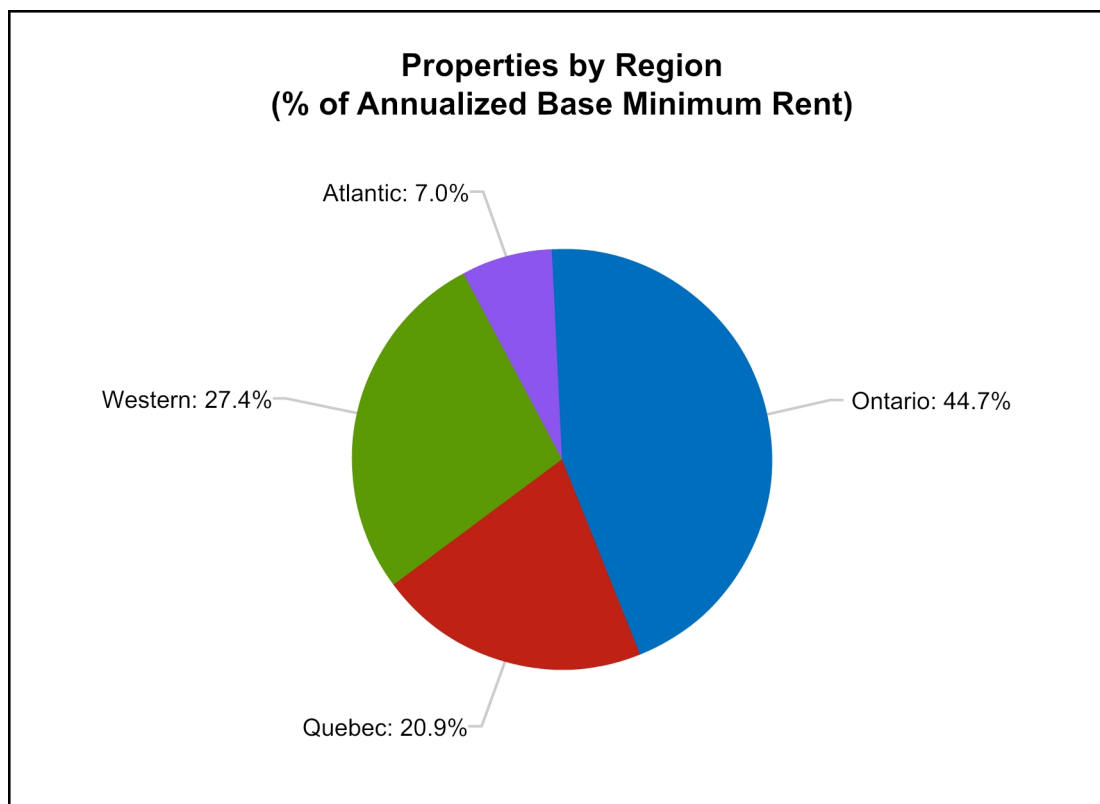
4.2 Six Largest Urban Markets

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

As at	September 30, 2017	December 31, 2016
Toronto	22.3%	22.6%
Montreal	12.1%	12.2%
Vancouver	3.3%	3.4%
Ottawa	4.3%	4.5%
Calgary	2.9%	2.9%
Edmonton	4.2%	4.2%
Percentage of Annualized Base Minimum Rent	49.1%	49.8%

4.3 Revenue by Region

CT REIT's Properties, excluding properties under development, are located across Canada with approximately 65.6% of annualized base minimum rent received in respect of properties in Ontario and Quebec.



4.4 Fair Value of Property Portfolio

The fair value of the Properties represents 99.3% of the total assets of CT REIT as at September 30, 2017.

(in thousands of Canadian dollars)	September 30, 2017			December 31, 2016		
	Income-producing properties	Properties under development	Total investment properties	Income-producing properties	Properties under development	Total investment properties
Balance, beginning of period	\$ 4,979,231	\$ 21,124	\$ 5,000,355	\$ 4,304,838	\$ 14,223	\$ 4,319,061
Property acquisitions (including transaction costs)	99,748	—	99,748	214,225	—	214,225
Intensifications	—	9,845	9,845	—	10,852	10,852
Developments	—	35,358	35,358	—	356,943	356,943
Development land	—	8,661	8,661	—	8,744	8,744
Capitalized interest and property taxes	—	1,120	1,120	—	6,895	6,895
Transfers	15,122	(15,122)	—	376,533	(376,533)	—
Fair value adjustment on investment properties	42,986	—	42,986	44,549	—	44,549
Straight-line rent	17,174	—	17,174	23,774	—	23,774
Recoverable capital expenditures	14,100	—	14,100	15,570	—	15,570
Dispositions	(18)	—	(18)	(258)	—	(258)
Balance, end of period¹	\$ 5,168,343	\$ 60,986	\$ 5,229,329	\$ 4,979,231	\$ 21,124	\$ 5,000,355

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

Properties under development ("PUD") include:

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

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

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

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

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

	Properties valued by the OCR method	Properties valued by the DCF method
Number of properties	278	42
Value at September 30, 2017	\$ 4,085,358	\$ 1,023,734
Discount rate	—%	6.93%
Terminal capitalization rate	—%	6.52%
Overall capitalization rate	6.23%	—%
Hold period (years)	—	10

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

Rate sensitivity	OCR Sensitivity		DCF Sensitivity	
	Fair value	Change in fair value	Fair value	Change in fair value
+ 75 basis points	\$ 3,650,720	\$ (434,638)	\$ 924,430	\$ (99,304)
+ 50 basis points	3,784,715	(300,643)	955,094	(68,641)
+ 25 basis points	3,929,271	(156,087)	988,060	(35,674)
Base rate	\$ 4,085,358	\$ —	\$ 1,023,734	\$ —
- 25 basis points	4,254,717	169,359	1,062,275	38,541
- 50 basis points	4,439,017	353,659	1,104,177	80,442
- 75 basis points	\$ 4,640,389	\$ 555,031	\$ 1,149,928	\$ 126,194

Included in CT REIT's Properties are nine buildings which are situated on ground leases with remaining initial terms of between two and 39 years, and an average remaining initial term of 16 years. Assuming all extensions are exercised, the ground leases have remaining terms between 25 and 73 years with an average remaining lease term of 40 years.

4.5 2017 Investment Activities

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

(in thousands of Canadian dollars, except for GLA amounts)	Transaction date	GLA	Total investment cost
Property Location			
Martensville, SK ¹	January 2017	10,380	
Cambridge, ON ²	February 2017	91,090	
Sainte-Agathe-des-Monts, QC ²	February 2017	77,506	
Victoria (View Royal), BC ²	February 2017	49,707	
Dartmouth, NS ²	March 2017	62,565	
Bradford, ON ¹	April 2017	14,938	
Athabasca, AB ¹	April 2017	7,249	
Picton, ON ⁴	April 2017	-	
Edmundston, NB ¹	June 2017	2,885	
Marathon, ON ¹	June 2017	3,770	
Maniwaki, QC ²	June 2017	27,131	
Elmira, ON ³	June 2017	34,784	
Victoria (Langford), BC ²	June 2017	67,687	
CIBC Portfolio ²	August 2017	89,453	
Total		539,145	\$ 114,870

¹ Intensification of an existing income-producing property.

² Acquisition of income-producing property(ies).

³ Development project.

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

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

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

In Q3 2017 CT REIT completed the acquisition, from a third party, of an income-producing real estate portfolio. The portfolio consists of 12 single tenant free standing buildings, occupied by CIBC branches, located across Canada.

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

4.6 Development Activities

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

Property	Anticipated date of completion	Building area (in square feet)		Total	Total investment (in thousands of Canadian dollars)			Total
		Committed to lease	Not committed to lease		Incurred to-date	Committed additional investment	Potential future investment	
Quesnel, BC ¹	Q4 2017	2,500	—	2,500				
New Liskeard, ON ¹	Q4 2017	21,000	—	21,000				
Antigonish, NS ³	Q4 2017	150,500	28,500	179,000				
Listowel, ON ¹	Q1 2018	20,000	—	20,000				
Amos, QC ²	Q1 2018	49,000	24,000	73,000				
Sudbury, ON ³	Q2 2018	48,500	34,300	82,800				
High River, AB ¹	Q3 2018	—	10,000	10,000				
La Sarre, QC ^{1,6}	Q3 2018	—	—	—				
Martensville, SK ¹	Q3 2018	8,000	4,800	12,800				
Bradford, ON ^{1,6}	Q4 2018	—	—	—				
Hamilton Rymal, ON ^{1,6}	Q4 2018	—	—	—				
Arnprior, ON ¹	Q4 2018	—	18,000	18,000				
Toronto (Leslie Lakeshore), ON ¹	Q4 2018	20,000	—	20,000				
Sherwood Park North, AB ²	Q4 2018	93,000	—	93,000				
Calgary, AB ³	Q1 2019	47,000	—	47,000				
Toronto (Canada Square), ON ⁴	TBD	TBD	TBD	TBD				
TOTAL		459,500	119,600	579,100	\$ 60,986	\$ 59,571	\$ 9,314	\$ 129,871

¹ Intensification of an existing income-producing property.

² Development property.

³ Redevelopment property.

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

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

⁶ Land lease.

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

In Q2 2017, CT REIT acquired a redundant Canadian Tire store from CTC located in Calgary, Alberta for redevelopment, which is expected to be completed by Q1 2019.

In Q3 2017, CT REIT acquired development lands in Sherwood Park North, Alberta from CTC on which a 93,000 square foot Canadian Tire store is expected to be constructed by Q4 2018. During Q3 2017, CT REIT also acquired two redundant properties from CTC located in Sudbury and Arnprior, Ontario for redevelopment. The Sudbury redevelopment property is expected to be completed by Q2 2018. The Arnprior redundant property is immediately adjacent to the Arnprior Mall, the redevelopment of which was completed in Q4 2016.

As at September 30, 2017, CT REIT had committed lease agreements for 459,500 square feet, of which 61% has been leased to CTC. A total of \$60,986 has been expended to date on these developments and CT REIT anticipates investing an additional \$59,571 to complete the committed developments. Included in the commitment is \$46,432 due to CTC. These commitments exclude the development at the Canada Square, Ontario property.

4.7 Investment and Development Funding

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

Q3 2017 Investment and Development Activity						
(in thousands of Canadian dollars)	Property investments	Development land	Developments	Intensifications	Total	
Funded with working capital to CTC	\$ —	\$ 6,640	\$ 4,900	\$ 300	\$ 11,840	
Funded with working capital to third parties ¹	28,720	4	1,559	3,008	33,291	
Capitalized interest and property taxes	—	—	566	—	566	
Issuance of Class B LP Units to CTC	—	1,760	2,255	187	4,202	
Mortgages payable	—	—	—	—	—	
Total costs	\$ 28,720	\$ 8,404	\$ 9,280	\$ 3,495	\$ 49,899	

¹ Includes \$229 for the construction of Other CTC Banner stores.

YTD 2017 Investment and Development Activity						
(in thousands of Canadian dollars)	Property investments	Development land	Developments	Intensifications	Total	
Funded with working capital to CTC	\$ 28,800	\$ 6,640	\$ 12,198	\$ 6,157	\$ 53,795	
Funded with working capital to third parties ¹	33,360	261	4,085	3,501	41,207	
Capitalized interest and property taxes	—	—	1,120	—	1,120	
Issuance of Class B LP Units to CTC	37,588	1,760	13,075	187	52,610	
Mortgages payable	—	—	6,000	—	6,000	
Total costs	\$ 99,748	\$ 8,661	\$ 36,478	\$ 9,845	\$ 154,732	

¹ Includes \$969 for the construction of Other CTC Banner stores.

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

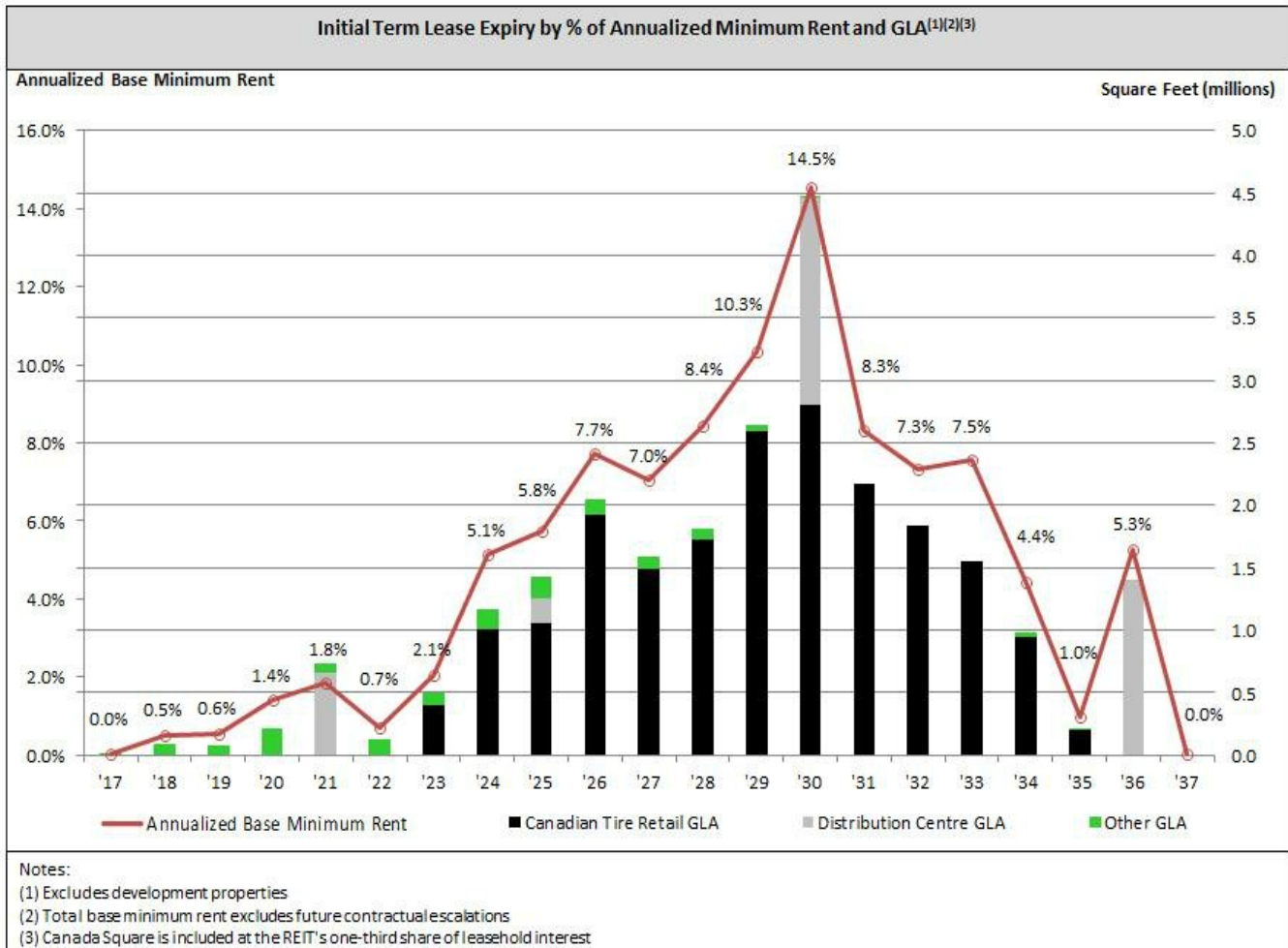
2016 Investment and Development Activity					
(in thousands of Canadian dollars)	Property investments	Development land	Developments	Intensifications	Total
Funded with working capital to CTC	\$ 5,790	\$ 1,184	\$ 328,039	\$ 6,442	\$ 341,455
Funded with working capital to third parties ¹	135,265	2,660	18,904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

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

4.8 Lease Maturities

CTC is CT REIT's largest tenant. As at September 30, 2017, CTC, including Canadian Tire stores and Other CTC Banners, had leased 23.5 million square feet of GLA, with approximately 86.2% and 13.8% of the GLA attributable to retail and office, and distribution properties, respectively. The weighted average term of the retail leases with CTC, including Canadian Tire stores and Other CTC Banners, is 11.9 years, excluding the exercise of any renewals. The weighted average term of the Canadian Tire store leases is 12.0 years, with a weighted average rental rate of \$13.31 per square foot. The weighted average lease terms for the CTC distribution centres is 16.5 years. The weighted average lease term of all tenants in the REIT's portfolio, excluding those in development properties, is 11.8 years.

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



4.9 Top 10 Tenants Excluding CTC Banners

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

Rank	Tenant Name	Percentage of total annualized base minimum rent
1	Sears Canada Inc. ¹	1.48%
2	Canadian Imperial Bank of Commerce	0.54%
3	Overwaitea Foods	0.28%
4	Shoppers Drug Mart	0.27%
5	Best Buy	0.24%
6	Precise Parklink	0.21%
7	Marshalls	0.20%
8	Royal Bank of Canada	0.19%
9	Dollarama	0.15%
10	PetSmart	0.14%
		3.7%

¹Distribution centre in Calgary.

In 2016, the REIT completed a sale and leaseback transaction with Sears Canada Inc. ("Sears") for its distribution centre in Calgary. The REIT continues to view this property as a strategically located distribution centre, with direct access to the CP rail yards and positioned between two other CTC distribution centres. On June 22, 2017 Sears obtained creditor protection under the Companies' Creditors' Arrangement Act (CCAA) (the "Initial Order"). Sears was current on its rental payments at that time and has since made payments due to CT REIT in accordance with the Initial Order. In October 2017, the courts extended Sears' creditor protection until January 22, 2018. In addition, the court approved the liquidation of Sears' business. The REIT expects that Sears will either assign or disclaim the lease of the Calgary distribution centre.

4.10 Leasing Activities

The future financial performance of CT REIT will be impacted by occupancy rates, trends in rental rates achieved on leasing or renewing currently leased space, and contractual increases in rent. At September 30, 2017, the REIT's occupancy rate was 99.6% (Q3 2016 - 99.7%), excluding properties under development. The REIT continues to actively pursue tenants, not related to CTC, for occupancy of development properties.

4.11 Recoverable Capital Costs

Many of the capital costs that will be incurred by CT REIT are recoverable from tenants pursuant to the terms of their leases. The recoveries will occur either in the year in which such expenditures are incurred or, in the case of a major item of repair, maintenance or replacement, on a straight-line basis over the expected useful life thereof together with an imputed rate of interest on the unrecovered balance at any point in time. Capital expenditures of \$8,307 and \$14,100 (Q3 2016 - \$8,551 and YTD 2016 - \$13,708) were incurred during the three and nine months ended September 30, 2017, respectively. Most of the REIT's recoverable capital expenditures relate to parking lots, roofs and heating, ventilation and air conditioning activities that are typically seasonal.

5.0 Results of Operations

5.1 Financial Results for the Three and Nine Months Ended September 30, 2017

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

(in thousands of Canadian dollars)	Three Months Ended			Nine Months Ended		
For the periods ended September 30,	2017	2016	Change	2017	2016	Change
Property revenue	\$ 109,290	\$ 102,932	6.2 %	\$ 332,039	\$ 302,935	9.6%
Property expense	(22,694)	(24,189)	(6.2)%	(74,566)	(71,851)	3.8%
General and administrative expense	(2,167)	(1,954)	10.9 %	(8,323)	(7,836)	6.2%
Net interest and other financing charges	(24,335)	(20,235)	20.3 %	(71,953)	(65,295)	10.2%
Fair value adjustment on investment properties	10,468	15,570	(32.8)%	42,986	35,671	20.5%
Net income and comprehensive income	\$ 70,562	\$ 72,124	(2.2)%	\$ 220,183	\$ 193,624	13.7%

Property Revenue

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

Total revenue for the three months ended September 30, 2017 increased \$6,358 (6.2%) compared to the same period in the prior year primarily due to base rent related to properties acquired and intensification activities completed during 2017 and 2016. Total revenue included expense recoveries in the amount of \$20,844 (Q3 2016 - \$22,574).

Total revenue for the nine months ended September 30, 2017 was \$332,039 which was \$29,104 (9.6%) higher compared to the same period in the prior year primarily due to base rent related to properties acquired and intensification activities completed during 2017 and 2016. Total revenue included expense recoveries in the amount of \$68,607 (2016 - \$66,760).

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 September 30, 2017, straight-line rent of \$5,683 (Q3 2016 - \$5,954) was included in total property revenue. For the nine months ended September 30, 2017, straight-line rent of \$17,174 (2016 - \$17,738) was included in total property revenue.

Property Expense

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

Property expenses for the three months ended September 30, 2017 decreased \$1,495 (6.2%) compared to the same period in the prior year primarily due to reduced property taxes partially offset by property acquisitions completed during 2017 and 2016.

Property expenses for the nine months ended September 30, 2017 increased \$2,715 (3.8%) compared to the same period in the prior year primarily due to property acquisitions completed during 2017 and 2016 partially offset by reduced property taxes.

General and Administrative Expense

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

(in thousands of Canadian dollars)	Three Months Ended			Nine Months Ended		
For the periods ended September 30,	2017	2016	Change	2017	2016	Change
Personnel expense	\$ 1,105	\$ 796	38.8 %	\$ 3,856	\$ 3,374	14.3 %
Services Agreement with CTC	751	922	(18.5)%	2,251	2,337	(3.7)%
Public entity and other	311	236	31.8 %	2,216	2,125	4.3 %
General and administrative expense	\$ 2,167	\$ 1,954	10.9 %	\$ 8,323	\$ 7,836	6.2 %
As a percent of property revenue	2.0%	1.9%		2.5%	2.6%	

General and administrative expenses amounted to \$2,167 or 2.0% of property revenue for the three months ended September 30, 2017 which is \$213 (10.9%) higher compared to the same period in the prior year primarily due to:

- increased personnel expense due to the variable components of compensation awards; partially offset by
- decreased costs pursuant to the Services Agreement as a result of the internalization of certain services.

General and administrative expenses amounted to \$8,323 or 2.5% of property revenue for the nine months ended September 30, 2017 which is \$487 (6.2%) higher compared to the same period in the prior year primarily due to:

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

Net Interest and Other Financing Charges

As at September 30, 2017 the Partnership had 1,451,550 Class C LP Units outstanding with a face value of \$1,451,550 and bearing a weighted average distribution rate of 4.7% per annum. The Class C LP Units are subject to redemption rights. Accordingly, the Class C LP Units are classified as financial liabilities and distributions on the Class C LP Units are presented in the net interest and other financing charges in the interim statements of income and comprehensive income.

(in thousands of Canadian dollars)	Three Months Ended			Nine Months Ended		
For the periods ended September 30,	2017	2016	Change ²	2017	2016	Change ²
Interest on Class C LP Units ¹	\$ 17,055	\$ 17,424	(2.1)%	\$ 51,771	\$ 54,986	(5.8)%
Interest and financing costs - debentures	7,032	5,461	28.8 %	18,197	12,188	49.3 %
Interest and financing costs - Bank Credit Facility	277	274	1.1 %	1,655	783	NM
Interest on mortgages payable	450	396	13.6 %	1,266	1,200	5.5 %
	\$ 24,814	\$ 23,555	5.3 %	\$ 72,889	\$ 69,157	5.4 %
Less: capitalized interest	(390)	(3,304)	(88.2)%	(803)	(3,664)	(78.1)%
Interest and other financing charges less capitalized interest	\$ 24,424	\$ 20,251	20.6 %	\$ 72,086	\$ 65,493	10.1 %
Less: interest income	(89)	(16)	NM	(133)	(198)	(32.8)%
Net interest and other financing charges	\$ 24,335	\$ 20,235	20.3 %	\$ 71,953	\$ 65,295	10.2 %

¹ CTC elected to defer receipt of distributions on the Series 3-12 and Series 16 and Series 19 Class C LP Units for the three and nine months ended September 30, 2017 in the amount of \$16,916 (Q3 2016 -\$17,165) and \$45,463 (YTD 2016 - \$48,626), respectively, until the first business day following the end of the fiscal year and receive a loan in lieu thereof. The deferred distributions have been netted against interest payable on Class C LP Units and are included under the heading "other liabilities" on the interim balance sheets.

² NM - not meaningful.

Net interest and other financing charges for the three months ended September 30, 2017 was \$4,100 (20.3%) higher compared to the same period in the prior year largely due to decreased interest capitalization as a result of the completion of the Bolton development property in 2016, increased interest on the debentures issued in June 2017 which replaced draws on the Bank Credit Facility, partially offset by the redemption of Series 10-15 Class C LP Units in May 2017 which were partially replaced with new equity.

Net interest and other financing charges for the nine months ended September 30, 2017 was \$6,658 (10.2%) higher compared to the same period in the prior year largely due to increased interest on the debentures issued in June 2017 and May 2016, decreased interest capitalization as a result of the completion of the Bolton development property in 2016 and increased utilization on the Bank Credit Facility, partially offset by the redemption of Series 10-15 Class C LP Units in May 2017 and the redemption of Series 2 Class C LP Units in June 2016.

Fair Value Adjustment on Investment Properties

The fair value gain on investment properties for the three months ended September 30, 2017 decreased by \$5,102 (32.8)% compared to the same period in 2016. The decrease in the fair value adjustment on investment properties is primarily due to a slight decrease in the capitalization rates for certain investment properties located in Toronto, Ontario in 2016.

The fair value gain on investment properties for the nine months ended September 30, 2017 increased by \$7,315 (20.5)% compared to the same period in 2016. The increase in the fair value adjustment on investment properties is primarily due to the impact of decreases in capitalization rates and the valuation of completed development projects.

Income Tax Expense

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

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

Net Income

(in thousands of Canadian dollars)	Three Months Ended			Nine Months Ended		
For the periods ended September 30,	2017	2016	Change	2017	2016	Change
Net income and comprehensive income	\$ 70,562	\$ 72,124	(2.2)%	\$ 220,183	\$ 193,624	13.7%
Net income per unit - basic	\$ 0.330	\$ 0.349	(5.4)%	\$ 1.046	\$ 0.976	7.2%
Net income per unit - diluted	\$ 0.275	\$ 0.290	(5.2)%	\$ 0.854	\$ 0.811	5.3%

Net income decreased by \$1,562 (2.2%) for the three months ended September 30, 2017 compared to the same period in the prior year for the reasons discussed above.

Net income increased by \$26,559 (13.7%) for the nine months ended September 30, 2017 compared to the same period in the prior year for the reasons discussed above.

Net income per unit - basic decreased by \$(0.019) (5.4)% for the three months ended September 30, 2017 compared to the same period in the prior year primarily due to decreased net income, as discussed above, and as a result of an increase in the weighted average number of units outstanding - basic. For the nine months ended September 30, 2017 the net income per unit - basic increased by \$0.070 (7.2%) compared to the same period in the prior year primarily due to increased net income, as discussed above, partially offset by an increase in the weighted average number of units outstanding - basic.

Net income per unit - diluted decreased by \$(0.015) (5.2)% for the three months ended September 30, 2017 compared to the same period in the prior year primarily due to decreased net income, as discussed above, an increase in the weighted average number of units outstanding - basic and an increase in the dilutive effect of settling Class C LP Units with Class B LP Units. For the nine months ended September 30, 2017 net income per unit - diluted increased by \$0.043 (5.3%) compared to the same period in the prior year. The increase is primarily due to increased net income, as discussed above, partially offset by an increase in the weighted average number of units outstanding - basic.

5.2 Non-GAAP Measures

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

(in thousands of Canadian dollars, except per unit amounts)	Three Months Ended			Nine Months Ended		
For the periods ended September 30,	2017	2016	Change	2017	2016	Change
Net operating income	\$ 80,928	\$ 72,812	11.1 %	\$ 240,345	\$ 213,414	12.6 %
Same store NOI	\$ 73,887	\$ 72,660	1.7 %	\$ 211,226	\$ 207,068	2.0 %
Same property NOI	\$ 74,068	\$ 72,668	1.9 %	\$ 211,641	\$ 207,097	2.2 %
Funds from operations	\$ 59,691	\$ 56,486	5.7 %	\$ 177,176	\$ 158,112	12.1 %
FFO per unit - basic	\$ 0.280	\$ 0.273	2.6 %	\$ 0.842	\$ 0.797	5.6 %
FFO per unit - diluted (non-GAAP)	\$ 0.279	\$ 0.273	2.2 %	\$ 0.841	\$ 0.797	5.5 %
Adjusted funds from operations	\$ 48,884	\$ 45,889	6.5 %	\$ 144,735	\$ 126,788	14.2 %
AFFO per unit - basic	\$ 0.229	\$ 0.222	3.2 %	\$ 0.688	\$ 0.639	7.7 %
AFFO per unit - diluted (non-GAAP)	\$ 0.229	\$ 0.222	3.2 %	\$ 0.687	\$ 0.639	7.5 %
AFFO payout ratio	76%	77%	(1.3)%	76%	80%	(5.0)%
ACFO ¹	\$ 48,408	\$ 46,326	4.5 %	\$ 142,604	\$ 129,116	10.4 %
EBITFV	\$ 84,294	\$ 76,614	10.0 %	\$ 249,519	\$ 223,107	11.8 %

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

Net Operating Income

NOI for the three months ended September 30, 2017 increased \$8,116 (11.1%) compared to the same period in the prior year primarily due to the acquisition of income-producing properties and properties under development completed in 2017 and 2016, which contributed \$6,716 to NOI growth. NOI for properties under development for the three months ended September 30, 2017 was \$301.

Same store NOI and same property NOI for the three months ended September 30, 2017 increased \$1,227 (1.7%) and \$1,400 (1.9%), respectively, when compared to the prior year primarily due to the following reasons:

- contractual rent escalations of approximately 1.5% per year, on average, contained within the Canadian Tire store and CTC's DC leases, which are generally effective January 1st, contributed \$1,068 to NOI growth;
- recovery of capital expenditures and interest earned on the unrecovered balance contributed \$348 to NOI growth; and
- intensifications completed in 2017 and 2016 contributed \$173 to NOI growth.

NOI for the nine months ended September 30, 2017 increased \$26,931 (12.6%) compared to the same period in the prior year primarily due to the acquisition of income-producing properties and properties under development completed in 2017 and 2016, which contributed \$22,387 to NOI growth. NOI for properties under development during the nine months ended September 30, 2017 was \$2,266.

Same store NOI and same property NOI for the nine months ended September 30, 2017 increased \$4,158 (2.0%) and \$4,544 (2.2%), respectively, when compared to the prior year for the following reasons:

- contractual rent escalations of approximately 1.5% per year, on average, contained within the Canadian Tire store and CTC's DC leases, which are generally effective January 1st, contributed \$2,997 to NOI growth;
- recovery of capital expenditures and interest earned on the unrecovered balance contributed \$1,370 to NOI growth; and
- intensifications completed in 2017 and 2016 contributed \$386 to NOI growth.

Funds From Operations

FFO for the three months ended September 30, 2017 amounted to \$59,691 or \$0.279 per unit (diluted non-GAAP) which was \$3,205 (5.7%) and \$0.006 (2.2%), respectively, higher than the same period in 2016 primarily due to the impact of NOI variances, partially offset by higher interest expense, discussed earlier.

FFO for the nine months ended September 30, 2017 amounted to \$177,176 or \$0.841 per unit (diluted non-GAAP) which was \$19,064 (12.1%) and \$0.044 (5.5%), respectively, higher than the same period in 2016 primarily due to the impact of NOI variances, partially offset by higher interest expense, discussed earlier.

Adjusted Funds From Operations

AFFO for the three months ended September 30, 2017 amounted to \$48,884 or \$0.229 per unit (diluted non-GAAP) which was \$2,995 (6.5%) and \$0.007 (3.2%), respectively, higher than the same period in 2016 primarily due to the impact of NOI variances, partially offset by higher interest expense, discussed earlier.

AFFO for the nine months ended September 30, 2017 amounted to \$144,735 or \$0.687 per unit (diluted non-GAAP) which was \$17,947 (14.2%) and \$0.048 (7.5%), respectively, higher than the same period in 2016 primarily due to the impact of NOI variances, as discussed earlier, partially offset by higher interest expense and an increase in the normalized capital expenditure reserve.

Adjusted Funds From Operations Payout Ratio

The AFFO payout ratio for the three months ended September 30, 2017 decreased by 1.3% compared to the same period in 2016 primarily due to an increase in AFFO per unit diluted (non-GAAP) resulting from NOI variances, discussed earlier, partially offset by higher interest expense and an increase in the monthly distribution rate which commenced January 1, 2017.

The AFFO payout ratio for the nine months ended September 30, 2017 decreased by 5.0% compared to the same period in 2016 primarily due to an increase in AFFO per unit diluted (non-GAAP) resulting from NOI variances, discussed earlier, partially offset by higher interest expense and an increase in the monthly distribution rate which commenced January 1, 2017.

Adjusted Cashflow From Operations

ACFO for the three months ended September 30, 2017 increased by \$2,082 or 4.5% over the same period in 2016 primarily due to the impact of NOI variances, discussed earlier, partially offset by higher interest expense.

ACFO for the nine months ended September 30, 2017 increased by \$13,488 or 10.4% over the same period in 2016 primarily due to the impact of NOI variances, discussed earlier, partially offset by higher interest expense and an increase in the normalized capital expenditure reserve.

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

EBITFV for the three months ended September 30, 2017 increased by \$7,680 or 10.0% over the same period in 2016 primarily due to the impact of NOI variances, discussed earlier.

EBITFV for the nine months ended September 30, 2017 increased by \$26,412 or 11.8% over the same period in 2016 primarily due to the impact of NOI variances, discussed earlier.

6.0 Liquidity and Financial Condition

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

6.1 Liquidity

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

(in thousands of Canadian dollars)						
As at	September 30, 2017			December 31, 2016		
Cash and cash equivalents	\$	11,760	\$	6,369		
Unused portion of Bank Credit Facility ¹		285,255		188,949		
Liquidity	\$	297,015	\$	195,318		

¹See section 6.10 for Bank Credit Facility details.

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

(in thousands of Canadian dollars)						
For the periods ended September 30,	Three Months Ended			Nine Months Ended		
	2017	2016	Change ¹	2017	2016	Change ¹
Cash generated from operating activities	\$ 72,227	\$ 70,798	2.0%	\$ 231,682	\$ 206,906	12.0 %
Cash used for investing activities	(53,602)	(13,334)	302.0%	(111,532)	(423,927)	(73.7)%
Cash (used for)/generated from financing activities	(42,194)	(51,756)	NM	(114,759)	199,144	NM
Cash generated from/(used for) the period	\$ (23,569)	\$ 5,708	NM	\$ 5,391	\$ (17,877)	NM

¹NM - not meaningful.

6.2 Discussion of Cash Flows

Cash used for the three months ended September 30, 2017 of \$23,569 is primarily the result of investing activities and distributions being partially offset by cash generated from operating activities.

Cash generated for the nine months ended September 30, 2017 is primarily the result of cash generated from operating activities and from the issuance of Debentures being partially offset by cash used in investing activities, the repayment of borrowings drawn on the Bank Credit Facility and distributions.

6.3 Credit Ratings

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

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

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

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

6.4 Debt and Capital Structure

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

(in thousands of Canadian dollars)	September 30, 2017		December 31, 2016	
As at				
Class C LP Units	\$	1,451,550	\$	1,521,968
Mortgages payable		61,011		55,995
Debentures		869,238		695,336
Bank Credit Facility		12,986		109,824
Total indebtedness	\$	2,394,785	\$	2,383,123
Unitholders' equity		1,143,084		1,094,207
Non-controlling interests		1,658,572		1,496,377
Total capital under management	\$	5,196,441	\$	4,973,707

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

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

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

(in thousands of Canadian dollars)	Mortgages payable		Class C LP Units	Debentures	Bank Credit Facility	Total
	Principal amortization	Maturities				
For the period ending September 30:						
2017	\$ 314	\$ —	\$ —	\$ —	\$ 12,986	\$ 13,300
2018	493	16,590	—	—	—	17,083
2019	36	43,590	—	—	—	43,626
2020	—	—	251,550	—	—	251,550
2021	—	—	—	150,000	—	150,000
2022 and thereafter	—	—	1,200,000	725,000	—	1,925,000
Total contractual obligation	\$ 843	\$ 60,180	\$ 1,451,550	\$ 875,000	\$ 12,986	\$ 2,400,559
Unamortized portion of mark to market on mortgages payable assumed in connection with the acquisition of properties	—	65	—	—	—	65
Unamortized transaction costs	—	(77)	—	(5,762)	—	(5,839)
	\$ 843	\$ 60,168	\$ 1,451,550	\$ 869,238	\$ 12,986	\$ 2,394,785

Interest rates on CT REIT's indebtedness range from 1.65% to 5.00%. The maturity dates on the indebtedness range from January 1, 2018 to May 31, 2038. Total indebtedness at September 30, 2017 had a weighted average interest rate of 4.07% and a weighted average term to maturity of 10.1 years, excluding the Bank Credit Facility, which is consistent with the rate and term as at December 31, 2016. At September 30, 2017, the weighted average interest rate of CT REIT's indebtedness, excluding the Bank Credit Facility, was 4.08%. At September 30, 2017, floating rate and fixed rate indebtedness were \$50,119 and \$2,344,666, respectively.

As at	September 30, 2017	December 31, 2016
Variable rate debt	\$ 50,119	\$ 140,957
Total indebtedness	2,394,785	2,383,123
Variable rate debt / total indebtedness	2.09%	5.91%

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

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

(in thousands of Canadian dollars, except percentage amounts)	Number of Properties	Fair Value of Investment Properties	Percentage of Total Assets	Mortgages Payable	Loan to Value Ratio
Unencumbered assets	320	\$ 5,095,592	96.8%	\$ —	—
Encumbered assets	5	133,737	2.5%	61,011	45.6%
Total	325	\$ 5,229,329	99.3%	\$ 61,011	1.2%

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

(in thousands of Canadian dollars)	September 30, 2017	December 31, 2016
As at		
Secured debt	\$ 61,011	\$ 55,995
Total indebtedness	2,394,785	2,383,123
Secured debt / total indebtedness	2.55%	2.35%

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

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

(in thousands of Canadian dollars)	September 30, 2017	December 31, 2016
As at		
Total indebtedness	\$ 2,394,785	\$ 2,383,123
EBITFV ¹	332,692	300,275
Total indebtedness / EBITFV	7.20	7.94

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

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

6.5 Interest Coverage Ratio

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

(in thousands of Canadian dollars)	Three Months Ended		Nine Months Ended	
For the periods ended September 30,	2017	2016	2017	2016
EBITFV¹ (A)	\$ 84,294	\$ 76,614	\$ 249,519	\$ 223,107
Interest and other financing charges (B)	\$ 24,424	\$ 20,251	\$ 72,086	\$ 65,493
Interest coverage ratio (A)/(B)	3.45	3.78	3.46	3.41

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

The fluctuations in the interest coverage ratios for the three and nine months ended September 30, 2017, as compared to the same periods in 2016, are primarily due to the capitalization of interest on the Bolton development property in 2016 and the recognition of NOI on the Bolton distribution centre in 2017.

6.6 Indebtedness Ratio

CT REIT has adopted an indebtedness ratio guideline which management uses as a measure to evaluate its leverage and the strength of its equity position, expressed as a percentage of financing provided by debt. CT REIT's Declaration of Trust limits its indebtedness (plus the aggregate par value of the Class C LP Units) to a maximum of 60% of the gross book value, excluding convertible debentures, and 65% including convertible debentures. Gross book value is defined as total assets as reported on the latest consolidated balance sheet.

CT REIT calculates its indebtedness ratio as follows:

(in thousands of Canadian dollars)	September 30, 2017		December 31, 2016	
As at				
Total assets (A)	\$	5,265,077	\$	5,014,601
Total indebtedness¹ (B)	\$	2,394,785	\$	2,383,123
Indebtedness ratio (B)/(A)		45.5%		47.5%

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

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

6.7 Class C LP Units

At September 30, 2017 there were 1,451,550 Class C LP Units outstanding, all of which were held by CTC. The Class C LP Units are designed to provide CTC with an interest in the Partnership that entitles holders to a fixed cumulative monthly payment, during the initial fixed rate period for each series of Class C LP Units (the "Initial Fixed Rate Period") equal to a weighted average of 4.70% of the aggregate capital amount ascribed to the Class C LP Units. Such payments are made in priority to distributions made to holders of Class B LP Units and GP Units (subject to certain exceptions) if, as and when declared by the Board of Directors of the GP 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.

On expiry of the Initial Fixed Rate Period applicable to each series of Class C LP Units, and each five-year period thereafter, each such series of Class C LP Units is redeemable at par (together with all accrued and unpaid payments thereon) at the option of the Partnership or the holder, upon giving at least 120 days' prior notice. The Partnership further has the ability to settle any of the Class C LP Units at any time after January 1, 2019 at a price equal to the greater of par and a price to provide a yield equal to the then equivalent Government of Canada bond yield plus a spread, so long as such redemption is in connection with a sale of properties.

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

During the five-year period beginning immediately following the completion of the Initial Fixed Rate Period, and each five-year period thereafter, if not redeemed, the fixed payment rate for Class C LP Units will be reset, and the holders of Class C LP Units will be entitled, subject to certain conditions, to elect either a fixed rate or floating rate option.

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

Series of Class C LP Units	Initial subscription price (\$000)	Annual distribution rate during initial fixed rate period	Expiry of initial fixed rate period	% of Total Class C LP Units
Series 3	\$ 200,000	4.50%	May 31, 2020 (2.7 years)	13.78%
Series 4	200,000	4.50%	May 31, 2024 (6.7 years)	13.78%
Series 5	200,000	4.50%	May 31, 2028 (10.7 years)	13.78%
Series 6	200,000	5.00%	May 31, 2031 (13.7 years)	13.78%
Series 7	200,000	5.00%	May 31, 2034 (16.7 years)	13.78%
Series 8	200,000	5.00%	May 31, 2035 (17.7 years)	13.78%
Series 9	200,000	5.00%	May 31, 2038 (20.7 years)	13.78%
Series 16	16,550	2.42%	May 31, 2020 (2.7 years)	1.14%
Series 17	18,500	2.39%	May 31, 2020 (2.7 years)	1.27%
Series 18	4,900	2.28%	May 31, 2020 (2.7 years)	0.34%
Series 19	11,600	2.28%	May 31, 2020 (2.7 years)	0.80%
Total / weighted average	\$ 1,451,550	4.70%	12.3 years	100.0%
Current	\$ —			
Non-current	1,451,550			
Total	\$ 1,451,550			

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

6.8 Debentures

Series	September 30, 2017		December 31, 2016	
	Face value	Carrying amount	Face value	Carrying amount
A, 2.85%, June 9, 2022	\$ 150,000	\$ 149,238	\$ 150,000	\$ 149,123
B, 3.53%, June 9, 2025	200,000	198,701	200,000	198,588
C, 2.16%, June 1, 2021	150,000	149,217	150,000	149,058
D, 3.29%, June 1, 2026	200,000	198,679	200,000	198,567
E, 3.47%, June 16, 2027	175,000	173,403	—	—
	\$ 875,000	\$ 869,238	\$ 700,000	\$ 695,336

Debentures at September 30, 2017 had a weighted average interest rate of 3.11% (December 31, 2016 - 3.02%).

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

For the three and nine months ended September 30, 2017, amortization of the transaction costs of \$210 (Q3 2016 - \$166) and \$551 (YTD 2016 - \$382) is included in net interest and other financing charges on the interim statement of income and comprehensive income (refer to Note 12 to the interim consolidated financial statements).

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

6.9 Mortgages Payable

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

(in thousands of Canadian dollars)					
As at	September 30, 2017		December 31, 2016		
	Face value	Carrying amount	Face value	Carrying amount	
Current	\$ 17,290	\$ 17,311	\$ 1,241	\$ 1,318	
Non-current	43,733	43,700	54,708	54,677	
Total	\$ 61,023	\$ 61,011	\$ 55,949	\$ 55,995	

Mortgages payable at September 30, 2017 had a weighted average interest rate of 3.13% (December 31, 2016 – 3.16%). During the nine months ended September 30, 2017, CT REIT increased mortgages payable.

6.10 Bank Credit Facility

In Q3 2017, CT REIT amended its existing \$300 million unsecured revolving credit facility to extend the term of the facility for one year to September 2022 ("Bank Credit Facility"). The Bank Credit Facility bears interest at a rate based on the bank's prime rate of interest or bankers' acceptances plus a margin. A standby fee is charged on the Bank Credit Facility.

As at September 30, 2017, \$12,986 (December 31, 2016 - \$109,824) of borrowings were drawn on the Bank Credit Facility. At September 30, 2017, the Bank Credit Facility had a weighted average interest rate of 2.32% (December 31, 2016 - 1.88%).

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

(in thousands of Canadian dollars)				
Bank credit facility maximum loan amount	Cash advances	Letters of credit	Available to be drawn	
\$ 300,000	\$ 12,986	\$ 1,759	\$ 285,255	

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

6.11 Capital Strategy

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

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

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

CT REIT's indebtedness ratio was 45.5% as at September 30, 2017. Refer to section 6.6 for the definition and calculation of CT REIT's indebtedness ratio.

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

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

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

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

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

6.12 Commitments and Contingencies

As at September 30, 2017, CT REIT had obligations of \$59,571 (December 31, 2016 - \$30,470) in future payments for the completion of developments, which are expected to be incurred by 2018, as described in section 4.6. Included in the commitment is \$46,432 due to CTC.

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

6.13 Base Shelf Prospectus

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

7.0 Equity

7.1 Authorized Capital and Outstanding Units

CT REIT is authorized to issue an unlimited number of Units. As of September 30, 2017, CT REIT had a total of 90,603,215 Units outstanding, 59,711,094 of which were held by CTC and 123,092,866 Class B LP Units outstanding (together with a corresponding number of Special Voting Units), all of which were held by CTC.

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

The following tables summarize the total number of Units issued:

	As at September 30, 2017		
	Units ¹	Class B LP Units	Total
Total outstanding at beginning of year	90,479,102	116,367,697	206,846,799
Issued	124,113	6,725,169	6,849,282
Total outstanding at end of period	90,603,215	123,092,866	213,696,081

¹124,113 issued pursuant to the REIT's distribution reinvestment plan.

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

¹141,744 issued pursuant to the REIT's distribution reinvestment plan.

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

Special Voting Units are only issued in tandem with Class B LP Units or in limited circumstances, to holders of the Class C LP Units and are not transferable separately from the Class B LP Units or Class C LP Units to which they relate. Each Special Voting Unit entitles the holder thereof to one vote at all meetings of Unitholders or with respect to any written resolution of Unitholders. Except for the right to attend meetings and vote on resolutions, Special Voting Units do not confer upon the holders thereof any other rights.

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

Three months ended September 30, 2017			
(in thousands of Canadian dollars, except unit amounts)	Units	Class B LP Units	Total
Net income attributable to Unitholders - basic	\$ 29,928	\$ 40,634	\$ 70,562
Income effect of settling Class C LP Units with Class B LP Units			17,055
Net income attributable to Unitholders - diluted			\$ 87,617
Weighted average units outstanding - basic	90,581,713	122,970,163	213,551,876
Dilutive effect of other Unit plans			154,776
Dilutive effect of settling Class C LP Units with Class B LP Units			105,118,508
Weighted average units outstanding - diluted			318,825,160
Nine months ended September 30, 2017			
(in thousands of Canadian dollars, except unit amounts)	Units	Class B LP Units	Total
Net income attributable to Unitholders - basic	\$ 94,649	\$ 125,534	\$ 220,183
Income effect of settling Class C LP Units with Class B LP Units			51,771
Net income attributable to Unitholders - diluted			\$ 271,954
Weighted average units outstanding - basic	90,540,632	119,958,345	210,498,977
Dilutive effect of other Unit plans			140,878
Dilutive effect of settling Class C LP Units with Class B LP Units			107,939,132
Weighted average units outstanding - diluted			318,578,987

Three months ended September 30, 2016			
(in thousands of Canadian dollars, except unit amounts)	Units	Class B LP Units	Total
Net income attributable to Unitholders - basic	\$ 31,539	\$ 40,585	\$ 72,124
Income effect of settling Class C LP Units with Class B LP Units			17,424
Net income attributable to Unitholders - diluted			\$ 89,548
Weighted average units outstanding - basic	90,425,854	116,367,697	206,793,551
Dilutive effect of other Unit plans			131,858
Dilutive effect of settling Class C LP Units with Class B LP Units			101,445,385
Weighted average units outstanding - diluted			308,370,794

Nine months ended September 30, 2016			
(in thousands of Canadian dollars, except unit amounts)	Units	Class B LP Units	Total
Net income attributable to Unitholders - basic	\$ 87,437	\$ 106,187	\$ 193,624
Income effect of settling Class C LP Units with Class B LP Units			54,986
Net income attributable to Unitholders - diluted			\$ 248,610
Weighted average units outstanding - basic	90,391,831	107,902,831	198,294,662
Dilutive effect of other Unit plans			117,906
Dilutive effect of settling Class C LP Units with Class B LP Units			108,000,352
Weighted average units outstanding - diluted			306,412,920

7.2 Equity

(in thousands of Canadian dollars)	September 30, 2017		December 31, 2016
As at			
Equity - beginning of the year	\$ 2,590,584	\$	2,213,363
Net income and comprehensive income for the year	220,183		259,079
Issuance of Class B LP Units, net of issue costs	99,705		252,799
Distributions to non-controlling interests	(63,044)		(75,030)
Distributions to Unitholders	(47,534)		(61,636)
Issuance of Units under distribution reinvestment plan	1,762		2,009
Equity - end of the period	\$ 2,801,656	\$	2,590,584

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

7.3 Distributions

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

In determining the amount of the monthly distributions paid to Unitholders, the Board applies discretionary judgment to forward-looking cash flow information, such as forecasts and budgets, and many other factors including provisions in the Declaration of Trust, the macro-economic and industry-specific environment, debt maturities, covenants and taxable income.

The Board regularly reviews CT REIT's rate of distributions to ensure an appropriate level of distributions.

On September 15, 2017, CT REIT's Board declared a distribution of \$0.05833 per Unit paid on October 16, 2017 to holders of Units and Class B LP Units of record as of September 29, 2017.

On October 13, 2017, CT REIT's Board declared a distribution of \$0.05833 per Unit payable on November 15, 2017 to holders of Units and Class B LP Units of record as of October 31, 2017.

On November 6, 2017 the Board reviewed the current rate of distribution of \$0.700 per Unit per year and approved an increase in the annual rate of distribution to \$0.728 per Unit per year, or \$0.06067 per Unit monthly, commencing with the December 31, 2017 record date.

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

	December 31, 2018 ²	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Monthly distribution per Unit ¹	\$ 0.06067	\$ 0.05833	\$ 0.05667	\$ 0.05525	\$ 0.05417
% increase	4.0%	2.9%	2.6%	2.0%	—
Annualized distribution per Unit	\$ 0.728	\$ 0.700	\$ 0.680	\$ 0.663	\$ 0.650
Annualized increase per Unit	\$ 0.028	\$ 0.020	\$ 0.017	\$ 0.013	—

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

²Approved by the Board on November 6, 2017.

Net income prepared in accordance with IFRS recognizes certain revenues and expenses at time intervals that do not match the receipt or payment of cash. Therefore, in applying judgment, consideration is given to AFFO (a non-GAAP measure of recurring economic earnings used to assess distribution capacity, refer to section 10.0) and other factors when establishing distributions to Unitholders.

(in thousands of Canadian dollars, except per unit amounts)	Three Months Ended		Nine Months Ended	
For the periods ended September 30,	2017	2016	2017	2016
Distributions before distribution reinvestment - paid	\$ 37,356	\$ 35,156	\$ 110,179	\$ 100,183
Distribution reinvestment	589	499	1,762	1,482
Distributions net of distribution reinvestment - paid	\$ 36,767	\$ 34,657	\$ 108,417	\$ 98,701
Distributions per unit - paid	\$ 0.175	\$ 0.170	\$ 0.525	\$ 0.510

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

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

(in thousands of Canadian dollars, except per unit amounts)	Three Months Ended		Nine Months Ended	
For the periods ended September 30,	2017	2016	2017	2016
AFFO ¹	\$ 48,884	\$ 45,889	\$ 144,735	\$ 126,788
Distributions before distribution reinvestment - paid	37,356	35,156	110,179	100,183
Excess of AFFO over distributions paid (A)	\$ 11,528	\$ 10,733	\$ 34,556	\$ 26,605
Weighted average units outstanding - diluted (non-GAAP) ^{1(B)}	213,706,652	206,925,409	210,639,855	198,412,568
Excess of AFFO over distributions paid per unit (A)/(B)¹	\$ 0.054	\$ 0.052	\$ 0.164	\$ 0.134

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

7.4 Book Value per Unit

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

(in thousands of Canadian dollars, except for per Unit amounts)			
As at	September 30, 2017		December 31, 2016
Total equity (A)	\$	2,801,656	\$ 2,590,584
Period-end Units and Class B LP Units outstanding (B)		213,696,081	206,846,799
Book value per unit (A)/(B)	\$	13.11	\$ 12.52

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

8.0 Related Party Transactions

Related Party Transactions

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

In addition to its ownership interest, CTC is CT REIT's largest tenant representing approximately 93.2% of the annualized base minimum rent earned by CT REIT and occupying 93.7% of its GLA as at September 30, 2017.

In the normal course of its operations, CT REIT enters into various transactions with related parties that have been valued at amounts agreed to between the parties and recognized in the interim financial statements. Investment property transactions with CTC amounted to \$106,405 (2016 - \$377,693) for the nine months ended September 30, 2017. Refer to Note 3 to the interim financial statements for additional information.

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

Services Agreement

Under the Services Agreement, CTC provides the REIT with certain administrative, financial, information technology, internal audit and other support services as may be reasonably required from time to time (the "Services"). CTC provides these Services to the REIT on a cost recovery basis pursuant to which CT REIT reimburses CTC for all costs and expenses incurred by CTC in connection with providing the Services, plus applicable taxes. The term of the Services Agreement expires on December 31 of each year and is automatically renewable for further one year terms thereafter, unless otherwise terminated. The Services Agreement was renewed for 2017 and CTC will continue to provide such Services on a cost recovery basis.

Property Management Agreement

Under the Property Management Agreement, CTC provides the REIT with certain customary property management services (the "Property Management Services"). CTC provides Property Management Services to the REIT on a cost recovery basis pursuant to which the REIT reimburses CTC for all costs and expenses incurred by CTC in connection with providing the Property Management Services, plus applicable taxes. The term of the Property Management Agreement expires on December 31 of each year and is automatically renewable for further one year terms thereafter, unless otherwise terminated. The Property Management Agreement was renewed for 2017 and CTC will continue to provide such Services on a cost recovery basis.

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

CT REIT's policy is to conduct all transactions and settle all balances, with related parties, on market terms and conditions. The following table summarizes CT REIT's related party transactions as of September 30, 2017, excluding acquisition, intensification and development activities which are contained in section 4.0:

(in thousands of Canadian dollars)	Three Months Ended		Nine Months Ended	
For the periods ended September 30,	2017	2016	2017	2016
Rental revenue	\$ 100,717	\$ 96,165	\$ 306,654	\$ 285,543
Property Management and Services Agreements expense	\$ 1,413	\$ 1,491	\$ 4,240	\$ 4,133
Distributions on Units	\$ 10,449	\$ 10,151	\$ 31,347	\$ 30,454
Distributions on Class B LP Units ¹	\$ 21,523	\$ 19,784	\$ 63,044	\$ 55,053
Interest expense on Class C LP Units	\$ 17,055	\$ 17,424	\$ 51,771	\$ 54,986

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	September 30, 2017	December 31, 2016
Tenant and other receivables	\$ (2,953)	\$ (404)
Class C LP Units	1,451,550	1,521,968
Amounts payable on Class C LP Units	51,148	71,613
Loans receivable in lieu of payments on Class C LP Units	(45,463)	(65,807)
Other liabilities	14,789	5,199
Distributions payable on Units and Class B LP Units ¹	21,477	18,581
Loans receivable in lieu of distributions on Class B LP Units	(10,814)	(8,311)
Net balance due to CTC	\$ 1,479,734	\$ 1,542,839

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

9.0 Accounting Policies and Estimates

9.1 Significant Areas of Estimation

The preparation of the interim financial statements requires management to apply judgments, and to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Estimates are based upon historical experience and on various other assumptions that are reasonable under the circumstances. The result of ongoing evaluation of these estimates forms the basis for applying judgment with regards to the carrying values of assets and liabilities and the reported amounts of revenues and expenses. Actual results may differ from estimates. CT REIT's critical judgments in applying significant accounting policies are described in Note 2 of the annual consolidated financial statements contained in CT REIT's 2016 Annual Report, the most significant of which is the fair value of investment properties.

Fair Value of Investment Properties

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

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

9.2 Standards, Amendments and Interpretations Issued and Adopted

Disclosure initiative (IAS 7)

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

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

Income Taxes (IAS 12)

In January 2016, the IASB issued Recognition of Deferred Tax Assets for Unrealised Losses as an amendment to IAS 12 - *Income Taxes*. These amendments address the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

These amendments were effective for annual periods beginning on or after January 1, 2017. The implementation of these amendments did not have an impact on CT REIT.

9.3 Standards, Amendments and Interpretations Issued and Not Yet Adopted

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

Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 - *Financial Instruments* ("*IFRS 9*"), which brings together the classification and measurement, impairment, and hedge-accounting phases of the IASB's project to replace IAS 39 - *Financial Instruments: Recognition and Measurement* ("*IAS 39*").

Classification and measurement - Financial assets are classified and measured based on the business model under which they are managed and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified in a similar manner as under IAS 39, except that financial liabilities measured at fair value will have fair value changes resulting from changes in the Company's own credit risk recognized in other comprehensive income instead of net income, unless this would create an accounting mismatch.

Impairment - The measurement of impairment of financial assets is based on an expected credit loss model. It is no longer necessary for a triggering event to have occurred before credit losses are recognized. IFRS 9 also includes new disclosure requirements about expected credit losses and credit risk.

Hedge accounting - The new general hedge accounting model more closely aligns hedge accounting with risk management activities undertaken by entities when hedging their financial and non-financial risk exposures. It will provide more opportunities to apply hedge accounting to reflect actual risk management activities.

The implementation of IFRS 9 will be applied for annual periods beginning on or after January 1, 2018 and is not expected to have a significant impact on CT REIT.

Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 - *Revenue from Contracts with Customers* ("*IFRS 15*"), which replaces IAS 11 - *Construction Contracts*, IAS 18 - *Revenue*, and International Financial Reporting Interpretations Committee 13 - *Customer Loyalty Programmes* ("*IFRIC 13*"), as well as various other interpretations regarding revenue. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers; except for contracts that are within the scope of the standards on leases, insurance contracts, and financial instruments. IFRS 15 also contains enhanced disclosure requirements.

In April 2016, the IASB published clarifications to IFRS 15 which addressed three topics (identifying performance obligations, principal versus agent considerations, and licensing) and provide some transition relief for modified contracts and completed contracts.

The implementation of IFRS 15 will be applied for annual periods beginning on or after January 1, 2018 and is not expected to have a significant impact on CT REIT.

10.0 Non-GAAP Measures

CT REIT uses non-GAAP measures including NOI, same store NOI, same property NOI, FFO, FFO per unit - basic, FFO per unit - diluted (non-GAAP), AFFO, AFFO per unit - basic, AFFO per unit - diluted (non-GAAP), AFFO payout ratio, ACFO and EBITFV. CT REIT believes these non-GAAP measures and ratios provide useful supplemental information to both management and investors in measuring the financial performance of CT REIT in meeting its principle objective of the creation of Unitholder value by generating reliable, durable and growing monthly distributions. When calculating diluted FFO and AFFO per unit, management excludes the effect of settling the Class C LP Units with Class B LP Units, which is required when calculating diluted units in accordance with IFRS.

These measures and ratios do not have a standardized meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measures and ratios presented by other publicly traded entities, and should not be construed as an alternative to other financial measures determined in accordance with GAAP.

10.1 Net Operating Income

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

(in thousands of Canadian dollars)	Three Months Ended			Nine Months Ended		
For the periods ended September 30,	2017	2016	Change	2017	2016	Change
Property revenue	\$ 109,290	\$ 102,932	6.2 %	\$ 332,039	\$ 302,935	9.6 %
Less:						
Property expense	(22,694)	(24,189)	(6.2)%	(74,566)	(71,851)	3.8 %
Property straight-line rent revenue	(5,683)	(5,954)	(4.6)%	(17,174)	(17,738)	(3.2)%
Add:						
Straight-line ground lease expense	15	23	(34.8)%	46	68	(32.4)%
Net operating income	\$ 80,928	\$ 72,812	11.1 %	\$ 240,345	\$ 213,414	12.6 %

Same Store NOI

Same store NOI is a non-GAAP financial measure which reports the period-over-period performance of the same asset base having consistent gross leasable area in both periods. To calculate same store NOI growth, NOI is further adjusted to remove the impact of lease cancellation fees and other non-recurring items. CT REIT management uses this measure to gauge the change in asset productivity and asset value.

Same Property NOI

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

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

(in thousands of Canadian dollars)	Three Months Ended			Nine Months Ended		
For the periods ended September 30,	2017	2016	Change ¹	2017	2016	Change ¹
Same store	\$ 73,887	\$ 72,660	1.7%	\$ 211,226	\$ 207,068	2.0%
Intensifications						
2017	102	—	NM	159	—	NM
2016	79	8	NM	256	29	NM
Same property	\$ 74,068	\$ 72,668	1.9%	\$ 211,641	\$ 207,097	2.2%
Acquisitions and developments						
2017	1,264	—	—%	2,439	—	—%
2016	5,596	144	NM	26,265	6,317	NM
Net operating income	\$ 80,928	\$ 72,812	11.1%	\$ 240,345	\$ 213,414	12.6%

¹NM - not meaningful.

10.2 Funds From Operations and Adjusted Funds From Operations

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

(in thousands of Canadian dollars, except per unit amounts)	Three Months Ended			Nine Months Ended		
For the periods ended September 30,	2017	2016	Change ¹	2017	2016	Change ¹
Net income and comprehensive income	\$ 70,562	\$ 72,124	(2.2)%	\$ 220,183	\$ 193,624	13.7 %
Fair value adjustment of investment property	(10,468)	(15,570)	(32.8)%	(42,986)	(35,671)	20.5 %
Deferred taxes	(224)	(191)	17.3 %	236	(339)	NM
Fair value adjustment of unit based compensation	(179)	123	NM	(257)	498	NM
Funds from operations	\$ 59,691	\$ 56,486	5.7 %	\$ 177,176	\$ 158,112	12.1 %
Property straight-line rent revenue	(5,683)	(5,954)	(4.6)%	(17,174)	(17,738)	(3.2)%
Straight-line ground lease expense	15	23	(34.8)%	46	68	(32.4)%
Normalized capital expenditure reserve	(5,139)	(4,666)	10.1 %	(15,313)	(13,654)	12.2 %
Adjusted funds from operations	\$ 48,884	\$ 45,889	6.5 %	\$ 144,735	\$ 126,788	14.2 %
FFO per unit - basic	\$ 0.280	\$ 0.273	2.6%	\$ 0.842	\$ 0.797	5.6%
FFO per unit - diluted (non-GAAP) ²	\$ 0.279	\$ 0.273	2.2%	\$ 0.841	\$ 0.797	5.5%
AFFO per unit - basic	\$ 0.229	\$ 0.222	3.2%	\$ 0.688	\$ 0.639	7.7%
AFFO per unit - diluted (non-GAAP) ²	\$ 0.229	\$ 0.222	3.2%	\$ 0.687	\$ 0.639	7.5%
Weighted average units outstanding - basic	213,551,876	206,793,551	3.3%	210,498,977	198,294,662	6.2%
Weighted average units outstanding - diluted (non-GAAP)	213,706,652	206,925,409	3.3%	210,639,855	198,412,568	6.2%
Number of units outstanding, end of period	213,696,081	206,810,451	3.3%	213,696,081	206,810,451	3.3%

¹NM - not meaningful.

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

10.2(i) Funds From Operations

FFO is a non-GAAP financial measure of operating performance used by the real estate industry, particularly by those publicly traded entities that own and operate income-producing properties. FFO should not be considered as an alternative to net income or cash flows provided by operating activities determined in accordance with IFRS. CT REIT calculates its FFO in accordance with *Real Property Association of Canada's* ("REALPAC") "White Paper on Funds From Operations for IFRS & Adjusted Funds From Operations for IFRS" ("White Paper on FFO & AFFO") issued in February 2017 which replaced REALPAC's "White Paper on FFO" issued in April 2014. The White Paper on FFO & AFFO did not impact the calculation of FFO for CT REIT. The purpose of the White Paper on FFO & AFFO is to provide reporting issuers and investors with greater guidance on the definition of FFO and to help promote more consistent disclosure amongst reporting issuers. The use of FFO, together with the required IFRS presentations, has been included for the purpose of improving the understanding of the operating results of CT REIT.

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

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

10.2(ii) Adjusted Funds From Operations

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

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

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

(in thousands of Canadian dollars) For the quarter ended and year to date	Normalized capital expenditure reserve		Capital expenditures		Variance
2014					
Q1	\$	3,661	\$	110	\$ 3,551
Q2		3,703		866	2,837
Q3		3,989		9,888	(5,899)
Q4		4,112		6,188	(2,076)
YTD	\$	15,465	\$	17,052	\$ (1,587)
2015					
Q1	\$	4,168	\$	1,025	\$ 3,143
Q2		4,230		2,834	1,396
Q3		4,327		7,384	(3,057)
Q4		4,352		3,591	761
YTD	\$	17,077	\$	14,834	\$ 2,243
2016					
Q1	\$	4,407	\$	259	\$ 4,148
Q2		4,581		4,898	(317)
Q3		4,666		8,551	(3,885)
Q4		4,741		1,862	2,879
YTD	\$	18,395	\$	15,570	\$ 2,825
2017					
Q1	\$	5,065	\$	348	\$ 4,717
Q2		5,109		5,445	(336)
Q3		5,139		8,307	(3,168)
YTD	\$	15,313	\$	14,100	\$ 1,213

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

10.3 AFFO Payout Ratio

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

For the periods ended September 30,	Three Months Ended			Nine Months Ended		
	2017	2016	Change	2017	2016	Change
Distribution per unit - paid (A)	\$ 0.175	\$ 0.170	2.9 %	\$ 0.525	\$ 0.510	2.9 %
AFFO per unit - diluted (non-GAAP) ¹ (B)	\$ 0.229	\$ 0.222	3.2 %	\$ 0.687	\$ 0.639	7.5 %
AFFO payout ratio (A)/(B)	76%	77%	(1.3)%	76%	80%	(5.0)%

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

10.4 Diluted Non-GAAP per Unit Calculations

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

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

For the periods ended September 30,	Three Months Ended		Nine Months Ended	
	2017	2016	2017	2016
Weighted average units outstanding - diluted (non-GAAP)	213,706,652	206,925,409	210,639,855	198,412,568
Dilutive effect of settling Class C LP Units with Class B LP Units	105,118,508	101,445,385	107,939,132	108,000,352
Weighted average units outstanding - diluted	318,825,160	308,370,794	318,578,987	306,412,920

10.5 Adjusted Cashflow From Operations

ACFO is a new non-GAAP financial measure developed by REALPAC for use by the real estate industry as a sustainable economic cash flow metric. ACFO should not be considered as an alternative to cash flows provided by operating activities determined in accordance with IFRS. CT REIT calculates its ACFO in accordance with REALPAC's "White Paper on Adjusted Cashflow from Operations for IFRS" issued in February 2017. The purpose of this white paper is to provide guidance on the definition of ACFO to promote consistent disclosure amongst reporting issuers. 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 adjusting for non-operating adjustments to changes in working capital and other, net interest and other financing charges and normalized capital expenditure reserve.

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

(in thousands of Canadian dollars)	Three Months Ended			Nine Months Ended		
For the periods ended September 30,	2017	2016	Change ¹	2017	2016	Change ¹
Cash generated from operating activities	\$ 72,227	\$ 70,798	2.0%	\$ 231,682	\$ 206,906	12.0%
Non-operating adjustments to changes in working capital and other	5,655	429	NM	(1,812)	1,159	NM
Net interest and other financing charges	(24,335)	(20,235)	20.3%	(71,953)	(65,295)	10.2%
Normalized capital expenditure reserve	(5,139)	(4,666)	10.1%	(15,313)	(13,654)	12.2%
Adjusted cashflow from operations	\$ 48,408	\$ 46,326	4.5%	\$ 142,604	\$ 129,116	10.4%

¹ NM - not meaningful.

The non-operating adjustments to changes in working capital and other for three months ended September 30, 2017 is primarily due to the timing of payments and subsequent recovery of property taxes. The non-operating adjustments to changes in working capital and other for the nine months ended September 30, 2017 consist primarily of the recognition of commodity taxes payable.

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

EBITFV is a non-GAAP measure of a REIT's operating cash flow and it is used in addition to IFRS net income because it excludes major non-cash items (including fair value adjustments on investment properties), interest expense and other financing costs, income tax expense, losses or gains on disposition of property, and other non-recurring items that may occur under IFRS that management considers non-operating in nature. EBITFV should not be considered as an alternative to net income or cash flows provided by operating activities determined in accordance with IFRS.

EBITFV is used as an input in some of CT REIT's debt metrics, providing information with respect to certain financial ratios that CT REIT uses in measuring its debt profile and assessing the REIT's ability to satisfy its obligations, including servicing its debt.

For the three and nine months ended September 30, 2017, EBITFV was calculated as follows:

(in thousands of Canadian dollars) For the periods ended September 30,	Three Months Ended			Nine Months Ended		
	2017	2016	Change ¹	2017	2016	Change ¹
Net income and comprehensive income	\$ 70,562	\$ 72,124	(2.2)%	\$ 220,183	\$ 193,624	13.7%
Fair value adjustment on investment properties	(10,468)	(15,570)	(32.8)%	(42,986)	(35,671)	20.5%
Interest expense and other financing charges	24,424	20,251	20.6 %	72,086	65,493	10.1%
Deferred taxes	(224)	(191)	17.3 %	236	(339)	NM
EBITFV	\$ 84,294	\$ 76,614	10.0 %	\$ 249,519	\$ 223,107	11.8%

¹NM - Not meaningful

10.7 Selected Quarterly Consolidated Information

(in thousands of Canadian dollars, except per unit amounts) As at and for the quarter ended	2017			2016				2015
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Property revenue	\$ 109,290	\$ 111,609	\$ 111,140	\$ 104,230	\$ 102,932	\$ 101,507	\$ 98,496	\$ 96,599
Net income	\$ 70,562	\$ 74,299	\$ 75,322	\$ 65,455	\$ 72,124	\$ 60,347	\$ 61,153	\$ 62,824
Net income per unit								
- basic	\$ 0.330	\$ 0.354	\$ 0.362	\$ 0.317	\$ 0.349	\$ 0.306	\$ 0.321	\$ 0.331
- diluted	\$ 0.275	\$ 0.292	\$ 0.300	\$ 0.269	\$ 0.290	\$ 0.256	\$ 0.260	\$ 0.257
FFO per unit- diluted, non-GAAP ¹	\$ 0.279	\$ 0.283	\$ 0.279	\$ 0.274	\$ 0.273	\$ 0.263	\$ 0.260	\$ 0.264
AFFO per unit - diluted, non-GAAP ¹	\$ 0.229	\$ 0.231	\$ 0.227	\$ 0.222	\$ 0.222	\$ 0.210	\$ 0.206	\$ 0.206
Total assets	\$ 5,265,077	\$ 5,213,930	\$ 5,109,718	\$ 5,014,601	\$ 4,915,172	\$ 4,874,626	\$ 4,433,104	\$ 4,350,903
Total indebtedness	\$ 2,394,785	\$ 2,381,895	\$ 2,393,983	\$ 2,383,123	\$ 2,290,422	\$ 2,288,626	\$ 2,112,726	\$ 2,095,045
Total distributions, net of distribution reinvestment, to Unitholders - paid	\$ 36,767	\$ 35,940	\$ 35,710	\$ 34,635	\$ 34,657	\$ 32,190	\$ 31,854	\$ 30,947
Total distributions per unit - paid	\$ 0.175	\$ 0.175	\$ 0.175	\$ 0.170	\$ 0.170	\$ 0.170	\$ 0.170	\$ 0.166
Book value per unit	\$ 13.11	\$ 12.95	\$ 12.73	\$ 12.52	\$ 12.38	\$ 12.20	\$ 11.84	\$ 11.67
Market price per unit								
- high	\$ 14.70	\$ 15.19	\$ 15.60	\$ 15.65	\$ 15.76	\$ 15.60	\$ 14.76	\$ 13.45
- low	\$ 13.61	\$ 14.01	\$ 14.55	\$ 14.54	\$ 14.55	\$ 14.17	\$ 12.46	\$ 12.50
- close (end of period)	\$ 13.89	\$ 14.38	\$ 15.04	\$ 15.00	\$ 15.40	\$ 14.80	\$ 14.45	\$ 13.00

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

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

11.0 Enterprise Risk Management

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

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

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

12.0 Internal Control and Procedures

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

Changes in Internal Control Over Financial Reporting

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

13.0 Forward-looking Information

This MD&A, and the documents incorporated by reference herein, contain forward-looking statements that involve a number of risks and uncertainties, including statements regarding the outlook for CT REIT's business results of operations. Forward-looking statements are provided for the purposes of providing information about CT REIT's future outlook and anticipated events or results and may include statements regarding known and unknown risks and uncertainties and other factors that may cause the actual results to differ materially from those indicated. Such factors include, but are not limited to, general economic conditions, financial position, business strategy, availability of acquisition opportunities, budgets, capital expenditures, financial results including fair value adjustments and cash flow assumptions upon which they are based, cash, taxes, plans and objectives of or involving CT REIT. Particularly, statements regarding future acquisitions, developments, distributions, results, performance, achievements, prospects or opportunities for CT REIT or the real estate industry are forward-looking statements. In some cases, forward-looking information can be identified by such terms such as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue", "likely", "schedule", "resolved to", or the negative thereof or other similar expressions concerning matters that are not historical facts.

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

- CT REIT's growth strategy and objectives under section 2.0;
- CT REIT's fair value of property portfolio under section 4.4;
- CT REIT's development activities under section 4.6;
- CT REIT's leasing activities under section 4.10;
- CT REIT's fair value adjustment on investment properties under section 5.1;
- CT REIT's capital expenditures to fund acquisitions and development activities under section 6.1;
- CT REIT's capital strategy under section 6.11;
- CT REIT's 2017 Investment Activities - Commitments as at September 30, 2017 under section 6.12;
- CT REIT's distributions under section 7.3;
- CT REIT's access to available sources of debt and/or equity financing;
- the expected tax treatment of CT REIT and its distributions to Unitholders;
- CT REIT's ability to expand its asset base, make accretive acquisitions, develop or intensify its Properties and participate with CTC in the development or intensification of the Properties; and
- the ability of CT REIT to 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, including that the Canadian economy will remain stable over the next 12 months, that inflation will remain relatively low, that tax laws remain unchanged, that conditions within the real estate market, including competition for acquisitions, will be consistent with the current climate, that the Canadian capital markets will provide CT REIT with access to equity and/or debt at reasonable rates when required and that CTC will continue its involvement with CT REIT on the basis described in its 2016 AIF.

Although the forward-looking statements contained in this MD&A are based upon assumptions that management of CT REIT believes are reasonable, based on information currently available to management, there can be no assurance that actual results will be consistent with these forward-looking statements. Forward-looking statements necessarily involve known and unknown risks and uncertainties, many of which are beyond the REIT's control, that may cause CT REIT's, or the industry's, actual results, performance, achievements, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, the factors discussed under the "Risk Factors" section of the 2016 AIF.

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

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

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

Commitment to disclosure and investor communication

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

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

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

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

November 6, 2017

THIRD QUARTER 2017

CT REAL ESTATE INVESTMENT TRUST
INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

Condensed Consolidated Balance Sheets (Unaudited)

(Canadian dollars, in thousands)

As at	Note	September 30, 2017	December 31, 2016
Assets			
Non-current assets			
Investment properties	3	\$ 5,229,329	\$ 5,000,355
Other assets		2,879	3,101
		5,232,208	5,003,456
Current assets			
Tenant and other receivables		5,932	2,407
Other assets		15,177	2,369
Cash and cash equivalents		11,760	6,369
		32,869	11,145
Total assets		\$ 5,265,077	\$ 5,014,601
Liabilities			
Non-current liabilities			
Class C LP Units	4	\$ 1,451,550	\$ 1,451,550
Mortgages payable	5	43,700	54,677
Debentures	6	869,238	695,336
Other liabilities		2,936	3,198
		2,367,424	2,204,761
Current liabilities			
Class C LP Units	4	—	70,418
Mortgages payable	5	17,311	1,318
Bank Credit Facility	7	12,986	109,824
Other liabilities		53,235	25,631
Distributions payable	8	12,465	12,065
		95,997	219,256
Total liabilities		2,463,421	2,424,017
Equity			
Unitholders' equity	8	1,143,084	1,094,207
Non-controlling interests	8, 9	1,658,572	1,496,377
Total equity		2,801,656	2,590,584
Total liabilities and equity		\$ 5,265,077	\$ 5,014,601

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

Condensed Consolidated Statements of Income and Comprehensive Income (Unaudited)

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

For the periods ended September 30,	Note	Three months ended		Nine months ended	
		2017	2016	2017	2016
Property revenue	10	\$ 109,290	\$ 102,932	\$ 332,039	\$ 302,935
Property expense	10	(22,694)	(24,189)	(74,566)	(71,851)
General and administrative expense	11	(2,167)	(1,954)	(8,323)	(7,836)
Net interest and other financing charges	12	(24,335)	(20,235)	(71,953)	(65,295)
Fair value adjustment on investment properties	3	10,468	15,570	42,986	35,671
Net income and comprehensive income		\$ 70,562	\$ 72,124	\$ 220,183	\$ 193,624
Net income and comprehensive income attributable to:					
Unitholders		\$ 29,928	\$ 31,539	\$ 94,649	\$ 87,437
Non-controlling interests		40,634	40,585	125,534	106,187
		\$ 70,562	\$ 72,124	\$ 220,183	\$ 193,624
Net income per unit - basic	8	\$ 0.330	\$ 0.349	\$ 1.046	\$ 0.976
Net income per unit - diluted	8	\$ 0.275	\$ 0.290	\$ 0.854	\$ 0.811

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

Condensed Consolidated Statements of Changes in Equity (Unaudited)

(Canadian dollars, in thousands)

	Note	Units	Retained Earnings	Unitholders' Equity	Non-controlling interests	Total Equity
Balance at December 31, 2016		\$ 881,736	\$ 212,471	\$ 1,094,207	\$ 1,496,377	\$ 2,590,584
Net income and comprehensive income for the period		—	94,649	94,649	125,534	220,183
Issuance of Class B LP Units, net of issue costs	3,4	—	—	—	99,705	99,705
Distributions	8	—	(47,534)	(47,534)	(63,044)	(110,578)
Issuance of Units under Distribution Reinvestment Plan	8	1,762	—	1,762	—	1,762
Balance at September 30, 2017		\$ 883,498	\$ 259,586	\$ 1,143,084	\$ 1,658,572	\$ 2,801,656

	Note	Units	Retained Earnings	Unitholders' Equity	Non-controlling interests	Total Equity
Balance at December 31, 2015		\$ 879,727	\$ 157,482	\$ 1,037,209	\$ 1,176,154	\$ 2,213,363
Net income and comprehensive income for the period		—	87,437	87,437	106,187	193,624
Issuance of Class B LP Units, net of issue costs	3,4	—	—	—	252,799	252,799
Distributions	8	—	(46,105)	(46,105)	(55,053)	(101,158)
Issuance of Units under Distribution Reinvestment Plan	8	1,482	—	1,482	—	1,482
Balance at September 30, 2016		\$ 881,209	\$ 198,814	\$ 1,080,023	\$ 1,480,087	\$ 2,560,110

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

Condensed Consolidated Statements of Cash Flows (Unaudited)

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

For the periods ended September 30,	Note	Three months ended		Nine months ended	
		2017	2016	2017	2016
Cash generated from (used for):					
Operating activities					
Net income		\$ 70,562	\$ 72,124	\$ 220,183	\$ 193,624
Add/(deduct):					
Fair value adjustment on investment properties		(10,468)	(15,570)	(42,986)	(35,671)
Property straight-line rent revenue		(5,683)	(5,954)	(17,174)	(17,738)
Deferred income tax		(224)	(191)	236	(339)
Straight-line ground lease expense		15	23	46	68
Net interest and other financing charges		24,335	20,235	71,953	65,295
Changes in working capital and other	13	(6,310)	131	(576)	1,667
Cash generated from operating activities		\$ 72,227	\$ 70,798	\$ 231,682	\$ 206,906
Investing activities					
Income-producing property		(28,475)	(305)	(62,558)	(106,246)
Development activities and land investments		(20,567)	(6,145)	(40,688)	(304,771)
Capital expenditures recoverable from tenants		(4,572)	(6,945)	(8,304)	(13,007)
Proceeds of disposition		12	61	18	97
Cash used for investing activities		\$ (53,602)	\$ (13,334)	\$ (111,532)	\$ (423,927)
Financing activities					
Proceeds from issuance of debentures	6	—	—	175,000	350,000
Debenture issuance costs		(384)	(583)	(1,090)	(1,909)
Redemption of Class C LP Units	4	—	—	(23,139)	—
Unit distributions		(15,261)	(14,873)	(45,765)	(44,617)
Class B LP Unit distributions paid or loaned		(21,506)	(19,784)	(62,652)	(54,084)
Payments on Class C LP Units paid or loaned	4	(17,055)	(17,402)	(51,892)	(55,468)
Bank Credit Facility draws (repayments), net	7	12,986	1,990	(96,838)	16,985
Mortgage principal repayments	5	(312)	(301)	(927)	(3,770)
Mortgage borrowing	5	—	—	6,000	—
Net interest paid		(619)	(613)	(13,272)	(7,722)
Class B LP Unit issue costs		(43)	(190)	(184)	(271)
Cash (used for)/generated from financing activities		\$ (42,194)	\$ (51,756)	\$ (114,759)	\$ 199,144
Cash generated from/(used for) the period		\$ (23,569)	\$ 5,708	\$ 5,391	\$ (17,877)
Cash and cash equivalents, beginning of period		35,329	1,095	6,369	24,680
Cash and cash equivalents, end of period		\$ 11,760	\$ 6,803	\$ 11,760	\$ 6,803

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

1. NATURE OF CT REAL ESTATE INVESTMENT TRUST

CT Real Estate Investment Trust is an unincorporated, closed-end real estate investment trust. CT Real Estate Investment Trust and its subsidiaries, unless the context requires otherwise, are together referred to in these unaudited condensed consolidated interim 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 an 85.5% effective interest in CT REIT as of September 30, 2017, consisting of 59,711,094 of the issued and outstanding units of CT REIT (“Units”) and all of the issued and outstanding Class B limited partnership units (“Class B LP Units”) of CT REIT Limited Partnership (the “Partnership”), which are economically equivalent to and exchangeable for Units. CTC also owns all of the issued and outstanding Class C limited partnership units (“Class C LP Units”) of the Partnership (see Note 4). The Units are listed on the Toronto Stock Exchange (the “TSX”) under the symbol CRT.UN.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

These interim financial statements were authorized for issuance by CT REIT’s Board of Trustees (the “Board”) on November 6, 2017.

(b) Basis of presentation

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

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

(c) Judgments and estimates

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

Judgments are made in the selection and assessment of CT REIT’s accounting policies. Estimates are used mainly in determining the measurement of recognized transactions and balances. Estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Judgment and estimates are often interrelated. CT REIT’s judgments and estimates are continually

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

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 the annual consolidated financial statements contained in CT REIT's 2016 Annual Report.

(d) Standards, amendments and interpretations issued and adopted

Disclosure initiative (IAS 7)

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

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

Income Taxes (IAS 12)

In January 2016, the IASB issued Recognition of Deferred Tax Assets for Unrealised Losses as an amendment to IAS 12 - *Income Taxes*. These amendments address the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

These amendments were effective for annual periods beginning on or after January 1, 2017. The implementation of these amendments did not have an impact on CT REIT.

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

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

Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 - *Financial Instruments* ("*IFRS 9*"), which brings together the classification and measurement, impairment, and hedge-accounting phases of the IASB's project to replace IAS 39 - *Financial Instruments: Recognition and Measurement* ("*IAS 39*").

Classification and measurement - Financial assets are classified and measured based on the business model under which they are managed and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified in a similar manner as under IAS 39, except that financial liabilities measured at fair value will have fair value changes resulting from changes in the Company's own credit risk recognized in other comprehensive income instead of net income, unless this would create an accounting mismatch.

Impairment - The measurement of impairment of financial assets is based on an expected credit loss model. It is no longer necessary for a triggering event to have occurred before credit losses are recognized. IFRS 9 also includes new disclosure requirements about expected credit losses and credit risk.

Hedge accounting - The new general hedge accounting model more closely aligns hedge accounting with risk management activities undertaken by entities when hedging their financial and non-financial risk exposures. It will provide more opportunities to apply hedge accounting to reflect actual risk management activities.

The implementation of IFRS 9 will be applied for annual periods beginning on or after January 1, 2018 and is not expected to have a significant impact on CT REIT.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 - *Revenue from Contracts with Customers* ("IFRS 15"), which replaces IAS 11 - *Construction Contracts*, IAS 18 - *Revenue*, and International Financial Reporting Interpretations Committee 13 - *Customer Loyalty Programmes* ("IFRIC 13"), as well as various other interpretations regarding revenue. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers; except for contracts that are within the scope of the standards on leases, insurance contracts, and financial instruments. IFRS 15 also contains enhanced disclosure requirements.

In April 2016, the IASB published clarifications to IFRS 15 which addressed three topics (identifying performance obligations, principal versus agent considerations, and licensing) and provide some transition relief for modified contracts and completed contracts.

The implementation of IFRS 15 will be applied for annual periods beginning on or after January 1, 2018 and is not expected to have a significant impact on CT REIT.

3. INVESTMENT PROPERTIES

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

	September 30, 2017			December 31, 2016		
	Income-producing properties	Properties under development	Total investment properties	Income-producing properties	Properties under development	Total investment properties
Balance, beginning of period	\$ 4,979,231	\$ 21,124	\$ 5,000,355	\$ 4,304,838	\$ 14,223	\$ 4,319,061
Property acquisitions (including transaction costs)	99,748	—	99,748	214,225	—	214,225
Intensifications	—	9,845	9,845	—	10,852	10,852
Developments	—	35,358	35,358	—	356,943	356,943
Development land	—	8,661	8,661	—	8,744	8,744
Capitalized interest and property taxes	—	1,120	1,120	—	6,895	6,895
Transfers	15,122	(15,122)	—	376,533	(376,533)	—
Fair value adjustment on investment properties	42,986	—	42,986	44,549	—	44,549
Straight-line rent	17,174	—	17,174	23,774	—	23,774
Recoverable capital expenditures	14,100	—	14,100	15,570	—	15,570
Dispositions	(18)	—	(18)	(258)	—	(258)
Balance, end of period¹	\$ 5,168,343	\$ 60,986	\$ 5,229,329	\$ 4,979,231	\$ 21,124	\$ 5,000,355

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

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

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

	Properties valued by the OCR method		Properties valued by the DCF method	
Number of properties		278		42
Value at September 30, 2017	\$	4,085,358	\$	1,023,734
Discount rate		—%		6.93%
Terminal capitalization rate		—%		6.52%
Overall capitalization rate		6.23%		—%
Hold period (years)		—		10

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

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

Rate sensitivity	OCR Sensitivity		DCF Sensitivity	
	Fair value	Change in fair value	Fair value	Change in fair value
+ 75 basis points	\$ 3,650,720	\$ (434,638)	\$ 924,430	\$ (99,304)
+ 50 basis points	3,784,715	(300,643)	955,094	(68,641)
+ 25 basis points	3,929,271	(156,087)	988,060	(35,674)
Base rate	\$ 4,085,358	\$ —	\$ 1,023,734	\$ —
- 25 basis points	4,254,717	169,359	1,062,275	38,541
- 50 basis points	4,439,017	353,659	1,104,177	80,442
- 75 basis points	\$ 4,640,389	\$ 555,031	\$ 1,149,928	\$ 126,194

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

2017 Investment and Development Activity

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

Q3 2017 Investment and Development Activity

(in thousands of Canadian dollars)	Property investments	Development land	Developments	Intensifications	Total
Funded with working capital to CTC	\$ —	\$ 6,640	\$ 4,900	\$ 300	\$ 11,840
Funded with working capital to third parties	28,720	4	1,559	3,008	33,291
Capitalized interest and property taxes	—	—	566	—	566
Issuance of Class B LP Units to CTC	—	1,760	2,255	187	4,202
Mortgages payable	—	—	—	—	—
Total costs	\$ 28,720	\$ 8,404	\$ 9,280	\$ 3,495	\$ 49,899

YTD 2017 Investment and Development Activity

	Property investments	Development land	Developments	Intensifications	Total
Funded with working capital to CTC	\$ 28,800	\$ 6,640	\$ 12,198	\$ 6,157	\$ 53,795
Funded with working capital to third parties	33,360	261	4,085	3,501	41,207
Capitalized interest and property taxes	—	—	1,120	—	1,120
Issuance of Class B LP Units to CTC	37,588	1,760	13,075	187	52,610
Mortgages payable	—	—	6,000	—	6,000
Total costs	\$ 99,748	\$ 8,661	\$ 36,478	\$ 9,845	\$ 154,732

2016 Investment and Development Activity

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

2016 Investment and Development Activity

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

Included in CT REIT's investment properties are nine buildings which are situated on ground leases with remaining initial terms of between 2 and 39 years, and an average remaining initial term of 16 years.

4. CLASS C LP UNITS

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

On expiry of the Initial Fixed Rate Period applicable to each series of Class C LP Units, and each five-year period thereafter, each such series of Class C LP Units is redeemable at par (together with all accrued and unpaid payments thereon) at the option of the Partnership or the holder, upon giving at least 120 days' prior notice. The Partnership further has the ability to settle any of the Class C LP Units at any time after January 1, 2019 at a price equal to the greater of par and a price to provide a yield equal to the then equivalent Government of Canada bond yield plus a spread, so long as such redemption is in connection with a sale of properties.

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

During the five-year period beginning immediately following the completion of the Initial Fixed Rate Period, and each five-year period thereafter, if not redeemed, the fixed payment rate for Class C LP Units will be reset, and the holders of Class C LP Units will be entitled, subject to certain conditions, to elect either a fixed rate or floating rate option.

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

Series	Expiry of initial fixed rate period	Annual distribution rate during initial fixed rate period	Carrying amount at September 30, 2017	Carrying amount at December 31, 2016
Series 3	May 31, 2020	4.50%	200,000	200,000
Series 4	May 31, 2024	4.50%	200,000	200,000
Series 5	May 31, 2028	4.50%	200,000	200,000
Series 6	May 31, 2031	5.00%	200,000	200,000
Series 7	May 31, 2034	5.00%	200,000	200,000
Series 8	May 31, 2035	5.00%	200,000	200,000
Series 9	May 31, 2038	5.00%	200,000	200,000
Series 10	May 31, 2017	2.38%	—	7,130
Series 11	May 31, 2017	2.20%	—	20,685
Series 12	May 31, 2017	2.23%	—	19,464
Series 13	May 31, 2017	1.65%	—	3,789
Series 14	May 31, 2017	1.71%	—	15,000
Series 15	May 31, 2017	1.77%	—	4,350
Series 16	May 31, 2020	2.42%	16,550	16,550
Series 17	May 31, 2020	2.39%	18,500	18,500
Series 18	May 31, 2020	2.28%	4,900	4,900
Series 19	May 31, 2020	2.28%	11,600	11,600
Weighted average / Total		4.70%	\$ 1,451,550	\$ 1,521,968
Current			\$ —	\$ 70,418
Non-current			1,451,550	1,451,550
Total			\$ 1,451,550	\$ 1,521,968

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

For the three and nine months ended September 30, 2017, interest expense of \$17,055 (Q3 2016 – \$17,424) and \$51,771 (YTD 2016 - \$54,986), respectively, was recognized in respect of the Class C LP Units (see Note 12). The holders of the Class C LP Units may elect to defer receipt of all or a portion of payments declared by CT REIT until the first business day following the end of the fiscal year. If the holder so elects to defer receipt of payments, CT REIT will loan the holder an amount equal to the deferred payment without interest, and the loan will be due and payable in full on the first business day following the end of the fiscal year the loan was advanced, the holder having irrevocably directed that any payment of the deferred payments be applied to repay such loans. At the election of the holder, payments on the Class C LP Units for the three and nine months ended September 30, 2017 of \$16,916 (Q3 2016 – \$17,165) and \$45,463 (YTD 2016 – \$48,626), respectively, were deferred until the first business day following the end of the fiscal year and non-interest bearing loans equal to the deferred payments were advanced in lieu thereof. The net amount of payments due in respect of the Class C LP Units at September 30, 2017 of \$5,685 (December 31, 2016 – \$5,806) is included in other liabilities on the interim balance sheets.

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

5. MORTGAGES PAYABLE

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

	September 30, 2017		December 31, 2016	
	Face value	Carrying amount	Face value	Carrying amount
Current	\$ 17,290	\$ 17,311	\$ 1,241	\$ 1,318
Non-current	43,733	43,700	54,708	54,677
Total	\$ 61,023	\$ 61,011	\$ 55,949	\$ 55,995

Future repayments are as follows:	Principal amortization	Maturities	Total
2017	\$ 314	\$ —	\$ 314
2018	493	16,590	17,083
2019	36	43,590	43,626
2020	—	—	—
2021	—	—	—
2022 and thereafter	—	—	—
Total contractual obligation	\$ 843	\$ 60,180	\$ 61,023
Unamortized portion of mark to market on mortgages payable assumed at the acquisition of properties			65
Unamortized transaction costs			(77)
			\$ 61,011

Mortgages payable have interest rates that range from 2.92% to 3.60%, and have maturity dates that range from January 2018 to December 2019. Mortgages payable at September 30, 2017 had a weighted average interest rate of 3.13% (December 31, 2016 – 3.16%). At September 30, 2017, floating rate and fixed rate mortgages were \$37,133 (December 31, 2016 – \$31,133) and \$23,890 (December 31, 2016 – \$24,816), respectively.

Investment properties having a fair value of \$133,737 (December 31, 2016 – \$126,300) have been pledged as security for mortgages payable.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

6. DEBENTURES

Series	September 30, 2017		December 31, 2016	
	Face value	Carrying amount	Face value	Carrying amount
A, 2.85%, June 9, 2022	\$ 150,000	\$ 149,238	\$ 150,000	\$ 149,123
B, 3.53%, June 9, 2025	200,000	198,701	200,000	198,588
C, 2.16%, June 1, 2021	150,000	149,217	150,000	149,058
D, 3.29%, June 1, 2026	200,000	198,679	200,000	198,567
E, 3.47%, June 16, 2027	175,000	173,403	—	—
	\$ 875,000	\$ 869,238	\$ 700,000	\$ 695,336

Debentures at September 30, 2017, had a weighted average interest rate of 3.11% (December 31, 2016 - 3.02%).

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

For the three and nine months ended September 30, 2017, amortization of the transaction costs of \$210 (Q3 2016 - \$166) and \$551 (YTD 2016 - \$382) are included in interest and other financing charges on the interim statements of income and comprehensive income (see Note 12).

7. BANK CREDIT FACILITY

In Q3 2017, CT REIT amended its existing \$300 million unsecured revolving credit facility to extend the term of the facility for one year to September 2022 ("Bank Credit Facility"). The Bank Credit Facility bears interest at a rate based on the bank's prime rate of interest or bankers' acceptances plus a margin. A standby fee is charged on the Bank Credit Facility.

As at September 30, 2017, \$12,986 (December 31, 2016 - \$109,824) of borrowings were drawn on the Bank Credit Facility and \$1,759 (December 31, 2016 - \$1,227) of letters of credit were outstanding under the Bank Credit Facility. At September 30, 2017, the Bank Credit Facility had a weighted average interest rate of 2.32% (December 31, 2016 - 1.88%).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

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 September 30, 2017		
	Units	Class B LP Units	Total
Total outstanding at beginning of year	90,479,102	116,367,697	206,846,799
Issued	124,113	6,725,169	6,849,282
Total outstanding at end of period	90,603,215	123,092,866	213,696,081

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

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

	Three months ended September 30, 2017		
	Units	Class B LP Units	Total
Net income attributable to Unitholders - basic	\$ 29,928	\$ 40,634	\$ 70,562
Income effect of settling Class C LP Units with Class B LP Units			17,055
Net income attributable to Unitholders - diluted			\$ 87,617

Weighted average units outstanding - basic	90,581,713	122,970,163	213,551,876
Dilutive effect of other Unit plans			154,776
Dilutive effect of settling Class C LP Units with Class B LP Units			105,118,508
Weighted average units outstanding - diluted			318,825,160

	For the nine months ended September 30, 2017		
	Units	Class B LP Units	Total
Net income attributable to Unitholders - basic	\$ 94,649	\$ 125,534	\$ 220,183
Income effect of settling Class C LP Units with Class B LP Units			51,771
Net income attributable to Unitholders - diluted			\$ 271,954
Weighted average units outstanding - basic	90,540,632	119,958,345	210,498,977
Dilutive effect of other Unit plans			140,878
Dilutive effect of settling Class C LP Units with Class B LP Units			107,939,132
Weighted average units outstanding - diluted			318,578,987

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

	For the three months ended September 30, 2016		
	Units	Class B LP Units	Total
Net income attributable to Unitholders - basic	\$ 31,539	\$ 40,585	\$ 72,124
Income effect of settling Class C LP Units with Class B LP Units			17,424
Net income attributable to Unitholders - diluted			\$ 89,548
Weighted average units outstanding - basic	90,425,854	116,367,697	206,793,551
Dilutive effect of other Unit plans			131,858
Dilutive effect of settling Class C LP Units with Class B LP Units			101,445,385
Weighted average units outstanding - diluted			308,370,794

	For the nine months ended September 30, 2016		
	Units	Class B LP Units	Total
Net income attributable to Unitholders - basic	\$ 87,437	\$ 106,187	\$ 193,624
Income effect of settling Class C LP Units with Class B LP Units			54,986
Net income attributable to Unitholders - diluted			\$ 248,610
Weighted average units outstanding - basic	90,391,831	107,902,831	198,294,662
Dilutive effect of other Unit plans			117,906
Dilutive effect of settling Class C LP Units with Class B LP Units			108,000,352
Weighted average units outstanding - diluted			306,412,920

Distributions on Units and Class B LP Units

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

For the periods ended September 30,	2017		2016
	Distributions per unit		Distributions per unit
Units	\$ 0.525	\$	0.510
Class B LP Unit	\$ 0.525	\$	0.510

On September 15, 2017, CT REIT's Board declared a distribution of \$0.05833 per Unit paid on October 16, 2017 to holders of Units and Class B LP Units of record as of September 29, 2017.

On October 13, 2017, CT REIT's Board declared a distribution of \$0.05833 per Unit payable on November 15, 2017 to holders of Units and Class B LP Units of record as of October 31, 2017.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

9. NON-CONTROLLING INTERESTS

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

Name of Subsidiary	Proportion of ownership interests held by non-controlling interests		Net income and comprehensive income allocated to non-controlling interests			
	As at September 30, 2017	As at December 31, 2016	For the three months ended September 30, 2017	For the three months ended September 30, 2016	For the nine months ended September 30, 2017	For the nine months ended September 30, 2016
CT REIT Limited Partnership	57.60%	56.26%	\$ 40,634	\$ 40,585	\$ 125,534	\$ 106,187

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

10. REVENUE AND EXPENSES

(a) Property revenue

CT REIT leases income-producing commercial properties to tenants under operating leases. The CTC leases have staggered initial terms ranging from 1 to 20 years, with a weighted average remaining initial term of approximately 12.0 years. Annual base minimum rent for CTC leases have weighted average annual rent escalations of approximately 1.5% per year.

The components of property revenue are as follows:

	CTC		Other		For the three months ended September 30, 2017
Base minimum rent	\$	75,419	\$	5,805	\$ 81,224
Straight-line rent		5,511		172	5,683
Subtotal base rent	\$	80,930	\$	5,977	\$ 86,907
Property operating expense recoveries		18,398		2,446	20,844
Capital expenditure and interest recovery charge		1,388		20	1,408
Other revenues		1		130	131
Property revenue	\$	100,717	\$	8,573	\$ 109,290

	CTC		Other		For the nine months ended September 30, 2017
Base minimum rent	\$	224,945	\$	16,897	\$ 241,842
Straight-line rent		16,459		715	17,174
Subtotal base rent	\$	241,404	\$	17,612	\$ 259,016
Property operating expense recoveries		61,298		7,309	68,607
Capital expenditure and interest recovery charge		3,949		58	4,007
Other revenues		3		406	409
Property revenue	\$	306,654	\$	25,385	\$ 332,039

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

	CTC		Other		For the three months ended September 30, 2016
Base minimum rent	\$	68,584	\$	4,623	\$ 73,207
Straight-line rent		5,772		182	5,954
Subtotal base rent	\$	74,356	\$	4,805	\$ 79,161
Property operating expense recoveries		20,758		1,816	22,574
Capital expenditure and interest recovery charge		1,051		19	1,070
Other revenues		—		127	127
Property revenue	\$	96,165	\$	6,767	\$ 102,932

	CTC		Other		For the nine months ended September 30, 2016
Base minimum rent	\$	204,040	\$	11,361	\$ 215,401
Straight-line rent		17,285		453	17,738
Subtotal base rent	\$	221,325	\$	11,814	\$ 233,139
Property operating expense recoveries		61,620		5,140	66,760
Capital expenditure and interest recovery charge		2,596		56	2,652
Other revenues		2		382	384
Property revenue	\$	285,543	\$	17,392	\$ 302,935

(b) Property expense

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

For the periods ended September 30,	Three months ended		Nine months ended	
	2017	2016	2017	2016
Property taxes	\$ 18,486	\$ 20,579	\$ 60,998	\$ 60,858
Other recoverable operating costs	2,044	1,663	7,105	5,123
Property management ¹	1,108	893	3,302	2,745
Ground rent	1,010	1,009	3,028	3,019
Property insurance	46	45	133	106
Property expense	\$ 22,694	\$ 24,189	\$ 74,566	\$ 71,851

¹ Includes \$662 (Q3 2016 - \$569) and \$1,989 (YTD 2016 - \$1,796), respectively, with CTC. See Note 16.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

11. GENERAL AND ADMINISTRATIVE EXPENSE

General and administrative expense is comprised of the following:

For the periods ended September 30,	Three months ended		Nine months ended	
	2017	2016	2017	2016
Personnel expense ¹	\$ 1,105	\$ 796	\$ 3,856	\$ 3,374
Services Agreement with CTC ²	751	922	2,251	2,337
Public entity and other ¹	311	236	2,216	2,125
General and administrative expense	\$ 2,167	\$ 1,954	\$ 8,323	\$ 7,836

¹ Includes unit-based awards including (gain) loss adjustments as a result of the change in the fair market value of the Units of \$(179) (Q3 2016 - \$123) and \$(257) (YTD 2016 - \$498) for the three and nine months ended September 30, 2017.

² See note 16.

12. NET INTEREST AND OTHER FINANCING CHARGES

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

For the periods ended September 30,	Three months ended		Nine months ended	
	2017	2016	2017	2016
Interest on Class C LP Units ¹	\$ 17,055	\$ 17,424	\$ 51,771	\$ 54,986
Interest and financing costs - debentures	7,032	5,461	18,197	12,188
Interest and financing costs - Bank Credit Facility	277	274	1,655	783
Interest on mortgages payable	450	396	1,266	1,200
	\$ 24,814	\$ 23,555	\$ 72,889	\$ 69,157
Less: capitalized interest	(390)	(3,304)	(803)	(3,664)
Interest and other financing charges less capitalized interest	\$ 24,424	\$ 20,251	\$ 72,086	\$ 65,493
Less: interest income	(89)	(16)	(133)	(198)
Net interest and other financing charges	\$ 24,335	\$ 20,235	\$ 71,953	\$ 65,295

¹ Paid or payable to CTC.

13. CHANGES IN WORKING CAPITAL AND OTHER

Changes in working capital are comprised of the following:

For the periods ended September 30,	Three months ended		Nine months ended	
	2017	2016	2017	2016
Changes in working capital and other				
Tenant and other receivables	\$ (32)	\$ 779	\$ (3,525)	\$ (575)
Other assets	(344)	4,384	(12,591)	(13,470)
Other liabilities	(5,936)	(5,034)	15,536	15,675
Other	2	2	4	37
Changes in working capital and other	\$ (6,310)	\$ 131	\$ (576)	\$ 1,667

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

14. SEGMENTED INFORMATION

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

15. COMMITMENTS AND CONTINGENCIES

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

As at September 30, 2017, CT REIT had obligations of \$59,571 (December 31, 2016 – \$30,470) in future payments for the completion of developments, which are expected to be incurred by 2018. Included in the commitments is \$46,432 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, CTC provides the REIT with certain administrative, financial, information technology, internal audit and other support services as may be reasonably required from time to time (the “Services”). CTC provides these Services to the REIT on a cost recovery basis pursuant to which CT REIT reimburses CTC for all costs and expenses incurred by CTC in connection with providing the Services, plus applicable taxes. The term of the Services Agreement expires on December 31 of each year and is automatically renewable for further one year terms thereafter, unless otherwise terminated. The Services Agreement was renewed for 2017 and CTC will continue to provide such Services on a cost recovery basis.

Property Management Agreement

Under the Property Management Agreement, CTC provides the REIT with certain customary property management services (the “Property Management Services”). CTC provides Property Management Services to the REIT on a cost recovery basis pursuant to which the REIT reimburses CTC for all costs and expenses incurred by CTC in connection with providing the Property Management Services, plus applicable taxes. The term of the Property Management Agreement expires on December 31 of each year and is automatically renewable for further one year terms thereafter, unless otherwise terminated. The Property Management Agreement was renewed for 2017 and CTC will continue to provide such Services on a cost recovery basis.

(b) Transactions and balances with related parties

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

For the periods ended September 30,	Note	Three months ended		Nine months ended	
		2017	2016	2017	2016
Rental revenue	10	\$ 100,717	\$ 96,165	\$ 306,654	\$ 285,543
Property Management and Services Agreement expense		\$ 1,413	\$ 1,491	\$ 4,240	\$ 4,133
Distributions on Units		\$ 10,449	\$ 10,151	\$ 31,347	\$ 30,454
Distributions on Class B LP Units ¹		\$ 21,523	\$ 19,784	\$ 63,044	\$ 55,053
Interest expense on Class C LP Units	12	\$ 17,055	\$ 17,424	\$ 51,771	\$ 54,986

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

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

As at	September 30, 2017	December 31, 2016
Tenant and other receivables	\$ (2,953)	\$ (404)
Class C LP Units	1,451,550	1,521,968
Amounts payable on Class C LP Units	51,148	71,613
Loans receivable in lieu of payments on Class C LP Units	(45,463)	(65,807)
Other liabilities	14,789	5,199
Distributions payable on Units and Class B LP Units ¹	21,477	18,581
Loans receivable in lieu of distributions on Class B LP Units	(10,814)	(8,311)
Net balance due to CTC	\$ 1,479,734	\$ 1,542,839

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

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

The fair value of the Class C LP Units, debentures and mortgages payable at September 30, 2017, is \$1,534,456, \$858,456 and \$61,629 respectively. The fair value measurement of the Class C LP Units, debentures and mortgages payable is based on Level 2 inputs. The significant inputs used to determine the fair value of the Class C LP Units, debentures and mortgages payable are interest rates, interest rate volatility, and credit spreads. There have been no transfers during the period between levels.

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

18. CAPITAL MANAGEMENT AND LIQUIDITY

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

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

As at September 30, 2017, CT REIT was in compliance with all of its financial covenants. Under these financial covenants, CT REIT has sufficient flexibility to fund business growth and maintain or amend distribution rates within its existing distribution policy.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

19. COMPARATIVE FIGURES

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